

BUSINESS

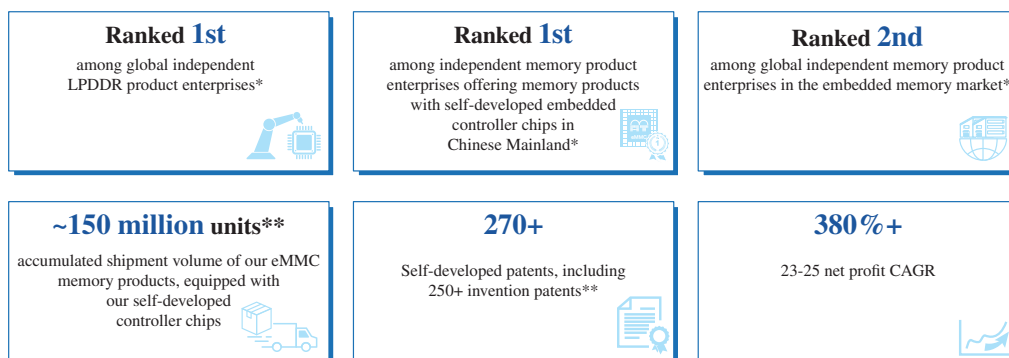
OVERVIEW

We are a leading independent embedded memory product enterprise in Chinese Mainland, primarily engaged in the R&D, design, testing, as an important stage of the production process, and sales of embedded memory products and other memory products. Our embedded memory portfolio includes DRAM-based products, NAND Flash-based products and MCP embedded memory products. Our other products mainly comprise SSDs and DIMMs. We also provide certain customers with testing services for products provided by other third parties.

Our core technology team has dedicated approximately two decades to the embedded memory industry, establishing our RAYSON® and ARTMEM® brands with strong customer recognition. Our products serve a diverse range of end applications, including consumer electronics such as smartphones, laptops, tablets, educational devices, smart home systems, wearables, and intelligent robots, as well as industrial applications and intelligent cockpit systems. They provide these end devices with high-performance, reliable, and durable data access capabilities. In response to the transformative shift driven by AI, we empower the AI-driven evolution of end devices with our memory application technologies, delivering competitive memory solutions for next-generation products such as AI smartphones, AI PCs, robotics, and intelligent cockpit systems.

We focus on the research and innovation of memory application technologies and have successfully developed core technology capabilities. Leveraging our leading innovation capabilities, a secure and resilient supply chain ecosystem, a production management system, and agile customer service, we continue to maintain a leading position in the industry.

The following chart illustrates the major achievements we attained during the Track Record Period.

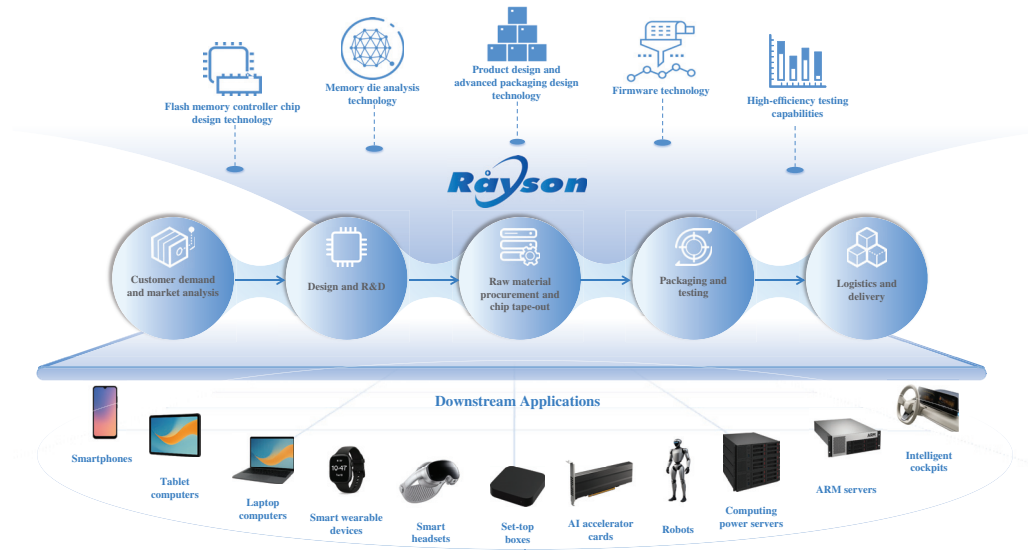


* According to Frost & Sullivan, based on 2024 shipment volume

** As of the Latest Practicable Date

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The following diagram illustrates our business model, encompassing the key stages of our R&D, production, and commercialization processes, together with the end applications of our products.



Our revenue increased by 54.6% from RMB2.4 billion in 2023 to RMB3.7 billion in 2024, and further increased by 59.4% to RMB5.9 billion in 2025. Our net profit amounted to RMB37.0 million, RMB88.9 million and RMB879.9 million in 2023, 2024 and 2025, respectively.

OUR COMPETITIVE STRENGTH

Leading independent memory product enterprise with strong capabilities to capture market opportunities and address customer needs

We are a leading independent memory product enterprise. According to Frost & Sullivan report, in terms of the shipment volume in 2024, we ranked second among global independent memory product enterprises in the embedded memory market; ranked first among global independent LPDDR product enterprises; ranked first among independent memory product enterprises offering memory products with self-developed embedded controller chips based in Chinese Mainland. According to Frost & Sullivan, compared with original equipment manufacturers that possess wafer fabrication capabilities, independent memory product enterprises like us hold distinct advantages by being “closer to applications, closer to customers, and closer to specific use cases”, with a focus on addressing the needs of niche markets and in particular, we are able to meet customers’ customized requirements in addition to their general needs.

We are able to provide customers with highly customized and differentiated products. This includes optimization for specific application scenarios, such as emerging IoT devices, edge computing, industrial control, and intelligent driving offering a broader range of capacities, specialized packaging options, and faster responsiveness for flexible, multi-product

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orders. In addition, we possess deep understanding of niche markets and a strong ability to respond quickly to customer needs. By maintaining close engagement with customers and leveraging our capabilities in R&D, design, and production, we deliver tailored products efficiently, while integrating and utilizing upstream and downstream supply chain resources to ensure timely and effective delivery.

By leveraging the intrinsic potential of memory chips, we are able to deliver differentiated products that meet the specific needs of customers, while also enhancing system stability, efficiency, and cost-effectiveness in a wide range of end-use scenarios. In addition, we offer a comprehensive and differentiated suite of advanced packaging design and simulation capabilities that enable cost-optimized, high-reliability, and customized solutions tailored to customers’ specific requirements for form factor, performance, and power efficiency, particularly for automotive and industrial applications. In terms of customer management and support, we provide code-level technical support, standardized packaging and testing with quality control, individual chip trace ability, and a dedicated technical support team to ensure rapid response, stable system operation, and consistent, reliable delivery.

In addition, we have been actively seizing market opportunities to develop on-device AI solutions. Building on our existing products and technological strengths, we tailor products and solutions to meet the evolving memory needs of on-device AI, ranging from the chip level to the algorithm level, for intelligent terminals equipped with on-device AI. To further enhance our on-device AI solutions, we have also expanded our SSD and DIMMs products, some of which have been integrated into the AI ecosystems of leading global manufacturers during the Track Record Period.

We possess comprehensive R&D capabilities, establishing a sustainable competitive advantage through continuous research and innovation

Through independent research and innovation, we have developed comprehensive R&D capabilities encompassing core technologies. Technological innovation has consistently been the key driver of our market competitiveness and leadership.

We possess flash memory controller chip design expertise, which enables us to deeply understand the relationship between product requirements and design execution, thereby significantly enhancing the performance, reliability, and overall competitiveness of our embedded memory solutions. Our memory die analysis technology is able to perform DRAM and NAND die analysis to support the development and optimization of test algorithms for mass production, enhancing product quality and reliability. Our product design and advanced packaging design technologies enable us to design high-quality products that meet diverse customer requirements for high performance, reliability, long-term stability, and safety. Our firmware technology comprises UFS and eMMC firmware capacities. We independently develop the firmware for all of our flash memory products and retain full intellectual property rights for the core algorithms.

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Our high-efficiency testing technologies can efficiently, accurately, and continuously ensure the long-term stability and reliability of mass-produced embedded memory products in complex environments. We have independently developed and established multiple testing platforms, which have significantly enhanced testing efficiency, improved accuracy, and increased customers’ success rates in mass production, thereby delivering terminal products with exceptional performance and quality. In addition, through our self-developed testing algorithms and testing solutions, we enable our memory products to meet the high-quality standards required for automotive and industrial-grade applications, including stringent requirements under extreme temperatures.

We have achieved breakthroughs across multiple product categories and application areas. As of the Latest Practicable Date, We are among the first independent memory manufacturers in Chinese Mainland to achieve mass production of UFS memory chips equipped with self-developed controllers, and also the earliest in Chinese Mainland to commence mass production of eMCP and ePOP memory chips with self-developed controllers. We are the first independent memory manufacturer in China to mass-produce 16GB LPDDR4X. As of December 31, 2025, we offer the most comprehensive LPDDR product portfolio among independent memory manufacturers in China; we ranked second among independent memory manufacturers in Chinese Mainland in terms of the number of invention patents granted to us. We are among the earliest independent memory manufacturers in China to achieve mass production of LPDDR5X for a leading global AI PC platforms. We are the first LPDDR partner in China for China’s largest provider of smart device solutions for human-machine interaction, supporting its AI servers, AI edge computing acceleration cards, and other high-performance computing devices. We are the first Chinese partner to develop embedded memory controller chips for the world’s third-largest computing platform.

Our R&D strategy combines in-house innovation with a customer-oriented approach, ensuring that product design and development are guided by evolving market demands. Our technology and R&D team comprise senior experts and engineers with extensive experience in R&D, design, and/or manufacturing in the semiconductor industry. Our core R&D team has an average industry experience of over 15 years. See “— Research and Development” in this section.

Leveraging our extensive industry experience, we have built a secure and efficient supply chain

Through years of industry experience, we have maintained long-term partnerships with our key suppliers that ensures both efficiency and stability while preserving flexibility.

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Long-term, stable, and sustainable supply chain relationships. We have established solid partnerships with leading international and domestic memory wafer and memory die manufacturers. As a key partner of top-tier global and Chinese wafer and memory die producers in Chinese Mainland, we are able to secure a continuous and reliable supply of wafers and memory dies, ensuring timely fulfillment of our product delivery schedules. This supply chain capability constitutes a core competitive edge that strengthens our ability to attract and retain customers.

Strategically positioned supply chain ecosystem. Through deep, strategically positioned technical exchanges and cooperation, we gain a thorough understanding of the capabilities and strengths of our supply chain, enabling precise alignment with our products and access to priority and comprehensive support from our partners. This allows us to proactively plan new products and seize market opportunities. Through long-term, close collaboration with our supply chain partners, we have achieved many pioneering milestones in advanced memory technologies, including automotive-grade, and advanced LPDDR5/5X, and DRAM technologies and products.

In-depth and value-driven technical exchange and feedback. We leverage our advanced memory testing capabilities to support memory die manufacturers by providing detailed analysis reports that identify potential defects or weaknesses and explore their root causes. We collaborate closely with them to optimize the compatibility between memory dies, controller chips, and firmware algorithms. Additionally, we promptly relay feedback from end-user devices regarding memory die requirements and performance expectations, assisting manufacturers optimize parameters, improve processes, and ultimately enhances the overall yield and quality of both parties’ products.

We are dedicated to a quality-focused production management system and to delivering efficient and high-quality customer service, creating lasting value for our customers

According to Frost & Sullivan, once embedded memory is integrated into terminal devices, it cannot be easily replaced, and its performance and reliability directly impact the functionality, overall quality, and market reputation of the end products. Customers generally exercise rigorous scrutiny when selecting embedded memory suppliers, typically requiring multiple rounds of screening and qualification processes to ensure compatibility, performance, and reliability. Once a supplier is approved and its product is design-in to the final device, replacement is uncommon due to the difficulty of swapping embedded memory in assembled devices and the high costs of redesign and requalification. As a result, reliability, stability, and durability constitute the core competitive advantages for embedded memory enterprises. Leveraging our strengths in core technologies and supply chain capabilities, we consistently uphold a quality-focused production management system and provide efficient, high-quality customer service to deliver tangible value and long-term trust to our customers.

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We have established a robust quality control and testing framework, incorporating key checkpoints throughout every stage of production, from raw material intake to finished product shipment. Quality records are maintained accurately and promptly, ensuring traceability and enabling data-driven analysis to safeguard product reliability. By combining advanced production management platforms with robust quality control software, we are able to monitor manufacturing processes in real time, analyze critical production data, and proactively address potential issues. This integrated approach not only improves operational efficiency and ensures product quality but also enhances our agility in responding to evolving market demands and customer requirements.

We have deployed dedicated teams in business, R&D, technical support team, and quality management across regions close to our customers, enabling us to maintain close engagement, promptly understand their needs, and proactively deliver tailored solutions, including efficient delivery, technical support, and after-sales services. By combining technical expertise with flexible, customer-oriented approaches, we balance among performance, reliability, and cost requirements. Our capabilities allow us to actively support customers throughout every stage of their product development and manufacturing, ensuring seamless integration, optimized performance, and timely delivery to achieve their strategic objectives in a competitive market. We take a proactive and forward-looking approach to service, engaging closely with customers to fully understand their needs and applying our advanced technical capabilities to deliver solutions that precisely meet their specifications.

Creating sustained value for our customers is both the foundation of our operations and the engine driving our long-term growth. Leveraging a robust and diversified supply chain, proprietary core technologies, a comprehensive quality management system spanning design, testing, and exceptional pre-sales, in-process, and after-sales services, we are able to offer a product portfolio that combines consistent performance with competitive cost advantages.

Our visionary management team and commitment to a culture of innovation and craftsmanship

Our management team brings extensive industry expertise and strong leadership experience. As of December 31, 2025, our senior management team has an average of over 15 years of experience across key functions, including production, and business management, providing a solid foundation for technological breakthroughs and business expansion. This deep industry and managerial experience enables our leadership to formulate practical and forward-looking strategies, effectively navigate market changes and challenges, and sustain our Company’s growth trajectory. Our corporate culture emphasizes innovation and craftsmanship, creating an environment where employees are encouraged to propose new ideas and solutions that drive continuous improvement and technological advancement. Through effective internal communication channels, we stay closely attuned to market trends and customer needs, enabling rapid adjustment of operational strategies and the maintenance of a competitive edge.

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OUR STRATEGIES

Fully embracing on-device AI and advancing memory technologies and products

According to Frost & Sullivan, the operation of large AI models typically requires processing massive volumes of data and performing complex computations, placing extremely high demands on memory capacity, speed, and energy efficiency. Our LPDDR products offer significant advantages, including large capacity, high speed, high bandwidth, and low power consumption, and are well-suited for ARM, RISC-V, and X86 architectures. These features give us a distinct competitive edge in AI model training and inference. We are fully committed to embracing on-device AI, advancing memory technologies and products, and collaborating with our ecosystem partners to accelerate the deployment of AI applications.

Specifically, we are investing in memory technologies required for on-device AI ahead of market demand and collaborating with customers, suppliers, and controller platform partners to conduct market due diligence, preliminary product research, and sample testing allowing us to bring benchmark products to market first. We are strategically targeting AI smartphones, PCs, wearables, and IoT devices, intelligent robots, and intelligent cockpits, seizing the valuable opportunity presented by AI to redefine intelligent terminals which represents a substantial market for memory solutions and reflects the future direction of advanced productivity. Strengthening strategic partnerships with leading global terminal brands is critical for integrating into core supply chains and capturing incremental market opportunities. We are strengthening ongoing strategic relationships with “benchmark” companies in the AI terminal ecosystem, leveraging differentiated advantages in memory performance, power efficiency, and reliability, along with continuous innovation, which allows us to complete technical integration and platform certification with SoC platforms, and secure a first-mover advantage in collaborative ecosystem innovation.

Drive rapid expansion into the industrial-grade and automotive-grade markets while establishing a well-rounded and comprehensive product portfolio

We place great emphasis on the industrial and automobile-grade markets and regard them as important development goals for the future. Leveraging the technological expertise and quality strength we have accumulated in the embedded memory industry, we are rapidly advancing our presence in the industrial and automobile-grade markets.

