RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H shares could decline, and you may lose all or part of your [REDACTED].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof and is subject to the cautionary statements in the section headed "Forward-Looking Statements."

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth.

During the Track Record Period, we experienced rapid revenue growth and generated revenue of RMB144.4 million, RMB252.2 million and RMB601.4 million in 2023, 2024 and 2025, respectively. In 2025, we recorded a net profit of RMB190.9 million. However, there can be no assurance that we will be able to maintain our historical growth rates in future periods. We may encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, such as (i) providing competitive products catering to constantly changing market demands, (ii) maintaining product quality and reliability while scaling up production; (iii) managing growing operations effectively; (iv) balancing production capacity with market demand to avoid over- or under-utilization; (v) intense capital commitment in upgrading manufacturing facility and equipment; (vi) attracting and retaining experienced employees in a competitive job market; and (vii) navigating complex and evolving regulations across targeted markets and jurisdictions. In light of these risks and challenges, our past performance and achievements should not be regarded as an indication of our future results, and we cannot assure you that we will be able to sustain our historical growth rates or replicate our past levels of success.

Managing our growth may place significant demands on our managerial, operational and financial resources. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. In addition, if we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors' perceptions of our business and prospects may be adversely affected and the market price of our H Shares could decline.

The industry in which we operate is highly competitive. If we are not able to compete successfully, our business, results of operations and growth prospects may be harmed.

The semiconductor industry is characterized by rapidly changing technologies and continuous advancements, which may lead to technological obsolescence. Significant technological advancements in optical interconnect solutions could render our existing or future products uncompetitive, obsolete or otherwise unmarketable, and may materially and adversely affect our business and prospects in ways we cannot currently anticipate. Competition among providers of different laser chip products may increase substantially in the future. We not only compete with other laser chip manufacturers but also face competition from some of our downstream customers. Certain optical component and optical transceiver manufacturers have been actively developing their own in-house laser chip capabilities driven by cost control, supply chain security and vertical integration considerations. If these customers successfully develop competitive laser chip products, we may face reduced orders and intensified competition.

In addition, some of our direct and indirect competitors may have greater resources and certain advantages, including longer operating history, stronger financing capabilities, more mature technologies and intellectual properties, more efficient sales and marketing and stronger customer relations. If we are unable to develop new or enhanced products or technologies in response to the changing market demand, or the significant technological advancements in optical interconnect solution, we may experience a decline in market share and sales volume, and may need to reduce prices or make other commercial concessions, which could have a material adverse effect on our profitability, business, financial condition and growth prospects.

Compared with large international optical interconnect companies, we operate on a relatively small scale, with a more concentrated product portfolio and customer base. As a result, our ability to diversify risks and absorb the impact of adverse changes in macroeconomic conditions, industry cycles, technological trends, customer structure and competitive dynamics is more limited. We may have less flexibility in reallocating resources across different product lines, markets or customer segments, and may be less resilient in responding to sudden changes in demand, pricing or technology. If we were to experience, over a short period of time, a combination of intensified competition, a significant decline in demand in our key downstream application markets and accelerated technological shifts that render some of our existing products less competitive or obsolete, our revenue and profitability could be more severely and more rapidly affected than those of larger industry peers, and there is no assurance that we will be able to avoid incurring losses in one or more periods, which could have a material adverse effect on our business, financial condition and results of operations.

Our failure to keep pace with technological advancement and evolving industry standards in the semiconductor industry could weaken our market position and adversely affect our business, results of operations and prospects.

The semiconductor industry is characterized by rapid technological evolution and continuous advancements. As new materials and innovative processes emerge, the competitive landscape and operational norms may shift. Keeping up with technological innovation requires substantial investment in R&D and continuous adaptation to emerging trends. If we fail to anticipate or keep pace with these emerging technologies in a timely manner, our products may become less competitive or obsolete.

In addition, our product portfolio is centered on laser chips. In order to operate effectively within relevant product ecosystems, our products are required to comply with various industry standards and technical specifications issued or adopted by regulatory bodies or industry participants. Such industry standards and technical specifications are subject to changes and may evolve over time. Our customers may also impose additional specifications when introducing new or enhanced products and solutions, which may require us to modify or redesign our products to remain compatible. New industry standards and technical specifications could render our products incompatible with other suppliers' offerings or fail to meet customer requirements. As a result, we could be required to invest significant time and effort and to incur significant expenses to redesign our products to ensure compliance with relevant standards and specifications. If our products are not in compliance with prevailing industry standards and technical specifications for a significant period of time, we could miss opportunities of our business and operations.

Consequently, if we fail to keep up with these technological advancement and evolving industry standards, our business operations, financial performance and future prospects might be materially and adversely affected.

Our performance is subject to demands from our downstream industries that adopt our products. A slowdown in the growth of these downstream industries could adversely affect our business, financial condition and results of operations.

Our performance is subject to the fluctuations in demands from downstream industries. Our laser chips are positioned upstream in the optical interconnect industry value chain, supplying midstream optical component and optical transceiver manufacturers whose transceivers are ultimately deployed by data center service providers and telecommunications operators. If demand from these markets declines, fails to maintain robust growth, or is adversely affected by fierce competitions, demand for our laser chips and our business may be adversely affected. The factors that may impact the growth of downstream markets includes but are not limited to: (i) deterioration in macroeconomic conditions or downstream demand, resulting in reduced orders, excess inventory or pricing pressure; (ii) regulatory restrictions, trade disputes, tariffs or other measures limiting PRC exports; (iii) our customers' failure to successfully develop, commercialize or achieve market acceptance of their end products, including due to product obsolescence, design flaws, inability to meet industry standards or ineffective resource allocation; (iv) deterioration in our customers' financial condition or disruptions to their operations arising from supply chain, natural disasters or other catastrophic events.

If downstream demand in either the data center or telecommunications markets is weaker than expected, or if these markets experience significant demand reductions or prolonged downturns, our revenue and profitability could fluctuate materially. In particular, our sales of data center laser chips could be materially and adversely affected if, among others, (i) the development of the data center market is slower than currently anticipated, (ii) the pace of product iteration and technological upgrades in the data center field accelerates beyond our R&D and commercialization capabilities, or (iii) competition in data center-related laser chips further intensifies, leading to loss of market share or pricing pressure. Any of these factors, individually or in combination, could result in lower-than-expected sales, increased inventory or research and development expenses, and greater volatility in our future operating results, which may have a material adverse effect on our business, financial condition and results of operations.

If we fail to develop new products that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected.

Our future success depends on the successful expansion of our laser chips product portfolio and customer base. As our customers are constantly seeking new products with higher efficiency and better performance, and in order to gain market share and keep up with the technological advancements in the semiconductor industry, we must constantly introduce new products and respond to new and evolving customer demands. The success of a new product depends on a variety of specific implementation factors, including: (i) timely development of new technologies and adaption to changes in existing technologies; (ii) timely and cost-effective processing and mass production, while ensuring functionality, performance and reliability; (iii) effective marketing and sustained market demand.

Product development is a complex, costly process with no assurance of return. In 2023, 2024 and 2025, our research and development expenses amounted to RMB30.9 million, RMB54.5 million, and RMB80.8 million, respectively. Meanwhile, the laser chip industry is highly competitive, characterized by rapidly changing technologies and technological obsolescence. We may invest significant resources in R&D activities and incur significant research and development expenses in the future to achieve technological breakthroughs, as well as maintain our technological leadership and the competitiveness of our products and solutions. There can be no assurance that we will be able to develop and introduce new and enhanced products in a timely or efficient manner. Failure to timely develop new technologies or to react quickly to changes in existing technologies could materially delay our development of new and enhanced products, which could result in product obsolescence, decreased revenue, and/or a loss of market share to competitors. Our investments in R&D activities may not generate sufficient returns to offset liabilities assumed and expenses associated with these investments.