We have launched a portfolio of embedded memory products customized for automotive and industrial applications, including LPDDR4/4X and eMMC. Our industrial-grade embedded memory products have been successfully integrated into the supply chains of customers in the industrial and intelligent manufacturing industries, with proven applications in power grids, network communications, and industrial control. Going forward, we plan to further expand into niche application scenarios such as intelligent medicine and rail transit. Our automotive-grade eMMC and LPDDR products have obtained the stringent AEC-Q100 automotive qualification, and our embedded memory is already being deployed in the intelligent cockpits and in-vehicle infotainment systems of multiple original equipment manufacturers. Going forward, we will

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continue to expand our customer base among leading automotive brands and strengthen our presence in the fields of intelligent cockpits. At the same time, we are actively working on technical integration and platform certification with SoC platforms in these sectors, with the goal of establishing partnerships with a broader range of leading brands.

Building a strategic and collaborative industry ecosystem to drive synergistic growth

We plan to build a strategic and collaborative industry ecosystem and pursue synergistic growth through both organic expansion and external opportunities.

Our products have been integrated into the supply chains of many leading intelligent terminal device manufacturers, where we jointly drive “*chip-system-application* (芯片-系統-應用場景)” collaboration to deliver benchmark products across specialized segments. In addition, we work closely with other upstream players in the intelligent terminal value chain, securing certification from leading SoC platforms, ensuring deeper platform adaptation and greater flexibility in customization. In addition, we remain focused on strengthening our memory capabilities, enhancing accessibility and efficiency, and advancing both technological breakthroughs and ecosystem collaboration.

To achieve these objectives, we will pursue organic growth while actively investing in the incubation of new technologies, application areas, and products, enabling us to quickly broaden our product portfolio and deepen market penetration. At the same time, we remain attentive to high-quality opportunities in the industry, seizing the right windows for mergers and acquisitions to accelerate growth and combine effectively with our organic expansion.

Deepening global expansion and building an international memory technology brand

We are committed to executing a global expansion strategy to establish an international memory technology brand.

Going forward, we will accelerate our overseas market development by establishing international sales and technical service centers, actively gathering market intelligence and customer requirements, defining differentiated products, and enhancing response times for global customers to strengthen our competitiveness in international markets and provide smart terminal customers and consumers worldwide with an enhanced storage experience.

Our key initiatives include: (i) Building a localized product portfolio by leveraging our deep technical expertise to define products for different regional markets. We will develop targeted embedded memory products and solutions for different overseas markets based on distinct customer characteristics and application requirements, covering high-performance consumer electronics, regulatory-driven automotive and industrial applications, cutting-edge AI computing, and cost-sensitive IoT scenarios; (ii) Establishing a global sales network by building strategic partnerships with leading customers across global markets to jointly develop local markets. Marketing centers will be established in regions with a concentration of international customers, to ensure broad market coverage. As of the Latest Practicable Date, we

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were assessing potential locations, taking into consideration the customer base, tax and foreign exchange matters, and the overall local business environment; and (iii) Optimizing global supply chain layout by continuously improving our global supply chain and product distribution to increase overseas production capacity and supply capabilities. This includes collaborating with locally advanced and reliable packaging and testing partners to provide technically optimized and cost-efficient solutions for customers, and gradually building factories in target markets or neighboring regions to enable localized production.

OUR BUSINESS MODEL

During the Track Record Period, we primarily focused on R&D, design, production, and sales of embedded and other memory products. Our business model encompasses the core segments of embedded memory products, supported by innovative system-level solutions, advanced chip R&D capabilities, and continuous investment in integrated circuits and firmware.

- **R&D:** Our R&D strategy combines in-house innovation with a customer-oriented approach that product design and development are guided by evolving market demands. We have accumulated proprietary technologies in several critical areas, including flash memory controller chip, memory die analysis, product design and advanced packaging design, firmware technologies, and high-efficiency testing capabilities, enabling us to continuously expand and deliver competitive memory solutions and services.
- **Production:** We take a leading role across the production process. Our responsibilities include flash memory controller chip design, firmware design, packaging design, raw material procurement and quality control, and testing conducted at our two intelligent production bases. During the testing phase, we take into account upstream component characteristics, compatibility with midstream platforms, and downstream customer application requirements. Selecting the most appropriate test procedures based on these factors ensures consistent product quality and efficient processes. With extensive practical experience, we have accumulated significant know-how that enables precise, multi-dimensional testing of upstream components. Close collaboration with midstream SoC platforms reduce error rates, while deep engagement with downstream customers ensures testing aligns closely with actual application needs. This integrated approach delivers high efficiency, accuracy, and consistency in testing, providing a solid foundation for product quality and customer satisfaction.

In line with industry practice, we engage experienced and well-qualified third parties to carry out chip tape-out and packaging processes in accordance with our proprietary specifications and process requirements allowing us to maintain strict standards of product consistency and system compatibility, while balancing cost and efficiency, thereby enhancing the overall flexibility and competitiveness of our production.

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- **Commercialization:** leveraging our solid reputation and strong customer recognition, and supported by both direct customer engagement and a robust network of distribution partners, our products have been successfully integrated into the supply chains of various high-profile companies across multiple segments of the consumer electronics industry in China, including leading/prominent smartphone manufacturers, tablet and smart wearable device brands, telecom and networking equipment providers, smart home appliance brands, as well as industrial and enterprise device solution providers. As AI adoption continues to deepen across these sectors, we anticipate even greater opportunities for growth and expansion.

OUR PRODUCT OFFERING

The following table sets forth a breakdown of our total revenue by our main product categories for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Embedded memory products						
DRAM-based products (DDR, LPDDR)	1,658,683	69.1	2,474,303	66.6	3,744,369	63.3
NAND Flash-based products (eMMC, UFS)	319,339	13.3	673,647	18.1	1,593,344	26.9
MCP embedded memory products (eMCP, uMCP, ePOP)	305,927	12.7	311,770	8.4	160,953	2.7
Subtotal	2,283,949	95.1	3,459,720	93.2	5,498,666	92.9
Others*	117,939	4.9	254,084	6.8	420,817	7.1
Total	2,401,888	100.0	3,713,804	100.0	5,919,483	100.0

* others primarily include SSDs, DIMMs, and testing services.

Our product portfolio primarily covers consumer-grade, industrial & automotive-grade embedded memory products, which are widely applied across a broad range of end markets, including smartphones, tablet computers, laptops, educational electronics, smart TVs, wearable devices, industrial control systems, and automotive electronics. Consumer-grade, industrial-grade, and automotive-grade products serve different application needs and operate under distinct technical requirements. Consumer-grade products are primarily used in mass-market electronic devices, operate at 0°C to +70°C, or -25°C to +85°C for certain products, have relatively short product cycles, and typically last one to three years, while meeting applicable consumer standards. Industrial-grade products are designed for harsher industrial environments with operating temperatures of -40°C to +85°C, offering enhanced resistance and durability, complying with specific industrial standards, and having longer product cycles with a design life of five to ten years. Automotive-grade products, used in automotive electronics, are

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classified mainly by temperature grades under the AEC-Q100 standard and are engineered to withstand stringent conditions with a design life of up to 15 years, commonly supporting applications such as in-vehicle infotainment and smart cockpit systems.

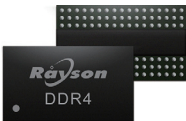
During the Track Record Period, our consumer-grade products have been integrated into the supply chains of several leading domestic telecommunications and smart device manufacturers, and are widely used in smartphones, tablets, and wearable devices. Our products have been certified by major players in industries such as power grid infrastructure, communication networks, and industrial automation, supporting applications including electric utilities and robotic systems. In addition, our products have been mass-produced and adopted by prominent car manufacturers, powering intelligent cockpits and in-vehicle infotainment systems. In addition, our high-performance LPDDR products have been adopted in computing servers and edge acceleration cards developed by leading domestic chip and system solution providers. Our SSD products have also been integrated into the AI PC ecosystems of several global semiconductor companies, providing critical memory support for cloud-based training and edge computing devices.

The table below sets forth our major products as of December 31, 2025, together with the indicative price ranges of products sold in 2025. Such price ranges are for reference only and may be adjusted from time to time having regard to market conditions and other relevant factors.

DRAM-based Products

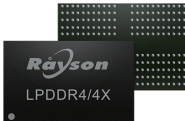


Consumer-grade



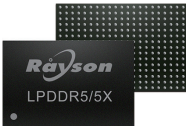
DDR4

- Density: 4Gb–16Gb
- Data Rate: 3200Mbps
- Operating Temperature Range: 0°C–95°C
- Price range: RMB10–RMB16, with the variation primarily attributable to differences in product density.



LPDDR4/4X

- Density: 512MB–16GB
- Data Rate: up to 4266Mbps
- Operating Temperature Range: -25°C–85°C
- Price range: RMB10–RMB172, with the variation primarily attributable to differences in product density.



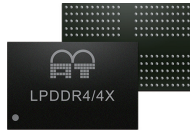
LPDDR5/5X

- Density: 2GB–32GB
- Data Rate: up to 8533Mbps
- Operating Temperature Range: -25°C–85°C
- Price range: RMB32–RMB177, with the variation primarily attributable to differences in product density.

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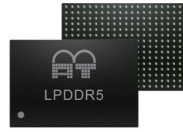


Automotive & Industrial-grade



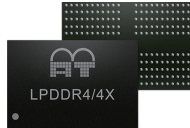
LPDDR4/4X (Industrial-grade)

- Density: 1GB–8GB
- Data Rate: up to 4266Mbps
- Operating Temperature Range: -40°C–95°C
- Price range: RMB30–RMB130, with the variation primarily attributable to differences in product density.



LPDDR5 (Industrial-grade)

- Density: 8GB–16GB
- Data Rate: 6400Mbps
- Operating Temperature Range: -40°C–95°C
- Price range: RMB450–RMB900, with the variation primarily attributable to differences in product density.



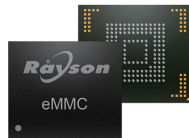
LPDDR4/4X (Automotive-grade)

- Density: 4GB–8GB
- Data Rate: 4266Mbps
- Operating Temperature Range: -40°C–105°C
- AEC-Q100 automotive certification
- Price range: RMB110–RMB540, with the variation primarily attributable to differences in product density.

NAND Flash-based products & MCP products

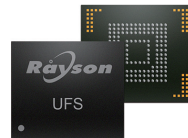


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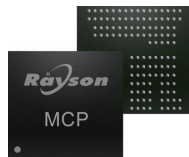
eMMC

- Technology: eMMC 5.1
- Density: 4GB–256GB
- Operating Temperature Range: -25°C–85°C
- in-house developed controller chip
- Price range: RMB10–RMB90, with the variation primarily attributable to differences in product density.



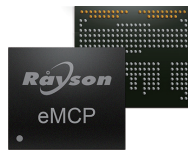
UFS

- Technology: UFS 2.2
- Density: 128GB–1TB
- Operating Temperature Range: -25°C–85°C
- in-house developed controller chip
- Price range: RMB50–RMB140, with the variation primarily attributable to differences in product density.



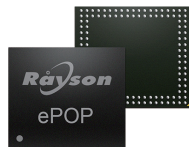
MCP

- Memory density: 4Gb–4Gb
- Data Rate: 4266Mbps
- Operating Temperature Range: -25°C–85°C
- Price range: ~RMB14, with the variation primarily attributable to differences in product density.



eMCP

- Memory density: 8GB–128GB
- DRAM Density: 1GB–6GB
- Operating Temperature Range: -25°C–85°C
- in-house developed controller chip
- Price range: RMB30–RMB60, with the variation primarily attributable to differences in product density.



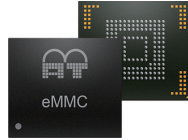
ePOP

- Memory density: 32GB–64GB
- DRAM Density: 2GB–4GB
- Operating Temperature Range: -25°C–85°C
- in-house developed controller chip
- Price range: RMB100–RMB200, with the variation primarily attributable to differences in product density.

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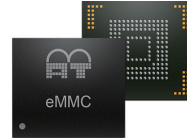


Automotive & Industrial-grade



eMMC (Industrial-grade)

- Technology: eMMC 5.1
- Density: 1Gb-128GB
- Operating Temperature Range: -40°C-85°C
- in-house developed controller chip
- Price range: RMB8~RMB122, with the variation primarily attributable to differences in product density.



eMMC (Automotive-grade)

- Technology: eMMC 5.1
- Density: 8GB
- Operating Temperature Range: -40°C-85°C
- in-house developed controller chip
- AEC-Q100 automotive certification
- Price range: ~RMB30

SSD & DIMM



Consumer-grade



SATA SSD

- Density: 128GB-1TB
- Operating Temperature Range: 0°C-70°C
- Price range: RMB50~RMB320, with the variation primarily attributable to differences in product density.



PCIe 3.0 SSD

- Density: 256GB-2TB
- Operating Temperature Range: 0°C-70°C
- Price range: RMB130~RMB700, with the variation primarily attributable to differences in product density.



PCIe 4.0 SSD

- Density: 512GB-4TB
- Operating Temperature Range: 0°C-70°C
- Price range: RMB210~RMB1,150, with the variation primarily attributable to differences in product density.



Memory DDR4

- Density: 8GB-32GB
- Data Rate: up to 3200MT/s
- Operating Temperature Range: 0°C-85°C
- Price range: RMB70~RMB750, with the variation primarily attributable to differences in product density.



Memory DDR5

- Density: 8GB-32GB
- Data Rate: up to 5600MT/s
- Operating Temperature Range: 0°C-85°C
- Price range: RMB120~RMB530, with the variation primarily attributable to differences in product density.

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The table below sets forth the breakdown of average selling price and sales volume by our major product categories for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(thousand units)	RMB/unit	(thousand units)	RMB/unit	(thousand units)	RMB/unit
Embedded memory products						
DRAM-based products (DDR, LPDDR)	80,059	21	95,702	26	103,998	36
NAND flash-based products						
(eMMC, UFS)	26,214	12	41,611	16	60,326	26
MCP embedded memory products						
(eMCP, uMCP, ePOP)	4,534	67	2,760	113	2,426	66

During the Track Record Period, the increases or fluctuations in the sales volume of our major products were primarily attributable to the same factors that led to the increase or fluctuations in revenue of the relevant business segment. The average selling prices of our DRAM-based products and NAND flash-based products experienced fluctuations, mainly due to pricing volatility in the semiconductor industry and adjustments to our product mix in line with our strategic focus on key customers and shifting market demand. The changes in average selling prices within the MCP product segment were mainly driven by overall market price volatility and adjustments to our product mix. See “Financial Information — Description of Key Components of our Results of Operations — Revenue — Sales Volume and Average Selling Price” in this document.

DRAM-based Products (LPDDR and DDR)

LPDDR and DDR are key categories in our product portfolio. Since 2018, we have been committed to the R&D, testing and sales of LPDDR and DDR. As of December 31, 2025, we offered 1,581 SKUs of DRAM-based products.

According to Frost & Sullivan, LPDDR and DDR are DRAM products widely used across a range of smart terminal devices, including smartphones, tablets, smart TVs, wearable devices, and automotive electronics. LPDDR, characterized by its high frequency, large capacity, and low power consumption, is primarily adopted in power-sensitive applications such as smartphones, tablets, laptops, and wearable devices. DDR is mainly used in scenarios such as PCs, smart TVs, and smart home devices, owing to its high bandwidth, strong stability, and more cost-effective advantages. Going forward, with the rapid proliferation of AI, edge

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computing, and increasingly complex smart applications, the demand for both LPDDR and DDR products is expected to continue expanding, driven by higher requirements for computing power, memory capacity, and energy efficiency across diversified application scenarios.

We have developed advanced multi-chip stacking and packaging technologies, including proprietary designs for ultra-thin, compact, and high-capacity high-density stacked solutions, supporting up to eight stacked chips, ensuring stable and reliable performance while significantly reducing packaging costs. Leveraging a comprehensive library of in-house DRAM testing algorithms, we have built a complete DRAM testing system based on our self-developed Automatic Test Equipment (ATE) testing platform and System Level Test (SLT) programs, integrated with automated testing equipment. This system enables rigorous testing of both LPDDR and DDR products, ensuring stable product quality and performance that meets customer requirements in terms of functionality and power consumption. For details, see “—Our Technology” in this section. In addition, we have independently developed aging test systems and equipment capable of supporting wide-temperature range reliability tests. These systems are designed to meet the stringent reliability standards required for industrial control and automotive electronics applications operating in harsh environments. During the Track Record Period, our LPDDR and DDR products have been certified by leading System on Chip (SoC) platforms.

During the Track Record Period, we commenced mass production of our latest-generation LPDDR5X memory products. This product utilizes FBGA-315 and POP-496 packaging technologies, supports data transfer rates of up to 8,533Mbps, and offers capacities ranging from 4GB to 32GB. With ultra-high speed, high bandwidth, and low power consumption, LPDDR5X is well-suited for demanding AI model training and real-time inference tasks, while also significantly enhancing battery life, reducing thermal output, and improving overall system performance and stability.

Our automotive-grade and industrial-grade LPDDR products are manufactured using high-quality wafers, combined with specialized packaging designs and high-reliability materials, enabling operation in extreme temperature environments as compared to consumer grade products. Our automotive-grade products have been certified in accordance with the AEC-Q100 automotive electronics standard.

NAND Flash-based Products (eMMC and UFS)

According to Frost & Sullivan, eMMC and UFS are widely used high-capacity NAND flash memory solutions in smart terminal devices such as smartphones, tablets, set-top boxes, wearable devices, and automotive electronics. eMMC remains a popular choice due to its compact size and cost advantages, making it well-suited for a broad range of applications. UFS, as the next-generation upgrade to eMMC, offers significantly higher data transfer speeds and capacity and is primarily used in high-end smartphones and tablets.

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As of December 31, 2025, we offered 311 SKUs of NAND-based products. Our eMMC products are built on our self-developed proprietary controller chips and firmware. Our deep expertise in flash memory characteristics and memory protocols, we are able to deliver customized solutions tailored to diverse customer application scenarios. Our automotive-grade eMMC products have been certified under the AEC-Q100 standard for automotive electronics, demonstrating high reliability and durability, with endurance of up to 60,000 program/erase cycles. During the Track Record Period, we have also successfully developed and mass-produced our own UFS controller chip. According to Frost & Sullivan products equipped with our self-developed controller have been among the first domestically produced UFS solutions to enter the market, offering industry-leading market performance among comparable products.

MCP Embedded Memory Products (eMCP, uMCP and ePOP)

According to Frost & Sullivan, eMCP, uMCP, and ePOP are highly integrated embedded memory products designed for compact application scenarios. In addition, eMCP and uMCP, based on multi-chip package technology, integrate eMMC or UFS with LPDDR into a single package, significantly reducing PCB footprint and enabling more compact memory solutions for devices such as smartphones and tablets. As compared to uMCP, eMCP is widely adopted in smartphones and tablets due to its cost-effectiveness, while uMCP, offering higher performance, is primarily used in high-end product lines. Unlike eMCP, ePOP stacks eMMC and LPDDR directly on top of the processor, further minimizing space requirements and making it particularly well-suited for wearable devices such as smartwatches and smart glasses.

We successfully commercialized our MCP embedded memory products in 2019. As of December 31, 2025, we offered 239 SKUs of MCP products. Our newly launched eMCP products also feature proprietary controller chips, custom firmware, and optimized algorithms, effectively minimizing signal interference to ensure stable and efficient data transmission. Our ePOP products equipped with our self-developed controller chips has entered mass production in the third quarter of 2025.

Other Products

Since 2021, we have expanded into the development, testing, and sales of SSDs and in 2023, we expanded to DIMMs as part of our new product lines. As of December 31, 2025, we offered 225 SKUs of SSD products and 51 SKUs of DIMM products.

Our SSD portfolio covers both mainstream interface standards, SATA and PCIe, offering broad compatibility with laptops, desktops, all-in-one computers, and industrial control systems. Our SATA series products support multiple form factors, including 2.5-inch, mSATA, and M.2. Built with high-quality components and validated through rigorous testing, they offer excellent durability and stability. The series has been specifically optimized for industrial control and OEM PC applications. Our PCIe series have data transfer speeds of up to 7,400MB/s, our PCIe SSDs integrate advanced features such as full-range wear leveling, Flash Translation Layer (FTL) algorithms, robust error correction mechanisms, and protective designs to significantly enhance product lifespan and reliability. Due to their high-speed

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performance and outstanding reliability, our PCIe 4.0 SSDs have been incorporated into the AI PC ecosystems of Qualcomm, AMD, and Intel, and are undergoing comprehensive validation for client-side applications, providing stable and efficient memory solutions for AI edge computing devices. Our DIMMs include DDR4 and DDR5 series, built with premium-grade DRAM components. Featuring optimized circuit design and manufactured to stringent quality standards, our modules ensure accurate data transmission and stable system performance even under high-frequency operations and heavy memory loads.

During the Track Record Period, in addition to sales of products, we provided certain customers with technical support and services. By making use of available production capacity, we were able to assist customers with technical and application support, helping them optimize their operation efficiency facilitating closer collaboration and strengthened relationships with customers within the ecosystem.

OUR TECHNOLOGY

Our technological innovation is exemplified by the following:

a. Flash memory controller chip design technology

We have established comprehensive technical capabilities across the embedded flash memory value chain. In particular, we possess end-to-end digital and analog circuit design expertise in flash memory controller chips, ranging from architecture definition and front-end circuit design to simulation, and verification. This enables us to deeply understand the relationship between product requirements and design execution, thereby significantly improving the performance, reliability, and overall competitiveness of our embedded memory solutions. Our flash memory controller chip technology comprises comprehensive in-house capabilities across system architecture design, analog circuit design, and core controller functions, including bus architecture definition, heterogeneous multi-core CPU coordination, custom instruction extensions based on open-source instruction sets to enhance performance and reduce power consumption, power management and high-speed interface design, flash access and control module development compatible with mainstream NAND flash, hardware acceleration engines for FTL firmware, and low-power design strategies. Leveraging our deep understanding of the internal architecture and operating principles of self-developed controller chips, we can support customers more effectively during mass production, resolve host-NAND compatibility issues more efficiently than vendors relying on third-party controllers, and deliver differentiated, cost-competitive products while enhancing technological autonomy, supply chain security, and overall cost efficiency. In addition, our end-to-end controller chip development capabilities also allow us to deliver differentiated and highly competitive products. By developing our controller chips in-house, we enhance technological autonomy, reduce reliance on foreign technologies, ensure supply chain security in module development, and drive down overall costs.

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During the Track Record Period, our self-developed eMMC 5.1 controller has undergone multiple rounds of optimization and iteration, demonstrating consistently stable and strong performance. As of the Latest Practicable Date, the accumulated shipment volume of our eMMC memory products, equipped with our self-developed controller chips, reached approximately 150 million units. During the Track Record Period, our UFS controller has also entered mass production and UFS memory products equipped with this controller have already been launched in the domestic market, marking an important step forward in high-performance, locally developed embedded memory solutions. Notably, according to Frost & Sullivan, We are among the first independent memory manufacturers in Chinese Mainland to achieve mass production of UFS memory chips equipped with self-developed controllers, and also the earliest in Chinese Mainland to commence mass production of eMCP and ePOP memory chips with self-developed controllers.

b. Memory die analysis technology

During the Track Record Period, we developed technologies for DRAM and NAND die analysis, respectively. According to Frost & Sullivan, conducting in-depth characterization and analysis of memory dies plays a critical role in optimizing product performance and ensuring broad compatibility across diverse applications. We possess comprehensive DRAM and NAND die analysis capabilities, including DRAM memory array, I/O circuitry and data path analysis, key function characterization, and wafer analysis to support the development and optimization of mass-production test algorithms, enhance product quality and reliability, and reduce test time through optimized I/O and data path algorithms. In parallel, our NAND die analysis capabilities encompass flash command and function analysis, failure modeling, performance margin evaluation, error correction and data recovery strategies, and advanced optimization and screening techniques applied across the entire flash module development and production cycle. Built on a large volume of high-confidence failure model samples and supported by our self-developed automated testing platform, these technologies enable advanced error correction and data recovery beyond conventional approaches, significantly enhancing reliability, extending flash memory lifespan, and ensuring stable performance across diverse application scenarios.

c. Product Design and Advanced Packaging Design Technology

According to Frost & Sullivan, packaging technology has evolved from merely providing structural protection to becoming a core driver of semiconductor memory performance. Packaging now directly impacts the physical stability of memory chips, signal transmission efficiency, thermal dissipation, and integration density.

Through continuous R&D, we have developed a comprehensive suite of advanced packaging design capabilities, including customized product design and simulation, chip packaging design and simulation, high-density multi-chip stacking, high-reliability automotive and industrial-grade packaging. Our expertise in high-speed signal design and simulation ensures stable performance even at high frequencies, while our differentiated packaging technologies enable tailored solutions, cost-optimized designs, and high-reliability packaging

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for automotive and industrial applications. These technologies enable us to deliver customized memory solutions tailored to customers’ requirements for form factor, performance, and power efficiency, supported by advanced substrate design optimizing PCB layer stacking, layout, routing, and SI/PI performance to achieve ultra-high data transfer rates of up to 8,533 Mbps for LPDDR5X, as well as stacking design capabilities supporting up to eight-layer DRAM architectures and LPDDR capacities beyond 16 GB, while ensuring long-term reliability and safety for industrial and automotive-grade applications.

According to Frost & Sullivan, the deployment of large-scale AI models requires the processing of massive data volumes and intensive computation, placing high demands on memory capacity, speed, and energy efficiency. Our LPDDR solutions, offering high capacity, high bandwidth, ultra-fast speed, and low power consumption, have already been applied in AI training and inference tasks. We will continue to develop and launch memory solutions tailored to a wide range of application scenarios, empowering the advancement of AI technologies across industries and contributing to the growth of next-generation productivity.

d. Firmware technology

We independently develop the firmware for all of our flash memory products and retain full intellectual property rights for the core algorithms. Our firmware is widely deployed across consumer, industrial, automotive, and wearable applications, and supports customized development based on customer needs. It has become one of our key competitive advantages. We have developed comprehensive firmware capabilities for both UFS and eMMC, covering protocol and flash compatibility, self-developed FTL algorithms, multi-channel and multi-core management, high-performance error correction, advanced QLC support, performance optimization, power loss protection, and low-power management. These capabilities enhance platform compatibility, read/write performance, data security and reliability, extend battery life for portable devices, support broader operating environments, and improve cost efficiency and market competitiveness.

e. High-Efficiency Testing Capabilities

According to Frost & Sullivan, testing technology plays a critical role throughout the entire lifecycle of memory products, serving as a key safeguard of product reliability. We have established industry-leading, full-stack testing capabilities based on a suite of core technologies.

We have established a high-speed signal simulation and verification platform, focusing on addressing signal and power integrity challenges for interfaces such as eMMC, UFS, and DRAM. With advanced simulation capabilities, we provide comprehensive support at both product design and customer integration stages, significantly reducing the risk of design failures. The more realistic the simulation, the lower the failure rate in actual implementation. By capturing real usage patterns and building a test environment closer to customer applications, we achieve seamless system-level integration of memory components and customer systems. Through close collaboration during design, open SDK interfaces, and

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partnerships with SoC platforms, we further strengthen application capabilities, support certification, and enhance product competitiveness. In addition, our independently developed universal mass production testing platform supports multi-product and multi-scenario validation, covering the full process from R&D to mass production. With highly efficient algorithms, it provides precise, broad-coverage screening of defective or failed units at low cost, complemented by a diverse suite of test methods. As a core infrastructure, the platform enhances R&D productivity, reduces testing costs, safeguards product quality, and offers long-term scalability. Notably, its hardware, software, and system are all self-developed, ensuring strong flexibility and the ability to support a wide range of products. Moreover, we have independently developed a high-precision, high-parallelism burn-in testing platform capable of simulating extreme operating conditions to perform accelerated stress aging tests on products such as eMMC, UFS, and DRAM. This technology ensures compliance with stringent reliability standards, increase customers’ success rates in mass production, enhances yield while lowering after-sales costs, and strengthens our access to high-barrier markets such as automotive electronics and advanced industrial sectors.

RESEARCH AND DEVELOPMENT

Our R&D Team

We believe maintaining a dedicated and stable team of talents in R&D is important to the enhancement of our technology and product offerings. We have built a well-structured R&D team with clearly defined roles, closely aligned with our operational strategy, to ensure we remain responsive to evolving market demands.

As of December 31, 2025, our technology and R&D team comprises senior experts and engineers with extensive experience in R&D design, and/or manufacturing in the semiconductor industry. Our R&D team carries out R&D across different product lines, with the specific focus of each project determined by its unique requirements and objectives, allowing us to allocate resources effectively and ensure that our innovations are aligned with market demand and customer needs. In 2023, 2024 and 2025, our R&D expenses was RMB56.1 million, RMB77.6 million and RMB97.5 million, respectively. Our R&D efforts are strategically focused, with resources consistently directed toward priority areas that align with our business development needs and long-term growth objectives, enabling us to enhance technological capabilities, improve product competitiveness, and support the sustainable advancement of our core businesses. See “Financial Information — Description of Key Components of Our Results of Operations — Research and Development Expenses” in this document.

To strengthen our R&D capabilities and access specialized expertise in targeted areas, we engage in collaborative research with selected academic institutions based on specific project needs. During the Track Record Period, our joint research projects focused on specific topics that do not involve our core technologies.

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Our Ongoing R&D Projects

We strategically initiate R&D projects based on market and production demands to support business growth. As of December 31, 2025, our key ongoing R&D projects are as follows:

Project name	Targets	Current status
R&D of high-capacity, high-speed LPDDR5 series products and testing technologies . . .	We aim to develop high-capacity and high-speed LPDDR5/5X series products through new wafer processes, self-developed substrates, and advanced packaging designs, thereby enriching our product portfolio. In parallel, we conduct simulation and testing technology research to enhance design and quality control capabilities, providing the market with high-performance and reliable memory solutions.	Testing technologies have been applied in the production phase, and products have entered to the small scale trial production phase.
R&D of AI memory products and testing technologies . . .	We aim to develop LPCAMM2 and GDDR7 products based on JEDEC standards to expand our product portfolio in AI memory sector. The project also covers PCB design, software and testing algorithms, SoC platform testing solutions, and research on high-performance testing equipment, thereby improving product performance and quality while strengthening our technological and product capabilities in AI memory sector.	Testing technologies have entered the verification phase, and products have entered the testing and verification phase.
R&D of MCP embedded memory products.	Based on our self-developed eMMC controller, we are developing highly integrated eMCP and ePOP chips. Through packaging design, substrate design, simulation and testing method development, as well as multi-layer stacking and system-level optimization, we are strengthening our embedded memory product portfolio and providing low-power, integrated solutions for high-end smart terminals.	Certain models in small scale trail production phase; certain models in mass production
R&D of new generation eMMC controller chips and memory product	Building on the technological foundation of our third-generation eMMC controller chips, we are conducting comprehensive upgrades and iterations to significantly enhance performance and compatibility, optimize production costs, and develop and mass-produce eMMC memory products based on the upgraded controller chips.	Chip design phase

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PRODUCTION

The production process of our memory products generally comprises the following key stages:

Controller chip design, tape-out and fabrication: The design of our flash controller chips is undertaken by us. In accordance with industry practice, the chip tape-out process is carried out by qualified third-party. The wafer fabrication for these controller chips is carried out by third-party semiconductor foundries.

Procurement of raw materials: The wafer fabrication and the subsequent production of memory dies are undertaken by major global and domestic integrated device manufacturers (IDMs). We source wafers, memory dies and other essential components from high-quality suppliers, in line with our production forecasts and customer requirements.

Product design: We leverage our in-house product design capabilities to meet customers’ general and customized requirements, while providing end-to-end planning and technical solutions to ensure rigorous quality control throughout the entire production process.

Packaging: We develop packaging designs and establish corresponding specifications based on our requirements. In line with industry practices, we engage qualified and experienced third-party service providers in the semiconductor industry to carry out packaging strictly according to our proprietary standards and process requirements, ensuring product consistency, reliability, and system sustainability.

Testing: The testing process is primarily carried out at our two intelligent production bases, where we consider upstream component characteristics, compatibility with midstream platforms, and downstream customer application requirements. By selecting the most appropriate test procedures, we ensure consistent product quality and efficiency. Leveraging extensive practical experience, we conduct precise and multi-dimensional testing, supported by collaboration with midstream platform partners and close engagement with downstream customers, which further enhances accuracy, reduces error rates, and ensures alignment with actual application needs, ensuring product consistency, reliability, and system compatibility.

Our production model is primarily demand-driven and closely aligned with customer requirements. It involves seamless coordination across several internal departments: the sales department is responsible for generating and confirming customer orders; the R&D department formulates detailed technical specifications and performance parameters; while the production department oversees production planning, material procurement, vendor management for outsourced packaging, in-house testing operations, and delivery tracking. This integrated approach allows us to maintain high standards of product quality, operational efficiency, and responsiveness to customer timelines.

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Based on the current operating model, the estimated mass production cycle starting from packaging for the our key product categories is as follows:

DRAM Products: Packaging typically requires 30-50 days, followed by a testing period of approximately 5-7 days, resulting in a total production cycle of 35-57 days.

NAND Products: Packaging typically requires 30-50 days, followed by a testing period of approximately 7-10 days, resulting in a total production cycle of 37-60 days.

MCP Products: Packaging typically requires 30-50 days, followed by a testing period of approximately 7-10 days, resulting in a total production cycle of 37-60 days.

Our Intelligent Production Bases

During the Track Record Period, we operated two intelligent production bases, one in Shenzhen responsible for testing DRAM-based products, including our major products such as DDR4, LPDDR4/4X, and LPDDR5 and the other in Zhongshan focused on testing our NAND flash-based products and integrated memory products, including eMMC, UFS, eMCP, and ePOP.

Our Shenzhen intelligent production base features a 3,000 m² cleanroom with controlled temperature and humidity, equipped with advanced production equipment, including fully automated testing machines and automated chip visual inspection machines, complemented by a comprehensive information management system. The production base obtained ISO9001, ISO14001, ISO45001, and ANSI/ESD S20.20 certifications and is equipped with advanced testing equipment, covering all protocol layers, compatible with the latest Joint Electron Device Engineering Council (JEDEC) standards, achieving advanced test coverage.

Our Zhongshan intelligent production base which commenced operations in October 2024 features a 2,000 m² cleanroom with controlled temperature and humidity and is equipped with advanced production equipment, including high- and low-temperature test systems, and automated chip visual inspection systems. Leveraging our self-developed wide-temperature testing platform, the production base conducts high-performance product testing and screening to meet the requirements of high-reliability applications, establishing a highly automated, high-standard professional testing environment.



-Our Shenzhen and Zhongshan Intelligent Production Bases-

To enhance our testing efficiency, some of this equipment is custom-made by specialized production equipment suppliers. By working closely with these suppliers, we ensure that our equipment is tailored to our specific needs, allowing us to optimize the production process and improve overall operational efficiency.

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The table below provides details of our facilities for the years indicated:

	Year ended December 31,					
	2023			2024		
	Output	Capacity ⁽¹⁾	Utilization Rate ⁽²⁾	Output	Capacity ⁽¹⁾	Utilization Rate ⁽²⁾
	(000' GB)	(000' GB)	%	(000' GB)	(000' GB)	%
Shenzhen Intelligent Production Base . . .	165,767	198,336	83.6	379,825	452,180	84.0
Zhongshan Intelligent Production Base ⁽³⁾	—	—	—	128,409	217,752	59.0
				2,066,587	2,644,780	78.1

Notes:

- (1) The production capacity is calculated in GB equivalent.
- The production capacity of a certain product base = Σ (Capacity of each individual production line)
- The production capacity of a single production line = Average hourly production capacity $\times$ Daily working hours $\times$ Working days per month $\times$ Number of months
- (2) Utilization rate = Production output/Production capacity
- (3) Our Zhongshan intelligent production base commenced operations in the second half of 2024.

During the Track Record Period, the utilization rate of the Zhongshan intelligent production base was lower than that of the Shenzhen intelligent production base, primarily because the Zhongshan base only commenced operations in the second half of 2024. At that stage, it was still the early phases of operational stabilization, including equipment calibration, installation of additional machinery, workforce onboarding, and the gradual ramp-up of production capacity. These factors collectively resulted in a lower utilization rate during the period. The production capacity of our Shenzhen intelligent production base decreased in 2025 as compared to 2024, primarily due to the relocation of certain NAND production facilities to our Zhongshan base.

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Our Testing Process

The core testing steps for our major products is as follows:



* This process is necessary for certain products and may not be applicable to others.

Our Outsourcing Production Arrangement

During the Track Record Period, we strategically outsourced chip packaging process to third-party outsourcing partners. This approach allowed us to concentrate on R&D and testing processes, enhance operational efficiency, and optimize cost management. By leveraging the expertise of our outsourcing partners, we ensured that our production process remained streamlined and cost-effective, while maintaining high standards of quality and performance. During the Track Record Period, all outsourced partners we engaged were Independent Third Parties. In 2023, 2024 and 2025, we incurred outsourced service costs in the amount of RMB111.2 million, RMB161.3 million and RMB223.3 million, respectively, representing approximately 5.1%, 4.8% and 4.9%, respectively, of our total cost of sales during the corresponding years.

We have adopted comprehensive evaluation and quality assurance measures in selecting and managing our outsourced production partners. Our selection criteria include the partner’s industry experience, reputation, technical expertise, product quality and quality control systems, pricing, financial condition, production capacity, and ability to meet delivery timelines. Prior to commencing any outsourced production, our procurement department conducts a thorough evaluation of each candidate’s qualifications and manufacturing capabilities. To formalize quality expectations, we enter into product quality agreements with our outsourced partners. During the production process, we implement multiple layers of oversight. Our process quality and quality assurance teams regularly send personnel to the partner’s site for on-site supervision, sample testing, and technical exchanges ensuring that production is carried out in accordance with our standards. We also monitor delivery schedules on an ongoing basis. Once outsourced processing is completed, the finished products undergo rigorous quality inspection to ensure they meet our internal product specifications and quality benchmarks. In addition, we hold weekly and monthly meetings with our outsourced partners as needed, providing guidance and support to help them enhance product quality.

See “— Quality Control Standards” in this section. For any semi-finished products provided by our outsourced partners that are defective, the relevant outsourced partners are required to further inspect with us within the prescribed timeframe, and we are entitled to return the defective semi-finished products if necessary.

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SALES, DISTRIBUTION AND MARKETING

We adopt a dual sales model that combines direct sales and distribution. Under the direct sales model, we sell our products directly to enterprise customers. Under the distribution model, we sell products to distributors on a buyer/seller basis, who then resell the products to end users. The following table sets forth the revenue contribution from direct sales and distributor sales, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales	940,664	39.2	1,525,282	41.1	2,775,722	46.9
Distributor sales	1,461,224	60.8	2,188,522	58.9	3,143,761	53.1
Total	2,401,888	100.0	3,713,804	100.0	5,919,483	100.0

Direct Sales

During the Track Record Period, our direct sales customers primarily comprised leading players and brand owners in semiconductor midstream and downstream markets. These customers typically maintain high supply chain standards, require product validation cycles, and place stable purchase orders, providing us with a reliable source of long-term business. Our dedicated sales and marketing personnel assigned for each of our direct sales customers are equipped with extensive knowledge and expertise in our memory products, enabling them to provide pre-sale consultations and recommendations tailored to the specific needs of our customers.

In 2023, 2024 and 2025, our direct sales accounted for 39.2%, 41.1% and 46.9% of our total revenue, respectively. We sell products to our customer in accordance with the terms outlined in our master sales agreements with them. The following is a summary of key terms with our direct sales customers: (i) **Order placement:** The product name, quantity, specification, purchase price, and delivery date are specified in purchase orders based on the demand of our customers; (ii) **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; (iii) **Product return:** 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; (iv) **Credit terms:** We typically require prepayment or cash-on-delivery for small and medium-sized direct customers. We may grant credit terms to selected customers according to their credit profile and historical performance. Generally, our credit terms for major direct customers ranged from month-end to up to three months; (v) **Warranty period:** We grant warranty coverage taking into consideration the product characteristics and market practice. During the Track Record Period, the warranty

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periods provided to our major direct customers ranged from one year to five years; and (vi) **Duration:** The term of the agreements is determined based on the cooperation with each customer, either as specified in the agreement or as mutually agreed by both parties. During the Track Record Period, our engagement terms with major direct customers ranged from three-year periods to long-term arrangements, including fixed terms with extension options available upon expiration.

Distributor Sales

We collaborate with distributors to broaden the reach and visibility of our products. Given the wide range and substantial volume of our product offerings, and the diverse preferences and market conditions among end customers, partnering with distributors enables us to effectively serve different regional markets. Our distributors utilize their well-established channels to deliver comprehensive after-sales services, while we provide technical support directly to end users as required. According to Frost & Sullivan, adopting a distribution model aligns with standard practices within the industry. In 2023, 2024 and 2025, our sales generated from distributor sales accounted for 60.8%, 58.9% and 53.1% of our total revenues, respectively.

During the Track Record Period, we implemented the following mechanisms to manage and oversee our distributorship arrangements: (i) **Management of channel stuffing risks:** Our distributors generally procure products based on downstream customer orders or demand forecasts. While certain distributors may undertake limited additional stocking during industry upcycles, we consider the overall risk of channel stuffing to be low. To further mitigate this risk, we have established a structured channel-inventory monitoring mechanism under which distributors provide inventory reports. Any irregularities identified are promptly addressed through joint analysis and inventory-optimization measures. (ii) **Management of trade receivables:** We believe the recoverability risk of our trade receivables is limited. We typically require prepayment or cash-on-delivery for small and medium-sized distributors and grant credit only to selected long-term distributors based on a credit assessment model. We perform monthly ageing analyses, conduct weekly follow-ups on overdue balances, and apply prudent accounting policies, including expected-credit-loss provisioning. (iii) **Management of cannibalization risks:** We do not face material cannibalization risks. Our distributor management system requires customer pipeline registration, and distributors primarily serve stable enterprise customers within clearly defined industry domains, which helps maintain clear business boundaries. (iv) **Management of distributor inventory levels:** We monitor distributor inventory levels through regular reporting. Distributors generally follow a sell-through-driven procurement model and have limited incentives to engage in speculative stocking. (v) **Sales targets:** We do not impose compulsory minimum sales targets. Instead, we assess distributors under a comprehensive performance framework that considers payment timeliness, sales performance, and after-sales cooperation.

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

	Year ended December 31,		
	2023	2024	2025
As of the beginning of the year	74	79	72
– Addition of new distributors	30	17	29
– Distributors whose contracts lapsed and were not renewed	25	24	17
Net increase/(decrease) in distributors . .	5	(7)	12
As of the end of the year	79	72	84

During the Track Record Period, we conducted periodic reviews of our distributors’ performance and made corresponding adjustments to the distributorship structure as necessary. According to Frost & Sullivan, from 2022 to mid-2023, the average selling price of DRAM-based products in Chinese Mainland and the globe experienced significant decline, and the market demand stagnated, primarily due to cyclical demand adjustments following the pandemic-driven surge of consumer electronics in 2020 and 2021. See “Financial Information — Description of Key Components of our Results of Operations — Revenue — Sales Volume and Average Selling Price” in this document. Given this turbulence in the downstream semiconductor market, we adjusted our distributorship structure by phasing out certain underperforming distributors and engaging new distributors with stronger multi-channel capabilities in 2023. This restructuring was intended to expand our customer reach and strengthen our market channels in a challenging environment.

During the Track Record Period, there were certain distributors, whose contracts lapsed and were not renewed in the respectively year primarily because we decided not to renew their contracts following an assessment of factors such as distributors’ continued underperformance, changes that impaired their ability to operate normally, the departure of their key personnel that disrupted customer relationships, and other concerns that we believed could affect their ability to perform on a sustained basis.

To the best of our knowledge, all of our distributors during the Track Record Period are Independent Third Parties. Our relationship with our distributors is strictly a buyer-seller relationship. They are our customers and do not act on our behalf when dealing with downstream customers. We have no management control over their order placement, inventory management, or resale activities. Distributors place orders with us at their discretion regarding timing and quantity. We do not permit our distributors to appoint or engage any sub-distributors. We adhere to our product return policies and generally do not permit distributors to return products except in cases of product quality issues, consistent with customary industry practice. Revenue from distributor sales is recognized once products are delivered to the distributor and we receive their acknowledgment that all relevant conditions have been satisfied.

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Salient terms of our sales agreements with distributors include: (i) Authorization: distributors are authorized to sell approved products to end customers; (ii) Selling price: we provide guideline end-sale prices that are generally valid for a specified period and may be adjusted in response to market conditions; (iii) Distribution management: we assess distributors’ service and support capabilities and conduct management meetings to review business performance, and distributors must submit proposed customer coverage lists for our approval prior to coverage; (iv) Payment terms: payment for goods is made in accordance with the terms specified in the relevant purchase orders; (v) Delivery: distributors may request delivery to designated locations or collect goods from our warehouse, with risk of loss or damage remaining with us prior to delivery and transferring upon completion of delivery; (vi) Distributors’ responsibility: distributors are required to maintain dedicated sales teams and, at their own expense, undertake marketing and promotion activities, develop end customers, and manage logistics and distribution, and are subject to periodic qualification assessments; (vii) Warranty: we generally provide a one-year quality warranty; and (viii) Duration: the agreements typically have a three-year term from signing, unless terminated earlier, and may be renewed by mutual agreement upon expiration.

Pricing

We adopt a market-oriented pricing strategy and closely monitor developments in the markets where we operate. Our approach is designed to offer customers competitive pricing while ensuring business sustainability. We take into account a broad range of factors, including product cost structure, performance characteristics, application scenarios, purchase volumes, market positioning, pricing trends, and overall business objectives. In practice, final prices are generally determined through negotiation with customers on a case by case basis.

In addition, we consider external market dynamics such as customer demand and preferences, market maturity, and currency exchange rates. Given the nature of the semiconductor industry, we have also established price adjustment mechanisms to respond flexibly to market fluctuations and evolving cost structures.

Marketing Team and Customer Acquisition Strategies

As of December 31, 2025, our sales and marketing team comprised 73 professionals, responsible for driving business development, managing customer relationships, and covering key industry sectors.

Our sales and marketing personnel maintain ongoing communication with both existing and potential customers, introducing our current product offerings and upcoming development plans. They regularly provide detailed information on product design, functionality, and technology to support customer decision-making and foster long-term business relationships. Beyond direct customer engagement, our team conducts systematic market research to monitor trends in technology, pricing, and customer preferences. They analyze competitive dynamics and evolving market conditions, which allows us to tailor our marketing strategies to remain responsive and competitive. Furthermore, we maintain deep strategic collaborations with

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international and domestic leading SoC platforms, focusing on ecosystem enablement and platform integration. As of December 31, 2025, our products have received Approved Vendor List (AVL) Certification from multiple world leading SoC platforms, with a cumulative total of more than 1,400 certifications achieved. By collaborating with platforms, we can better understand end-user requirements, provide tailored technical support, and optimize solutions for downstream devices, thereby enhancing our ability to serve terminal customers effectively and reinforcing our role within the broader technology ecosystem. By capturing the AI trend, we are continuously expanding validation and collaboration with leading global SoC platforms. In addition, we place strong emphasis on brand building and product visibility. To expand our customer base, particularly in overseas markets, we leverage product reputation, participation in trade shows, industry conferences, forums, and digital channels including our official website and social media platforms. By integrating platform collaboration with these outreach efforts, we are able to empower ecosystem clients, strengthen market presence, and support long-term growth objectives.

INTRA-GROUP TRANSACTION

Transaction Arrangement

During the Track Record Period and up to the Latest Practicable Date, our Company and its subsidiaries in Chinese Mainland entered into certain intra-Group transactions with its Hong Kong subsidiary, Rayson Hong Kong, including the purchase and sale of raw materials, semi-finished products, finished goods, and the provision of certain services. These transactions were carried out in accordance with our transfer pricing policy, following the fundamental principle that all intra-Group transactions must be conducted on an arm’s length basis. Our intra-Group transactions mainly included the following:

Purchase of raw materials and semi-finished products: Our Company, and our subsidiaries, Rayson Technology, Artmem Technology and Zhongshan Rayson, purchase certain raw materials and semi-finished products from our Hong Kong subsidiary, Rayson Hong Kong, for production and sales in Chinese Mainland.

Sale of finished goods: Rayson Technology, Artmem Technology, and Zhongshan Rayson sell their finished goods to Rayson Hong Kong.

Provision of processing services: Rayson Technology provides processing services to Rayson Hong Kong and charges processing service fees.

Provision of supply chain management services: Our Company provides supply chain management services to Rayson Hong Kong.

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Transfer Pricing Assessment

The Organization for Economic Co-operation and Development (“OECD”), an international organization of cross-border cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administration (“OECD TP Guidelines”), which is generally followed by the relevant tax jurisdictions involved in the related party transaction worldwide. According to the OECD TP Guidelines, our intra-Group transactions should be priced at arm’s length principle.

Transfer Pricing Assessment

We engaged an independent transfer pricing consultant (the “**Transfer Pricing Adviser**”) with experts who come from reputable international accounting firms and possess the qualifications and expertise to conduct transfer pricing assessments to conduct benchmarking studies on our intra-group transactions during the Track Record Period in accordance with the OECD Transfer Pricing Guidelines. The Transfer Pricing Adviser determined that the resale price method was the most appropriate transfer pricing method to assess whether the Group’s transfer pricing arrangements complied with the arm’s length principle. The Transfer Pricing Adviser applied geographic criteria, industry criteria, data integrity criteria, R&D expense ratio criteria, and keyword search criteria to perform quantitative and qualitative screening for the selection of comparable companies. For each year during the Track Record Period, the Transfer Pricing Adviser identified the interquartile range of the comparable companies’ three-year or two-year and a half weighted average gross profit margins (prior to the relevant year) as the profit level indicator for assessing the Group’s intra-group transactions.

Based on the benchmarking analyses, Rayon Hong Kong’s profit levels during the Track Record Period fell within the interquartile range of the comparable companies’ weighted average gross profit margins for the relevant year. Our Transfer Pricing Adviser concluded that our transfer pricing arrangements are consistent with the arm’s length principle under the OECD Transfer Pricing Guidelines.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intra-Group transactions. Our Directors are of the view that the above-mentioned intra-Group transactions were in line with the arm’s length principle and we were in compliance with the relevant transfer pricing laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our Directors have confirmed that, with the assistance of the Transfer Pricing Adviser, we have complied with all tax filing and compliance requirements in Hong Kong. In addition, as advised by our PRC Legal Advisers, the Company and its PRC subsidiaries have duly completed tax registrations in accordance with PRC laws.

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Our Directors confirm that in ensuring ongoing compliance with the applicable transfer pricing laws and regulations, we plan to regularly review and monitor transfer pricing arrangements, with ongoing support from third-party tax advisers to ensure compliance with the arm’s length principle; provide training to the teams responsible for such transactions, keeping them updated on transfer pricing laws and regulations across different jurisdictions; and continuously monitor the profitability of our subsidiaries and adjust pricing arrangements as necessary.

INVENTORY MANAGEMENT

Our inventories mainly comprise raw materials, finished products, semi-finished products and others. To efficiently manage our inventory, we have implemented an advanced enterprise resource planning (“ERP”) system that tracks and records incoming and outgoing materials and supplies on a regular basis. This allows us to monitor inventory in real time, generates reports on inventory movements and performance, and ultimately assists us to maintain an optimal inventory level to meet our customer demand, minimize waste on inventory, and avoid holding obsolete inventory. We record provision for inventory decline when the cost of inventory exceeds its net realizable value. Our procurement is typically driven by confirmed orders, which helps avoid inventory stagnation. Even in the event of order cancellations, most materials are interchangeable and can be repurposed, reducing the likelihood of excess stock. Additionally, if there are product development changes, our procurement team ensures that existing inventory is fully utilized before transitioning to new materials or components. As of December 31, 2023, 2024 and 2025, our inventory amounted to approximately RMB872.9 million, RMB1,161.8 million and RMB4,846.7 million, respectively, representing approximately 58.1%, 50.0% and 83.2% of our total current assets as of the same dates. We produce finished products on an order-oriented basis, and our ability to effectively manage our inventory can significantly impact our profitability, results of operations and financial condition. In 2023, 2024 and 2025, our inventory turnover days were 131 days, 111 days and 248 days, respectively, which were lower than the average of the industry, according to Frost & Sullivan.

INFORMATION TECHNOLOGY

We utilize multiple information technology systems to manage various aspects of our operations, including but not limited to sales management, material procurement, production, quality control, inventory management, financial reporting, and human resources. Within our integrated information systems, we have multiple systems, including but not limited to ERP system and OA system throughout our business operations. Our systems are of vital importance in coordinating among departments and quality control. For details, see “— Quality Control Standards” in this section. The functionality and stability of our information technology infrastructure are critical to our business operations. The IT department conducts system checks, data backups, system maintenance, and other activities to ensure the continuous operation of critical IT systems and facilities. During the Track Record Period and up to the Last Practical Date, our IT systems did not experience any major failures or complete breakdowns that had a significant adverse impact on our overall business operations.

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DATA PRIVACY AND PROTECTION

During the Track Record Period, we collected and stored certain personal information on our private cloud platform in connection with the operation and development of our business, in accordance with applicable laws and regulations. The types of personal information collected include: (i) for our employees, name, ID number, mobile phone number, mailing address, which will be maintained in their personal file by our human resources department, as well as, fingerprint and facial recognition data for the entrance of the office and office building; (ii) for visitors to our offices, name, ID number, and mobile phone number, which are required by the property management of the office building; and (iii) for contacts of our distributors, customers and suppliers, e.g., name and mobile phone number.

The collection and storage of such personal information are carried out solely to support our business operations and commercial activities, and the scope of data collected is consistent with general business practices. All personal data is obtained voluntarily and with the consent of the individuals concerned, and we do not transfer such data across borders or provide it to third parties. We do not collect personal information for the purpose of offering data storage or data operation services to external users. As of the date of this document, we neither collect, manage, use, process, or transmit user location data, images, or other personal data through our products or services. We do not provide or sell personal data to third parties. We are not a network platform operator and have not been identified by regulators as an operator of critical information infrastructure. During the Track Record Period and up to the Latest Practicable Date, we have not encountered disputes, litigation, or administrative penalties arising from personal data leakage or misuse. As advised by our PRC Legal Adviser, we complied in all material respects with all applicable PRC laws and regulations on data privacy, data security and cyber security during the Track Record Period and up to the Latest Practicable Date.

We believe the storage and protection of our customer data and related information is crucial to us. We have implemented a comprehensive data security and protection system that provides security and protection over operation, technology and management. We continually develop and protect our information security infrastructure from multiple dimensions including the following aspects. First, data security. We establish a set of protocols on data security including cloud storage, redundancy policies and backup policies to prevent accidental data loss. We also leverage encryption technology and digital signature to ensure the authenticity, integrity and accountability of the data in our solutions. Second, infrastructure physical security. Our information infrastructure has been deployed in professional private clouds, which are advanced data centers in China, equipped with professional protection capacities in physical security, hardware security, software and network security. Third, privacy protection. We implement hierarchical protection of customer information and data, and apply privacy policies including access authorization, encrypted storage, encrypted transmission and de-identification to prevent the loss or leak of personal privacy information. Meanwhile, we have established a complete privacy management mechanism to provide a full range of personal privacy information protection under different settings such as software development, utilization of systems, daily inspection and emergency response.

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QUALITY CONTROL STANDARDS

We place great emphasis on quality control across all stages of our operations. We have established a comprehensive set of internal quality control standards, and built a well-developed quality management and product traceability system that covers procurement, R&D, production, and sales processes. As of December 31, 2025, we have obtained certifications for ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management System), and ISO 14000 (Environmental Management System, EMS). Our quality control processes are highly structured and standardized, with dedicated personnel assigned to oversee quality at each critical stage. We have also implemented a range of preventive measures and systems to mitigate product quality risks. These include continuous process monitoring and the application of advanced quality management tools such as Failure Mode and Effects Analysis (FMEA), which help us proactively identify and address potential issues. In addition, accredited third-party institutions conduct annual audits and provide guidance to ensure that our systems remain effective and up to date. During the Track Record Period and up to the Latest Practicable Date, there were no occurrences of material recalls or defect issues for our products, nor any material complaints regarding the quality of products we provide.

SEASONALITY

While our primary products are not heavily impacted by seasonality, there are certain seasonal patterns in both the Chinese and international markets, partly due to the influence of major holidays and shopping events in the downstream market.

THE IMPACT OF COVID-19 PANDEMIC

During the COVID-19 period, we experienced short-term production suspensions for less than one month in aggregate at our Shenzhen intelligent production base in 2022 in accordance with the relevant control measures, and certain delivery delays arising from the temporary suspension of logistics services. These suspensions and delays did not have any material adverse impact on our operating results. According to Frost & Sullivan, COVID-19 led to a significant increase in downstream demand in China’s semiconductor industry, driven by the rapid growth of remote working, online education, and other digital applications. This surge in downstream demand stimulated the need for semiconductor memory products and contributed to an overall increase in industry prices for memory products. As a result, demand for our products also increased, resulting in higher customer order volumes and contributing to an increase in the average selling prices of our products during the period.

OUR CUSTOMERS

Our major customers primarily comprise industry-leading enterprises and brand owners in downstream segments of the semiconductor industry, and our distributors. In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period contributed 45.0%, 49.3% and 30.2%, respectively, to our total revenue in the same years. In addition, our single largest customer in each year during the Track Record Period contributed 21.0%, 14.8% and 9.7%, respectively, to our total revenue in the same years. The following tables set forth the details of our five largest customers during the Track Record Period.

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For the year ended December 31, 2023

Customer	Principal business	Product provided	Business relationship since	Amount of revenue (RMB'000)	% of the total revenue	Credit terms*	Payment methods	Registered capital
Customer A	Components Distribution	DRAM-based and NAND flash-based products	2020	504,575	21.0%	Prepayment/Payment due upon delivery	Wire transfer	-RMB1.0 billion
Customer B	Design, development, production, sales and service of ICT industry products and solutions	DRAM-based and NAND flash-based products	2021	231,923	9.7%	Payment due 60 days from month-end	Wire transfer	-RMB4.8 billion
Customer D	Components Distribution	DRAM-based and NAND flash-based products	2021	174,690	7.3%	Prepayment/Payment due at month-end	Wire transfer	-RMB0.4 billion
Customer F	Components Distribution	DRAM-based and NAND flash-based products	2023	98,688	4.1%	Prepayment/Payment due upon delivery	Wire transfer	-RMB0.3 billion
Customer G	R&D, production and sales of mobile terminal products such as smartphones	DRAM-based and NAND flash-based products	2019	71,879	3.0%	Payment due 30 days after delivery	Wire transfer	-RMB0.08 billion
Total				1,081,755	45.0%			

* Based on each customer's credit history and the details of each order, we evaluate on a case-by-case basis whether to extend payment terms for certain orders.

For the year ended December 31, 2024

Customer	Principal business	Product provided	Business relationship since	Amount of revenue (RMB'000)	% of the total revenue	Credit terms*	Payment methods	Registered capital
Customer A	Components Distribution	DRAM-based and NAND flash-based products	2020	549,242	14.8%	Prepayment/Payment due upon delivery	Wire transfer	-RMB1.0 billion
Customer B	Design, development, production, sales and service of ICT industry products and solutions	DRAM-based and NAND flash-based products	2021	427,615	11.5%	Payment due 60 days from month-end	Wire transfer	-RMB4.8 billion
Customer H	Components Distribution	DRAM-based and NAND flash-based products	2024	424,521	11.4%	Payment due 60 days after delivery	Wire transfer	-HKD10,000
Customer D	Components Distribution	DRAM-based and NAND flash-based products	2021	301,153	8.1%	Prepayment/Payment due upon delivery	Wire transfer	-RMB0.4 billion
Customer G	R&D, production and sales of mobile terminal products such as smartphones	DRAM-based and NAND flash-based products	2019	131,279	3.5%	Payment due 30 days after delivery	Wire transfer	-RMB0.08 billion
Total				1,833,810	49.3%			

* Based on each customer's credit history and the details of each order, we evaluate on a case-by-case basis whether to extend payment terms for certain orders.

For the year ended December 31, 2025

Customer	Principal business	Product provided	Business relationship since	Amount of revenue (RMB'000)	% of the total revenue	Credit terms*	Payment methods	Registered capital
Customer A	Components Distribution	DRAM-based and NAND flash-based products	2020	575,971	9.7%	Prepayment/Payment due upon delivery	Wire transfer	-RMB1.0 billion
Customer B	Design, development, production, sales and service of Information and Communication Technology (ICT) industry products and solutions	DRAM-based and NAND flash-based products	2021	553,651	9.4%	Payment due 60 days from month-end	Wire transfer	-RMB4.8 billion
Customer I	Semiconductor display, new energy photovoltaic, R&D and production of smart terminal products, component trading and so forth	DRAM-based and NAND flash-based products	2021	238,446	4.0%	Payment due 60 days from month-end	Wire transfer	-RMB20.8 billion
Customer D	Components Distribution	DRAM-based and NAND flash-based products	2021	222,152	3.8%	Prepayment/Payment due upon delivery	Wire transfer	-RMB0.4 billion
Customer H	Components Distribution	DRAM-based and NAND flash-based products	2024	195,340	3.3%	Payment due 60 days after delivery	Wire transfer	-HKD10,000
Total				1,785,560	30.2%			

* Based on each customer's credit history and the details of each order, we evaluate on a case-by-case basis whether to extend payment terms for certain orders.

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As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

THIRD-PARTY PAYMENT

During the Track Record Period, certain of our customers settled payments with our Company and our subsidiaries through accounts held by parties other than the contractual counterparties under the relevant sales and purchase agreements.

These arrangements primarily fall into the following two categories:

Payment through Customers’ Supply Chain Service Providers

During the Track Record Period, some of our customers settled payments with our Company and our subsidiaries through accounts belonging to third-party supplier chain service providers (individually or collectively, the “**Supply Chain Payment Customer(s)**”). Third-party supply chain service providers were primarily entities that, while operating within a larger corporate group with other business lines, offer dedicated supply chain management services. These providers assist with logistics, inventory management, procurement coordination, and other operational functions, enabling Supply Chain Payment Customers to maintain a streamlined and responsive supply chain.

In 2023, 2024 and 2025, the aggregate amounts of payment from supplier chain service providers to us were RMB99.2 million, RMB215.9 million and RMB197.3 million, respectively, representing approximately 4.1%, 5.8% and 3.3% of our revenue. During the Track Record Period, no individual Supplier Chain Payment Customer made material contribution to our revenue. As of April 1, 2025, we have entered into tri-party agreements with all active supply chain service providers and Supply Chain Payment Customers, ensuring that both parties are direct counterparties to agreements with us. As a result, the use of this kind of third-party payment arrangements has ceased since then. In addition, any customers intending to use supply chain payment are required to sign the relevant tri-party agreements before any transactions can proceed.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any such payment arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of the Supplier Chain Payment Customers to facilitate or incentivize such payment arrangements; and (iii) the pricing and payment terms of the agreements we entered into with the Supply Chain Payment Customers were in line with the agreements with customers not involved in the supply chain payment arrangement.

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According to Frost & Sullivan, it is not uncommon for customers in the semiconductor industry to settle their transactions through supply chain service providers. The Supply Chain Payment Customers primarily utilize the supply chain payment arrangement for two reasons. First, some customers prefer to engage third-party supply chain service providers for delivery and transshipment customs declaration, customs clearance and related services of products procured from us. For convenience, some of those customers also settle their transactions with us through the accounts of their third-party supply chain service providers. Second, we typically require customers to make prepayments for products. However, those third-party supply chain service providers may provide credit periods to their customers for payments settled with us through their accounts, depending on the terms and conditions between them. Accordingly, some customers prefer to settle their transactions with us through the accounts of their third-party supply chain service providers for commercial reasons.

Payment through Other Third-parties

During the Track Record Period, certain of our customers, mainly small and medium-sized enterprises, settled payments to our Company through accounts of third parties other than supply chain payment providers (individually or collectively, the “**Other Third-party Payment Customers**”). This was primarily due to customers’ considerations of payment convenience. In most cases, the third-party payors were the business partners of such customers. In 2023, 2024 and 2025, the aggregate amounts of payment from such payment arrangement were RMB5.0 million, RMB6.8 million and RMB2.5 million, respectively, representing approximately 0.2%, 0.2% and 0.0% of our revenue. During the Track Record Period, no individual Other Third-party Payment Customer made material contribution to our revenue.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any such payment arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of such customers to facilitate or incentivize such payment arrangements; and (iii) the pricing and payment terms of the agreements we entered into this arrangement were in line with the agreements with customers not involved in the supply chain payment arrangement and the other third-party payment arrangement.

Implication

Considering that: (a) the Company has obtained confirmations from the Supply Chain Payment Customers and the Other Third-party Payment Customers, together with their designated payors who accounted for the majority of the revenue generated under such payment arrangements during the Track Record Period, confirming that such payment arrangements relating to the transactions during the Track Record Period were based on genuine and lawful transaction backgrounds and accurate transaction amounts, that the funds used by the entrusted payors to make payments to the Company were legitimate and lawful, and that such arrangements did not involve proceeds of money laundering, terrorism, corruption, bribery, smuggling, tax evasion, tax fraud, financial fraud or any other illegal activities, nor

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were they used to evade or obtain undue tax benefits, and that the relevant parties had no right under any circumstances to claim refund, compensation, recourse or any other form of rights in respect of such entrusted payments; and (b) during the Track Record Period and up to the Latest Practicable Date, the Company had not been requested to make any refunds, and there was no actual or pending dispute or disagreement relating to any supply chain payment arrangement or other third-party payment arrangement; our PRC Legal Adviser is of the view that, (i) the Company does not violate any mandatory provisions of applicable laws or regulations in China as a result of the supply chain payment arrangement and other third-party payment arrangement; and (ii) the risks of the Company and its subsidiary being deemed to have assisted in money laundering or tax evasion, as well as the risks of being subject to claims, refund or compensation arising from the supply chain payment arrangement and other third-party payment arrangement are remote.

As confirmed by the Company, (i) the supply chain payment arrangement and other third-party payment arrangement was initiated by the relevant customers and was not designed by the Company to circumvent applicable tax laws or other regulations in China. All customer payments previously received under the arrangement were duly recorded in accordance with the Company’s accounting procedures and policies; (ii) the Company had not been identified as violating any applicable tax laws as a result of such payment arrangement during the Track Record Period; and (iii) payments from the third-party payors are only accepted via remittance from licensed banks, ensuring that the funds comply with the anti-money laundering requirements implemented by such banks; and (iv) the Company had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the supply chain payment arrangement and other third-party payment arrangement during the Track Record Period and up to the Latest Practicable Date.

In accordance with relevant PRC laws and regulations, and supervisory requirements, including the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》), and the Counter-Terrorism Law of the People’s Republic of China (《中華人民共和國反恐怖主義法》), money laundering includes acts that conceal or disguise the source and nature of proceeds derived from criminal activities such as drug-related crimes, gang-related crimes, terrorist activities, smuggling, corruption and bribery, crimes disrupting financial management order, financial fraud, and other criminal activities, as well as the proceeds generated from such activities; the financing of terrorism includes acts of providing funds to terrorist organizations, terrorists, or for the implementation of terrorist activities or terrorist training.

Taking into consideration that major relevant parties have confirmed and undertaken that all third-party payment arrangements during the Track Record Period were based on genuine and lawful transaction backgrounds and accurate transaction amounts, and did not violate any mandatory or prohibitory provisions of laws and regulations, our PRC Legal Adviser is of the view that the risk of the Company and its subsidiaries being deemed to have assisted in money

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laundering or tax evasion is remote, and the risk of the Company and its subsidiaries facing recourse, being required to provide refunds, or being held liable for compensation due to such third-party payment arrangements is also remote.

Internal Control Measures

To mitigate the risks relating to the above payment arrangements and prevent future occurrences, we have implemented internal control measures. For Other Third-party Payment Customers, we have completed the last transaction involving such payment in the first quarter of 2025, ceased any existing Other Third-party Payment arrangement, and, since July 2025, we have enhanced and implemented policies prohibiting any additional other third-party payment arrangements; the cessation did not, and is not expected to in the future, result in any material adverse impact on our Company. For the Supply Chain Payment Customers, we require them to provide relevant information to us, including the identity of the third-party payors, and the confirmation that the relevant customer either delegates its payment obligation under the original agreement to the respective third-party payor, who undertakes to pay directly to us under the same terms, or the third-party payor is jointly liable with the customer for the relevant payments; and, after the third-party payor makes the payment to our account pursuant, the finance department of us will match the payment with the corresponding customer account based on the transaction information.

Internal control measures have been established to preserve the integrity of our Company’s financial and accounting information and prevent fraud and money laundering activities. A compilation of financial management system and an information system account, password and authority management system have been established to govern the financial reporting process and the integrity of financial information. Such policies are approved by management and circulated to relevant staff for execution; and code of conduct has been established which has set out the rules or policies that all staff should adhere to.

We conduct regular review on the effectiveness of the aforesaid internal control measures and promptly address any abnormalities and malfunctions. Our legal and financial department is responsible for providing detailed review results and reporting the results to the management periodically. Our Directors are of the view that the foregoing internal control measures are effective and adequate in preventing supply chain payment-related risks, and our Directors will oversee the effectiveness of the aforementioned internal controls in the future.

OUR SUPPLIERS

Our major suppliers primarily include providers of raw materials, such as memory wafer and chip die suppliers, as well as packaging service providers. In 2023, 2024 and 2025, our five largest suppliers in each year during the Track Record Period contributed 72.5%, 76.0% and 82.0%, respectively, to our total purchase amount in the same year. In addition, our single largest supplier in each year during the Track Record Period contributed 46.5%, 53.3% and 68.5%, respectively, to our total purchase amount in the same year.

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According to Frost & Sullivan, the DRAM and NAND wafer suppliers in the memory product industry is highly concentrated, resulting in many memory product manufacturers relying on a limited number of suppliers. We have maintained a long-term partnership with Supplier A since 2019, which is a key supplier to leading participants in the global memory product industry. During the Track Record Period, we entered into long-term agreements with Supplier A, and as a result, we were exposed to a certain degree of supplier concentration risk. For details, see “Risk Factors — Our purchase of key raw materials and components, concentrates on certain major suppliers. Any disruption in supply or change in our relationships with these suppliers could adversely affect our business, financial condition and results of operations” in this document. The increase in the percentage of procurement from Supplier A in 2024 and 2025 was primarily due to our strengthened relationship with Supplier A, which enabled us to secure raw material supply amid the global shortage of raw materials in the memory product industry and meet downstream demand. As we maintain a stable and close relationship with Supplier A, we primarily procure directly from them without engaging intermediaries. The higher supplier concentration therefore reflects the stability of our relationship with Supplier A. In addition, alternative suppliers are available in global markets, and our continued cooperation with Supplier A is primarily a result of our commercial decision. In the event of any disruption to the supply from Supplier A, we would be able to source the required materials from other suppliers at prevailing market prices in a timely manner. Over the years, we have gradually expanded our supplier base and actively explored potential suppliers to mitigate market fluctuations and the risk of supplier concentration. As of the Latest Practicable Date, we had entered into partnership agreements with other leading memory wafer suppliers for the purpose of diversifying our supplier bases and mitigating our reliance on Supplier A in the future. Furthermore, with the ongoing development of both the global and domestic memory industries, we expect a growing number of suppliers to become available, enabling us to further strengthen and diversify our supply chain.

The following tables set forth the details of our five largest suppliers during the Track Record Period.

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For the year ended December 31, 2023

Supplier	Principal business	Product/services purchased	Business relationship since	Amount of purchase (RMB'000)	% of the total purchase	Credit terms	Payment methods	Registered capital
Supplier A	R&D, production and sales of memory chips	DRAM, NAND wafers and memory dies	2019	1,091,593	46.5%	Prepayment	Wire transfer	~USD1.1 billion
Supplier F	Chip Trading	DRAM, NAND wafers and memory dies	2022	257,076	11.0%	Payment due 30 days after delivery	Wire transfer	~HKD1 million
Supplier G	Chip Trading	DRAM, NAND wafers and memory dies	2019	158,697	6.8%	Prepayment	Wire transfer	~HKD10,000
Supplier L	Chip Trading	DRAM, NAND wafers and memory dies	2022	109,050	4.6%	Payment due 30 days from month-end	Wire transfer	~RMB0.8 billion
Supplier I	Chip packaging	Chip packaging	2021	84,288	3.6%	Payment due 60 days from month-end	Wire transfer	~RMB3.5 billion
Total				1,700,704	72.5%			

For the year ended December 31, 2024

Supplier	Principal business	Product/services purchased	Business relationship since	Amount of purchase (RMB'000)	% of the total purchase	Credit terms	Payment methods	Registered capital
Supplier A	R&D, production and sales of memory chips	DRAM, NAND wafers and memory dies	2019	1,942,035	53.3%	Prepayment	Wire transfer	~USD1.1 billion
Supplier F	Chip Trading	DRAM, NAND wafers and memory dies	2022	285,765	7.8%	Payment due 30 days after delivery	Wire transfer	~HKD1 million
Supplier L	Chip Trading	DRAM, NAND wafers and memory dies	2022	277,872	7.6%	Payment due 40 days from month-end	Wire transfer	~RMB0.8 billion
Supplier G	Chip Trading	DRAM, NAND wafers and memory dies	2019	152,191	4.2%	Prepayment	Wire transfer	~HKD10,000
Supplier J	Chip Trading	DRAM, NAND wafers and memory dies	2019	113,013	3.1%	Prepayment	Wire transfer	~HKD0.2 million
Total				2,770,876	76.0%			

For the year ended December 31, 2025

Supplier	Principal business	Product/services purchased	Business relationship since	Amount of purchase (RMB'000)	% of the total purchase	Credit terms	Payment methods	Registered capital
Supplier A	R&D, production and sales of memory chips	DRAM, NAND wafers and memory dies	2019	5,671,145	68.5%	Prepayment	Wire transfer	~USD1.1 billion
Supplier J	Chip Trading	DRAM, NAND wafers and memory dies	2019	404,544	4.9%	Prepayment	Wire transfer	~HKD0.2 million
Supplier L	Chip Trading	DRAM, NAND wafers and memory dies	2022	278,714	3.4%	Payment due 40 days from month-end	Wire transfer	~RMB0.8 billion
Supplier G	Chip Trading	DRAM, NAND wafers and memory dies	2019	229,030	2.8%	Prepayment	Wire transfer	~HKD10,000
Supplier M*	Chip Trading	DRAM, NAND wafers and memory dies	2023	207,174	2.5%	Payment due 30 days from month-end	Wire transfer	~RMB15 million + ~HKD10,000
Total				6,790,607	82.0%			

* Supplier M comprises two entities, Company X and Company Y, which share the same controlling shareholder, an independent third-party individual. The registered capital figures represent the registered capital of Company X and Company Y, respectively.

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As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

OVERLAPPING CUSTOMERS AND SUPPLIERS

Supplier M comprises two entities, Company X and Company Y, which share the same controlling shareholder, an independent third-party individual. Both Company X and Company Y are trading companies operating in the semiconductor industry. During the Track Record Period, we purchased DRAM, NAND wafers and memory dies from Company X and Y and sold DRAM-based and NAND flash-based products to Company Y in separate transactions in the ordinary course of our business. In 2023, 2024, and 2025, our purchases from Company X and Y amounted to nil, RMB3.8 million, and RMB207.2 million, representing nil, 0.1%, and 2.5% of our total purchases in the same years, respectively. Our revenue generated from Company Y during the same years was RMB0.1 million, RMB1.6 million, and RMB19.8 million, representing less than 0.5% of our total revenue in the respective years.

Negotiations of the terms with Company X and Y were conducted separately on an arm’s length basis, and the sales and purchases were neither connected nor conditional upon each other. In addition, the terms of transactions with our Company mentioned above are in line with market practice and similar to those with our other customers and suppliers. Save as disclosed, to the best of our knowledge, none of our major customers during each year of the Track Record Period was a supplier of ours and vice versa.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

We are committed to ESG construction, deeply integrating the principles of sustainable development into the Group’s daily operations and long-term strategy to support sustainable corporate development.

ESG Governance Framework

In line with our strategic planning for sustainable development, we are actively promoting the integration of ESG principles into the Group’s day-to-day management and operations. We plan to gradually optimize the ESG governance framework from the top down, clarifying the responsibilities of each level and department. This framework will provide organizational support for the implementation of ESG initiatives and fully protect the legitimate rights and interests of shareholders. The chairman of our Board, as the highest person in charge of and decision-maker for the Group’s ESG affairs, is responsible for deliberating, approving and making decisions on significant ESG issues, implementation targets, information disclosure and external reporting, and for coordinating the assessment and management of ESG-related

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impacts, risks and opportunities. We established an ESG Affairs Department, under which an ESG Implementation Group will be set up to cover the entire ESG workflow, to improve resource coordination and further ensure the implementation of targets.

Environmental Indicators and Management

We have established and continuously maintained ISO14001 management systems, achieving international standardization in environmental, energy, occupational health and safety, and quality management. To strengthen ESG management, we have implemented the Procedures for Control of Environmental and Occupational Health & Safety Objectives, Targets, and Management Plans. Each year, we set specific environmental and occupational health & safety objectives, indicators, and management plans, and undertake corresponding activities to ensure progress toward these targets. Key areas of energy and environmental management include enforcing energy resource control procedures.

Emissions

We prioritize managing emissions in our production. We have established the Ozone-Depleting Substances (ODS) Control Procedures and the Emission Source Inventory Identification Program to reduce ozone-depleting substances and protect the ozone layer. As we only operated less than five commercial vehicles during the Track Record Period, the impact of exhaust emissions is minimal. Wastewater discharge is limited to office domestic sewage, with no involvement in industrial wastewater treatment.

Waste Management Policies and Practices: Our products do not involve reuse, and as a testing facility, our plant does not involve hazardous wastewater or other forms of discharge and utilization. We have implemented the Waste Control Procedures, which provide requirements for the entire lifecycle of waste management — from classification, storage, collection, and transportation to final disposal. A strict classification and storage system is enforced, with dedicated containers and storage areas in place. We continuously promote process optimization and resource efficiency to minimize waste generation at the source. In addition, regular environmental training is organized for employees to strengthen awareness and operational compliance in waste management.

Resource Consumption

We strictly comply with national regulations, integrating energy and water conservation reviews into business operations and investment decision-making, thereby supporting China’s “dual carbon” goals, and promoting the sustainable resource use. We have implemented a resource management policy that covers the efficient use and conservation of energy, water, and raw materials. In accordance with the Energy Resource Management Procedures, we set clear conservation targets, implementation measures, responsibilities, timelines, and budget allocations in our annual energy and environmental management plans.

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Electricity Consumption Management: We manage electricity consumption through a combination of control measures across various areas. For equipment, we enforce accountability, set air-conditioning temperatures above 26°C in summer, promote energy-saving lighting, and strictly implement a “power-off when not in use” policy. In offices, we adopt timed power controls, encourage paperless operations and double-sided printing, and reduce elevator usage. In production, we minimize equipment start-up and shutdown frequency by centralizing production scheduling and using high-efficiency electromechanical equipment to reduce unit energy consumption.

Water Consumption Management: We plan to continuously optimize water usage processes and further strengthen facility maintenance and supervision. To this end, we have implemented several measures: water-saving labels have been installed at all water usage points, along with the establishment of regular inspection mechanisms to promptly repair leaks. Additionally, we launched a company-wide water conservation initiative and reinforced control over water-intensive processes.

To fulfill our responsibility for green development, we strictly control the use of packaging materials and continuously monitor water and electricity consumption, with clear performance control targets to manage resource consumption.

The specific resource consumption of the Group from 2023 to 2025 is as follows:

Resource Category	Unit	2023	2024	2025
Electricity	MWh	2,387.4	4,179.2	7,826.4
Water Resources	10,000 tonnes	1.1	1.3	1.8

Our resource consumption increased in both 2024 and 2025, primarily as a result of the commencement of operations at our Zhongshan intelligent production base in 2024 and the ramp-up of its operations in 2025. We will actively fulfill our ESG responsibilities by striving to reduce per-unit product consumption, thereby advancing the synergistic development of operations and green sustainability.

Carbon Management

We prioritize carbon emission management and are committed to enhancing environmental performance through systematic reduction initiatives. To achieve effective emission control, we focus on source-control and process-management measures, particularly regarding Ozone Depleting Substances (ODS). This includes prioritizing “CFC-free” products to reduce ODS usage, enforcing refrigerant recovery procedures to prevent leaks, and implementing leak detection and repair systems. We also ensure the proper disposal of outdated appliances by removing CFC and HCFC refrigerants, prohibit methyl bromide-based

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pesticides, and work with authorities to promote alternatives. Additionally, we strengthen refrigeration maintenance to properly handle recovered refrigerants, eliminate emissions, and conduct routine inspections. The following table sets forth the specific carbon emissions of the Group for the years indicated:

Category	Unit	2023	2024	2025
Scope 1	tCO ₂ e	16.9	18.2	23.4
Scope 2	tCO ₂ e	1,361.5	2,383.4	4,463.4
Scope 3	tCO ₂ e	148.0	105.8	99.1

Note: Scope 3 includes water usage and packaging materials. In 2024, we optimized the packaging materials used for shipments. Each carton can now hold more granule capacity, reducing the consumption of carton materials — the main source of Scope 3 emissions — and thus lowering Scope 3 emissions overall.

We will continue to implement an environmental management strategy, setting annual energy and emission reduction goals and enforcing systematic monitoring mechanisms to ensure a sustained reduction in environmental impact. During the Track Record Period, noise monitoring results consistently complied with national standards. Looking ahead, we will further optimize emission reduction measures and enhance environmental performance.

Identification of Climate-Related Risks and Opportunities

To address the impacts of key climate-related issues, we have formulated the ODS Control Procedures. Through regular identification and assessment of ODS emission sources and implementation corresponding control measures, we manage their potential climate impacts. After evaluation, our business operations have not been directly affected by material climate-related issues. The operating environment remains stable, and climate risks are within a controllable range. Meanwhile, we have established a systematic climate risk management mechanism. Based on the Environmental Context and Risk & Opportunity Identification and Evaluation Matrix, we conduct dynamic identification and assessment of climate risks. Corresponding preventive and control measures are formulated and implemented, thereby continuously enhancing the Group’s adaptive capacity to climate change, and ensuring sustainable long-term development.

Social Metrics and Management

In the course of our corporate development, we have always regarded social responsibility as a core development philosophy and a spontaneous action. To ensure full compliance with all laws and regulations related to our operations, we have developed the Compliance Evaluation Form for Laws, Regulations and Other Requirements, and use this form to conduct compliance checks on relevant content to confirm that they meet the requirements.

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Employee Employment Status: We prohibit any discriminatory practices arising from race, social class, nationality, religion, disability, gender, sexual orientation, age, specific abilities, and political connections. To this end, we have established the Anti-Discrimination Management Regulations, which stipulate that both internal and external groups and individuals have the right to monitor or file complaints about the Group’s actions. As of December 31, 2025, we had 247 female employees and 257 male employees. During the Track Record Period, we strictly adhered to relevant laws and regulations, ensuring that no form of forced labor occurred, and that no minors who had not reached the legal minimum employment age were employed to engage in labor activities. In other words, there were no instances of forced labor or child labor.

Occupational Safety Construction

We have obtained the ISO 9001, and ISO 45001 certifications. In response to potential hazards related to work and processes that may lead to dangerous situations, we have established the Procedure for Identification and Evaluation of Hazards and the Control Matrix for Significant Occupational Health and Safety Hazards and Risk Sources. We adhere to the safety management goal of zero occurrences of fire and explosion accidents. During the Track Record Period, no employee death caused by work-related reasons occurred. To ensure the effective implementation of occupational health and safety management and to enforce the responsibilities of all personnel at different levels in this regard, we have established the Occupational Health and Safety Management Committee. We convene at least one special meeting on production safety every quarter to deliberate on significant issues related to production safety and to coordinate the production safety work of all relevant departments within the Group.

Employee Development and Training: To comprehensively enhance the overall quality and professional skills of our employees, and to promote the improvement of organizational performance and business results, we have established the Training Management System. This system includes company-level training, department-level training, specialized training, and advanced training programs, providing all employees with comprehensive development pathways. We have established the Performance Assessment and Incentive Plan, which clarifies the rules for performance assessment, the criteria for quarterly bonus evaluation, performance feedback, performance appeals, and other relevant standards and procedures. We have set up the System for Incentivizing the Introduction of Outstanding Talents, which prioritizes the recruitment of top talents. We make full use of internal resources to identify outstanding individuals. Employees who refer excellent talents internally are awarded the Bole prize, and we have also established our own internal and external talent maps and talent pools.

Sustainable Supply Chain: We have always integrated the concept of sustainable development into supply chain management. Through scientific supplier selection criteria, a rigorous scoring system, and a dynamic day-to-day management mechanism, we have built a green, efficient, and shared-responsibility supply chain ecosystem, which helps to support the long-term sustainable development of the Group. By establishing the Procurement Operation

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Management Procedure, we have standardized the material procurement process for all procurement-related business, improved procurement efficiency, clarified the responsibilities of each position, and effectively enhanced cooperation with various departments, thereby reducing procurement costs.

Product Responsibility: We fully fulfill our product responsibilities through rigorous product management, excellent innovation in design and research and development, international strategic cooperation, and intellectual property protection. We have adhered to the Responsible Business Alliance Code of Conduct, committing to build, implement, and effectively and continuously improve the labor, safety, environment and ethics system, identify and reduce business risks related to the system, and continuously promote and align the system with the requirements of the above-mentioned Code of Conduct and our customers. During the Track Record Period, we have not had any major product recalls. We are currently actively complying with relevant laws concerning health and safety, advertising, labeling, and/or privacy issues related to the products/services we provide, and there have been no violations.

Community and Public Welfare: We actively fulfill our corporate social responsibility. In 2019, under the leadership of the Futian District Charity Federation, we established the Rayson Charity Public Welfare Fund. We have successively donated educational supplies to Matang Primary School in Hepin County, Heyuan City; medical supplies to Tongji Hospital in Wuhan; built a functional room for the rehabilitation training of special children in Hengyang, Hunan; and donated cooling drinks and alcohol-free antibacterial sprays to elderly care institutions in Futian District. In addition, we have organized our employees to provide charitable activities to the Futian District Yuanling Octagonal Building Care Center and donated to the Hong Kong fire disaster relief fund.

Anti-Corruption: We have established the Detailed Rules for Anti-Fraud Management, which clarifies the entire process including internal review, preventive measures, reporting procedures, implementation, and supervision. We conduct special anti-corruption training for all senior executives and grassroots employees and carry out anti-corruption due diligence on suppliers and partners, while continuously conducting checks for corruption risks in key business departments, to foster a good ethos of integrity, diligence, and dedication.

WORKPLACE SAFETY, PRODUCTION SAFETY AND OCCUPATIONAL HEALTH

We are subject to relevant PRC laws and regulations that govern the safe operations of our processing plants, including Work Safety Law of the PRC (《中華人民共和國安全生產法》). We have put in a place a rigorous inspection mechanism at our production base to ensure that all regulations are complied with and that the working conditions are safe for our employees. We strictly follow the goals for safety protection and implement the requirements of relevant laws, regulations, rules, and standards for safe operation. We have established a series of safety guidelines covering fire safety, operation safety, warehouse safety, work-related injuries and emergency and evacuation procedures. We have also implemented advanced safety measures

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for all production lines, as well as suitable and necessary protection equipment to our employees. We fully implement the system of safety production responsibility and carry out all aspects of safety production work.

INTELLECTUAL PROPERTY

We regard our intellectual property rights are critical to our business operation, and we devote significant time and resources to their development and protection. As of December 31, 2025, we held (i) 278 granted patents in the PRC, including 251 invention patents, (ii) 28 software copyrights in the PRC, (iii) 32 trademarks in the PRC and one overseas trademark, (iv) six registered integrated circuit layout design in the PRC, (v) five domain names in the PRC, and (vi) one design copyright in the PRC. For details, see “Appendix IV — Statutory and General Information — Further Information about the Business of Our Company — 2. Intellectual Property Rights” to this document.

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. Our key measures include: (i) dedicating personnel to guide, manage, supervise and monitor the daily work regarding intellectual properties; (ii) starting the registration, filing and application process of the intellectual properties timely; (iii) tracking the status of our intellectual properties actively and taking action in a timely manner if any potential conflicts with our intellectual properties are identified; and (iv) stating relevant rights and obligations regarding the protection of intellectual properties in all employment contracts and commercial contracts we enter into.

As of the Latest Practicable Date, except as otherwise disclosed in this document, we had not been subject to any material dispute or claims for infringement upon third parties’ trademarks, licenses and other intellectual property rights.

EXPORT CONTROL AND TRADE RESTRICTION IMPLICATIONS

U.S. Export Control Implications

The BIS maintains various lists of entities and individuals subject to enhanced export controls. Among these, the Entity List imposes trade restrictions on designated foreign persons — including companies, research institutions, government and private organizations, and individuals. Listed parties are restricted from accessing certain U.S.-origin items, such as goods, software, and technology, as well as items containing controlled U.S.-origin content and foreign-made products derived from specified U.S. technology or equipment. Two of our previous customers have been listed on the Entity List, one of which has been designated with Footnote 3 (the “**Entity List Customer**”). Nonetheless, considering that (i) items we purchased do not contain any U.S.-origin component or technology subject to the EAR; (ii) the memory products we sold were manufactured in the PRC and do not incorporate any controlled U.S.-origin commodities or are bundled with controlled U.S.-origin software; (iii) transactions

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with all designated entities on the Entity List were completed before they were listed and no subsequent transactions occurred, our International Sanctions Legal Adviser is of the view that transactions with the Entity List Customer would not be subject to the EAR.

International Sanctions and Trade Restrictions Implications

During the Track Record Period, we sold our memory products to several overseas countries and regions. None of the countries and regions fall within the Sanctioned Countries under the Sanctions Guidance, and none of the counterparties has been designated as a Sanctioned Target, nor is located, incorporated, organized, or resident in a Sanctioned Country.

U.S. Sanctions

One of our customers and two suppliers are placed on the list of Entities Identified as Chinese Military Companies Operating in the United States under Section 1260H of the William M. Thornberry National Defense Authorization Act for Fiscal Year 2021 (the “**Section 1260H List**”), also known as the “Chinese Military Companies List” (the “**CMC List**”) by the United States Department of Defense (the “**DoD**”). Entities listed on the CMC List may face the implications of prohibition on U.S. defense contracts and prohibition on lobbying services. As we have no nexus or contract for goods, services, or technologies with the DoD of the U.S., we are advised by our International Sanctions Legal Adviser that restrictions associated with the CMC List are inapplicable to the transactions between us and the designated entities.

Other International Sanctions

During the Track Record Period, since we did not conduct business with any parties sanctioned by the U.N., E.U., U.K., or Australia, we are advised by our International Sanctions Legal Adviser that our business activities did not implicate restrictive measures adopted by the U.N., E.U., U.K., or Australia.

Impact of Tariff Policies

Our Directors confirm that, based on the Company’s business model and supply chain structure, its operations are not materially impacted by the tariff policies. In terms of the United States Tariff Policy during the Track Record Period and up to the Latest Practicable Date, we did not export our products to the United States. Accordingly, tariff measures implemented by the U.S. government did not have direct impact on our business, financial condition, or operating results. In terms of the European Union Tariff Policy during the Track Record Period and up to the Latest Practicable Date, although we had minimal exports to the European Union, the European Union did not impose additional tariffs on Chinese semiconductor products during the same period. Accordingly, our business, financial condition, and operating results were not materially affected by EU tariff measures. In terms of the China Import Tariff Policy, regarding raw material procurement, during the Track Record Period and up to the Latest Practicable Date, we did not purchase wafers originating from the United States or other

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materials subject to China’s import tariff measures. Therefore, the tariff measures imposed by the Chinese government on U.S.- origin wafers and other products during the Track Record Period and up to the Latest Practicable Date did not affect our procurement costs or supply chain stability.

Going forward, we will continue to monitor tariff policies and adjust our export and import strategies as necessary to minimize any potential impact.

AWARDS AND RECOGNITION

Our leading market position and brand recognition are reflected in the numerous awards we have received. The following table sets forth a selection of the notable awards and accreditations we received in the recent years:

No.	Year	Awardee	Award/recognition	Granting authority
1. . .	2025	Our Company	Top 10 Innovative Enterprises in China’s Memory Industry 2025	Committee of the World Semiconductor Conference, World Integrated Circuit Association
2. . . .	2025	Our company	20th China Chip Excellent Market Performance Award 2025	China Center for Information Industry Development, CCID
3. . . .	2025	Our company	Industry Innovation Leader of 2025	International Science and Technology Innovation Festiva
4. . . .	2025	Our company	Best Overall Performance Award	ZTE Corporation
5. . . .	2025	Our Company	“LPDDR5 Chip Based on Y42M Wafer” Recognized as Guangdong High-Quality High-Tech Product Enterprise	Guangdong High-Tech Enterprise Association
6. . . .	2024	Our Company	“LPDDR4 Chip Based on Z42M Wafer” Recognized as Guangdong High-Quality High-Tech Product Enterprise	Guangdong High-Tech Enterprise Association
7. . . .	2024	Our Company	Annual IHV Strategic Partner	Qualcomm
8. . . .	2024	Our Company	Best Partner Award	Baidu
9. . . .	2024	Our Company	Best Service Support Award	ZTE Corporation
10. . .	2023	Our Company	Best Deliver Award	ZTE Corporation
11. . .	2025	Artmem Technology	Best Product in China’s Memory Controller Chip Market 2025	World Semiconductor Integration Committee, World Integrated Circuit Association

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No.	Year	Awardee	Award/recognition	Granting authority
12. . .	2025	Artmem Technology	Key “Little Giant” Enterprise	Department of Industry and Information Technology of Guangdong Province
13. . .	2024	Artmem Technology	Outstanding Market Performance Product, 19th “China IC” Awards 2024	China Academy of Information and Communications Technology
14. . .	2024	Artmem Technology	Guangdong Engineering Technology Research Center for Memory Products	Department of Science and Technology of Guangdong Province

COMPETITION

The global semiconductor memory product industry is a large and rapidly growing market. According to Frost & Sullivan, the global semiconductor memory product market size by shipment reached 13.8 billion units in 2024. With new memory demands driven by breakthroughs in AI technology and the technical product upgrades of memory products, the global semiconductor memory product market size, by shipment, is expected to grow to 19.4 billion units by 2029, with a CAGR of 7.1% from 2024 to 2029.

We primarily participated in the global embedded memory product market within the global semiconductor memory product industry. The global embedded memory product market size, by shipment, reached 8.6 billion units in 2024, and is expected to grow to 12.3 billion units by 2029, with a CAGR of 7.4%.

The global embedded memory product market comprises Integrated Device Manufacturers (IDMs) and independent memory product enterprises. We primarily compete against global and local independent memory product enterprises within this market. In terms of shipment in 2024, the top five independent embedded memory providers accounted for 35.4% of the market share among independent memory product enterprises. We ranked second among all independent memory product providers in the global embedded memory market, holding a market share of 8.2% among independent memory product enterprises.

The principal competitive factors in the market where we compete include technological and R&D capabilities, product development capabilities, stable and high-quality upstream supply resources, and supply chain integration capabilities. We have significant in-house capabilities across critical areas of memory product development, production and commercialization. We offer a wide range of memory products to meet diverse customer needs in various segments. We continue to enhance our existing product portfolio, increase investment to expedite the mass production of advanced products. In addition, we have established strong partnerships with customers and suppliers in the semiconductor memory product value chain, which enhanced our competitiveness.

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EMPLOYEE

As of December 31, 2025 we had 504 full-time employees in China. The following table sets forth a breakdown of our employees by business function as of December 31, 2025:

Responsibilities	Number of Employees	Percentage
Technical and R&D Personnel	134	27%
Production personnel	167	33%
Sales personnel	73	14%
Management and administrative personnel	130	26%
Total	504	100%

The following table sets forth a breakdown of our employees by geographic locations as of December 31, 2025:

	Number of Employees	Percentage
Shenzhen	312	62%
Zhuhai	126	25%
Zhongshan	63	12%
Others	3	1%
Total	504	100%

We believe that our professional workforce is the foundation of our long-term growth. As part of our human resources strategy, we offer employees competitive salaries, performance-based bonuses, and other incentives and continually refine our remuneration and incentive policies through market research. We primarily recruit our employees in China through internal references and recommendations and online channels. As matter of policy, we provide a robust training program for new employees that we hire. We also provide regular and specialized trainings both online and offline, tailored to the needs of our employees in different departments.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including pension, medical, work-related injury, maternity, and unemployment benefit plans. We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethic policies, and non-competition with most of our executive officers, managers and employees. As of the Latest Practicable Date, we have formed a labor union. We believe that we maintain good working relationships with our employees and we had not experienced any strikes or labor disputes that had any material adverse effect to our operations during the Track Record Period and up to the Latest Practicable Date.

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INSURANCE

We consider our insurance coverage is adequate as we have in place all mandatory insurance policies required by PRC laws and regulations and in line with general market practice. Our employee-related insurance includes pension insurance, maternity insurance, employment insurance, work-related injury insurance, medical insurance and housing funds, as required by PRC laws and regulation. We also purchase supplemental accident insurance for our employees. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not fully protect us against all potential business risks” in this document.

PROPERTIES

Our corporate headquarters is located in Shenzhen, Guangdong Province. As of December 31, 2025, we did not own any property. As of December 31, 2025, we were leasing eight properties in Shenzhen, Zhongshan, Zhuhai and Shanghai with an aggregate gross floor area of approximately 18,000 square meters, and three properties in Hong Kong. Our leased properties are primarily used for production, warehouse, business and office purposes.

Lease Registration

As advised by our PRC Legal Advisers, under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. As of December 31, 2025, four of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC, as required by applicable laws and regulations, primarily due to the lack of cooperation from the lessors. According to our PRC Legal Advisers, while the failure to register does not invalidate the lease agreements, it may expose both the lessors and lessees to potential fines if such non-compliance is not rectified within the prescribed time frame after receiving notice from the relevant PRC authorities. As of Latest Practicable Date, one of these four lease agreements has been registered and filed with the relevant real estate administration bureaus in the PRC. Under the PRC law, fines for unregistered leases may range from RMB1,000 to RMB10,000 per lease. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. Therefore, the maximum amount of administrative penalties in relation to such non-compliance would not exceed to RMB30,000. However, as of the Latest Practicable Date, we had not been ordered to register our lease agreements or fined by the relevant authorities in China with respect to these lease agreements. In view of the foregoing, our Directors are of the view that non-registration of these lease agreements will not materially and adversely affect our business operations.

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Exceeding Scope of Permitted Use

In addition, as of December 31, 2025, the use of one leased property exceeds the scope of permitted use as recorded on the property ownership certificate. As a result, there is a risk that the relevant authorities may require the restoration of the original use of the property, which may result in our inability to continue leasing the property. As advised by our PRC Legal Advisers, under the PRC law, we would not be subject to any administrative penalties with respect to this leased property, but our lease may be affected, and, as a result, we may be required to vacate the relevant property and relocate. We may be required to vacate the relevant property and relocate. Our Directors expect the relocation costs to be below RMB130,000, mainly comprising one-time moving expenses, restoration of the current premises, and setup costs for the new location. A relatively broad selection of suitable sites is available for the relocation close to the existing site. Suitable alternative locations would need to be of a similar size of approximately 200M², free from any title defect, and offer comparable rental costs.

If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no obstacle to find suitable alternative properties.

Internal Control Measures

We have adopted the following on-going measures. For lease agreements that have not yet been registered, we are actively engaging with the lessors to complete the registration process. Before entering into any future lease agreements, we will ensure that the lessor’s property ownership certificate is reviewed and verified, and require the lessor’s cooperation to complete proper property registration. Before entering into any future lease agreements, we will ensure that the premises are not used beyond the permitted scope. No single property interest of our non-property activities has a carrying amount of 15% or more of our total assets.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in legal proceeding in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, expect as disclosed below, there were no litigations, arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would individually or in the aggregate, had material adverse effect on our business, financial condition and results of operations.

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Ongoing Trade Secret Legal Proceeding

Background

We are currently involved in a trade secret legal proceedings in China, where a third party (the “**Plaintiff**”), Shenzhen Longsys Electronics Co., Ltd, filed a claim against our Company and two of our employees (Employee A and Employee B) in 2020, alleging misappropriation of its trade secrets and seeking joint compensation as well as an injunction to cease the alleged unfair competition. The trade secrets at issue primarily relate to a testing method for LPDDR 3 products, which we primarily utilized prior to the commencement of the Track Record Period.

Employee A and Employee B were previously employed by the Plaintiff as a software engineer and a project assistant in the Plaintiff’s R&D department, respectively. They are currently employed by our Company. As of December 31, 2025, Employee A and Employee B hold the positions of applied technology support manager and manager of the product operations department at our Company. In the first-instance proceedings, the Plaintiff asserted that it independently developed its LPDDR3 testing technology during 2014 and 2015 and treated such technology as a trade secret. The Plaintiff further alleges that Employee A and Employee B had access to these trade secrets during their employment with the Plaintiff and, after joining our Company, disclosed the relevant trade secrets to our Company. Based on these allegations, the Plaintiff claims that our Company, together with Employee A and Employee B, infringed upon such trade secret.

In 2023, the first-instance court rendered a first-instance judgment (the “First-instance Judgement”) partially in favor of the Plaintiff and ordered (i) our Company, Employee A and B to immediately cease any acts of misappropriation of trade secrets belonging to the Plaintiff; (ii) our Company to pay compensation of approximately RMB14.2 million and (iii) all other claims by the Plaintiff were dismissed.

Recent Development

As we disagree with this judgement, we subsequently filed an appeal with the appellate court, seeking to overturn the decision and dismiss all claims brought by the Plaintiff. The Plaintiff has also filed an appeal with the appellate court, primarily seeking an increase in the compensation awarded in the first-instance judgment. We have engaged an external intellectual property litigation counsel (the “**IP Litigation Counsel**”), Tiantong Law Firm (天同律師事務所), to represent us in the relevant legal proceedings. According to the IP Litigation Counsel, given the trade secret nature of the matters involved, the first-instance trial was conducted in private, and the second-instance trial is also conducting in private. As of the Latest Practicable Date, the appeal has been accepted and the second-instance trial remains in progress.

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Potential Consequences and Implications

As advised by the IP Litigation Counsel, although the First-instance Judgment was rendered, it has not yet become effective as the case is currently under appeal in the second-instance proceedings. This means that the first-instance order to pay compensation and cease “any acts of misappropriation” has not taken effect and does not currently impose any binding obligation or impact on us. Nevertheless, in accordance with the principle of prudence, we made a full provision for the awarded compensation amount of approximately RMB14.2 million in 2023. For details, see “Financial Information — Description of Key Components of Our Results of Operations — Other Net Income” in this document.

In 2023, 2024 and 2025, the revenue contribution from the sales of our LPDDR3 were approximately 0.6%, 0.002% and nil. The gross profit contribution were less than 0.5% in any year during the Track Record Period. In addition, as confirmed by the IP Litigation Counsel, (i) the technology involved in the trade secret is limited to the testing process in the manufacturing of LPDDR3 products, (ii) the technology involved in the trade secret does not relate to product R&D of LPDDR3, and (iii) the technology involved in the trade secret does not relate to the testing process or R&D of LPDDR4/4X.

As of the Latest Practicable Date, the second-instance proceedings are still ongoing. Under the representation of our IP Litigation Counsel, we are actively pursuing the case and believe that we have strong arguments supported by solid evidence, with additional materials further reinforcing our position.

Considering both the evidence from the first-instance court and the new evidence submitted for the second instance proceedings as of the Latest Practicable Date, the IP Litigation Counsel considered the possibility that the Plaintiff’s partial success on appeal could result in an amount payable by the Company exceeding the First-instance Judgment is remote. Even if the Company’s claims are not fully accepted by the second-instance court, the IP Litigation Counsel has confirmed that, under relevant PRC laws and applicable judicial interpretations, damages in this case should be calculated by narrowing the basis to the portion of operating profits attributable to the relevant LPDDR3 testing process, and further applying appropriate allocation ratios because the trade secrets involved cover only a portion, rather than the entirety, of the confidential elements within that testing process.

Having considered the legal opinion from the IP Litigation Counsel, our Directors are of the view that the risk of any further economic outflow is remote, primarily because (i) we have solid grounds to argue that the Plaintiff’s allegations are unfounded, and (ii) we have already made full provision based on the first-instance judgment, notwithstanding our disagreement with that judgment. In addition, the revenue and profit attributable to the accused technologies during the Track Record Period were minimal, as the technologies subject to the allegations have since been replaced by more advanced technologies for the testing of LPDDR4/4x and subsequent, more advanced LPDDR products, as the accused LPDDR3 testing methods are not applicable to the LPDDR products that are now widely used in the industry. The advanced technologies were not developed based on the disputed technologies.

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Internal Control Methods

To ensure proper management of our intellectual property and trade secret and avoid litigation concerning intellectual property and trade secret infringement, we have implemented various internal policies and established an internal intellectual property management system. We have established and implemented robust internal policies for the management of intellectual property rights and trade secrets, with dedicated personnel responsible for application, implementation, maintenance and oversight. We also conduct regular reviews of our intellectual property management framework to ensure its continued relevance and effectiveness. To support effective management of our intellectual property and trade secrets, we operate an internal intellectual property management system covering the full lifecycle of our proprietary rights, including, among others, patent applications, maintenance and valuation. To safeguard against potential infringements of both our own intellectual property rights and trade secrets and those of others, our legal department, conducts comprehensive searches and analyses of our R&D outcomes upon completion of research projects and technology development. This process includes assessing potential infringement risks and preparing detailed inspections of research results. Moreover, we provide regular training to our employees to ensure thorough understanding of and compliance with intellectual property policies. In addition, we conduct background checks on candidates to confirm whether they are subject to any non-competition restrictions with previous employers, in order to mitigate potential intellectual property infringement risks. We require employees to comply with confidentiality obligations relating to trade secrets, sign confidentiality and non-compete agreements, and follow our internal confidentiality policies, which set out specific responsibilities regarding the protection of intellectual property.

Regulatory 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 our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, as confirmed by our PRC Legal Adviser, we had been in compliance with all applicable laws and regulations in all material aspects.

Social Insurance and Housing Provident Fund

Background

According to the relevant PRC Law, we are required to make contributions to social insurance and housing provident fund for the benefit of our employees in Chinese Mainland. During the Track Record Period, certain subsidiary of our Company did not make full contribution to the social insurance and housing provident funds for some of their employees

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in accordance with the relevant PRC Law. We estimate that the shortfall of social insurance and housing provident fund payments in 2023, 2024 and 2025 amounted to approximately RMB2.9 million, RMB4.5 million and RMB5.5 million, respectively.

Our Directors confirm that the non-compliance was mainly due to (i) certain employees were unwilling to pay the social insurance and housing provident fund contributions in full as it requires additional contributions from the employees; and (ii) certain employees prefer participation in the rural social security contribution plans in their residential places or their hometowns.

Potential Legal Consequences and Impact

As advised by our PRC Legal Adviser, pursuant to relevant PRC Law, (i) the under-contribution of social insurance within a prescribed period may be subject to and overdue charge of 0.05% of the delayed payment amount per day and the competent authority may further impose a fine of one to three times of the overdue amount if such payment is not made within the stipulated period; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. An application may be made to a people’s court for compulsory enforcement if the payment of the outstanding housing provident fund contributions is not made after the expiration of the time limit. As advised by our PRC Legal Adviser, there is no expressed legal provision or regulation that imposes a penalty on the Group for such non-payment of housing provident fund contributions but we may be ordered to pay the outstanding amount of our housing provident fund within the prescribed period.

On July 31, 2025, the Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “Judicial Interpretation (II)”), which took effect on September 1, 2025. Article 19(1) of the Judicial Interpretation (II) stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. Further, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People’s Court shall support such claims in accordance with the law. According to the Judicial Interpretation (II), any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people’s court.

Considering that during the Track Record Period and up to the Latest Practicable Date, (i) no employee has brought a lawsuit or arbitration in respect of payment of social insurance; (ii) no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions, our Directors believe that the implementation of the Judicial Interpretation (II) would not have a material adverse effect on our business or financial results.

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With a view to prevent potential future non-compliances, we plan to organizing regular legal compliance training on the relevant laws and regulations to our employees to enhance their awareness of and encourage their participation in the social welfare scheme.

Our PRC Legal Adviser is of the view that (i) the Judicial Interpretation (II) does not repeal the social insurance laws and regulations currently in force of the PRC; and (ii) no employee has brought a lawsuit or arbitration in respect of payment of social insurance and therefore no pending litigation or arbitration of the Company is applicable to the Judicial Interpretation (II).

As of the Latest Practicable Date, no administrative action, fine or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions and housing provident funds, nor had we received any order or been informed to settle the deficit amount. We were also not aware of any employee’s complaints or demands for payment of social insurance or housing provident fund contributions.

We have obtained special credit reports, each stating that the relevant subsidiary had not subject to any administrative penalty during the Track Record Period. As confirmed by our PRC Legal Adviser, special credit reports were issued by credit institutions authorized by competent government authorities as NDRC and other government authorities have been promoting the use of credit reports to replace the written compliance certificates.

Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources & Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises’ historical social insurance arrears without permission.

In view of the above, our PRC Legal Adviser is of the view that provided there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund: (i) the risk of us being penalized for failing to make social insurance and housing provident fund in full is remote, and (ii) the risk of us being required by relevant PRC authorities to pay the shortfall of social insurance and housing provident fund contributions is remote. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

Internal Control and Rectification Measures

We have adopted on-going measures, including continuing to regularly communicate with the relevant local government authorities and, where necessary, consult the PRC Legal Adviser, as to the applicable bases for calculation of the social insurance and housing provident fund contributions at the rate as approved by the relevant government authorities and the relevant contribution policies shall be updated in accordance with the outcome of such consultations;

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having provided and continuing to provide regular trainings to our human resources staff regarding social insurance and housing provident fund contributions compliance requirements and the relevant laws and regulations; having enhanced our human resources management policies in accordance with applicable laws and regulations; and, having designated our human resources staff to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis.

If relevant authorities order us to fully contribute to the social insurance and/or housing provident funds going forward, we undertake to make full contributions and/or make such rectification measures promptly within the specified period.

CERTIFICATES, PERMITS AND LICENSES

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, approvals and permits necessary to conduct our business in all relevant jurisdictions. As advised by our PRC Legal Advisers, if there are no significant changes in the current laws and regulations, we do not expect any material legal obstacles in renewing any licenses, approvals and permits if needed in the PRC.

The following table sets out a list of material licenses, approvals and permits currently held by us:

Entity	Name of the license, approval and permit	Expiry date
Our Company	Entry-Exit Inspection and Quarantine Declaration Enterprise	N/A
Our Company	Customs Declaration Enterprise Registration Certificate	N/A
Artem Technology .	Entry-Exit Inspection and Quarantine Declaration Enterprise	N/A
Artem Technology .	Customs Declaration Enterprise Registration Certificate	N/A
Rayson Technology . .	Customs Declaration Enterprise Filing Certificate	N/A
Zhongshan Rayson . .	Customs Declaration Enterprise Filing Certificate	N/A

In addition, if there are no significant changes in the current laws and regulations, we do not expect any material legal obstacles in renewing our licenses, approvals and permits, as necessary in all relevant jurisdictions.

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RISK MANAGEMENT AND INTERNAL CONTROL

We have established, and currently maintain, risk management and internal control systems comprising policies and procedures that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business and operations such as information technology, financial reporting, and internal control. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiaries and functional departments.

To monitor the ongoing implementation of our risk management policies and corporate government measures after the [REDACTED], we have adopted, or will continue to adopt, among other things, the following risk management measures: establishing an Audit Committee to review and supervise our financial reporting process and internal control system. For more details of the qualifications and experience of the committee members, see “Directors, Supervisors and Senior Management” in this document; strengthening reporting and record-keeping systems, including the implementation of a sales management reporting and recording system, with centralized order control and customer management; providing training periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against noncompliance in our employee discipline measures and supervision guidelines; and organizing training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies Listing in Hong Kong.

To ensure the above compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally and conduct compliance training.