In addition, we may not be able to optimize our production processes and the ability to mass produce in a cost-effective manner. We may also encounter lower manufacturing yields and longer delivery schedules in commencing mass production of new products that we introduce, which could increase our costs and disrupt our supply of such products. Further, if initial sales volumes for new or enhanced products do not reach anticipated levels within the time periods we expect, we may be required to engage in additional marketing efforts to promote such products and the costs of developing and commercializing such products may be higher than we predict. To the extent that we fail to timely develop new products or to quickly achieve market acceptance in a cost-effective manner, our results of operations could be materially and adversely affected.

Our IDM business model requires significant capital expenditures and entails high fixed costs, and any decline in capacity utilization or mismatch between capacity expansion and market demand may materially and adversely affect our profitability.

We operate under an integrated device manufacturer ("**IDM**") business model, under which we have established and operate our own wafer fabrication, packaging and testing facilities, requiring us to incur ongoing and significant capital expenditures to maintain and expand our production facilities and equipment. This results in a cost structure with a relatively high proportion of fixed costs, including depreciation, utilities, maintenance and personnel costs. Under such a cost structure, our unit production costs and overall profitability are highly sensitive to changes in capacity utilization. If our capacity utilization declines, our fixed costs would be spread over a smaller production base, leading to higher unit costs, lower gross profit margins and weaker profitability. In addition, our IDM model may limit our flexibility to quickly reduce manufacturing-related costs in response to adverse market conditions, compared with a fabless model that relies more heavily on outsourcing.

Furthermore, our decisions to expand production capacity involve long lead times and substantial upfront capital commitments. If we expand our capacity based on overly optimistic expectations of market growth or customer demand that do not materialize as anticipated, we may experience under-utilization of our newly built or expanded facilities, resulting in idle capacity, lower returns on investment and increased depreciation and amortization expenses. Conversely, if we are too conservative in our capacity expansion, we may be unable to meet customer demand in a timely manner, potentially losing business opportunities and market share.

Any significant decline in capacity utilization, material mismatch between our capacity expansion and actual market demand, or prolonged periods of idle or under-utilized capacity could lead to higher unit costs, impairment or accelerated depreciation of equipment, reduced profitability and greater volatility in our results of operations, and may have a material adverse effect on our business, financial condition and results of operations.

Any disruption to the operation of our production plants, failure to successfully execute capacity expansion plans, or inability to manufacture and deliver high-quality products on schedule and on a large scale could restrict our business operations.

Our business model requires continuous manufacturing operations and reliable delivery of high-quality products on time and at the required scale. Failures in either could materially and adversely affect our business, financial condition and results of operations.

The operation of our production bases may be disrupted by damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. Our operations involve inherently risky and hazardous activities, including the use of special equipment and management of special gases. Therefore, we are subject to risks associated with these activities, including gas leakages, equipment failures, industrial accidents, fires and explosions. These risks can result in personal injuries and fatalities, damage to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences, if significant, could disrupt the operation of our production bases and result in business interruption and legal liability.

Our ability to compete effectively also depends on manufacturing high-quality laser chips at scale and delivering them to customers on schedule. If any of our production facilities experiences interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. We may also experience delays in shipments caused by our third-party logistic service providers. Furthermore, our production capacity expansion may require specific regulatory approvals, and any delay or failure to obtain the relevant approvals, permits, licenses and certificates for our expansion plan could restrict our ability to scale up manufacturing to meet growing customer demand. These delays, regulatory hurdles, or product quality issues could have a material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

If we are unable to implement the upgrade or expansion plan to meet the needs of our customers, our business and profitability may be adversely affected. Implementing our expansion plans involves significant capital and is subject to risks regarding funding availability, construction delays, equipment shortages, and installation difficulties. We cannot guarantee that our expansion will be substantiated by sufficient market demand. If we fail to secure sufficient orders, we may be subject to low utilization rates and may not be able to recoup costs incurred. Furthermore, any failure to fulfill related expansion commitments could subject us to penalties, which may materially and adversely affect our business and results of operations.

We may not be able to fully maintain quality control over our products, and undetected defects, failures or reliability issues in our products could reduce the market adoption of our products, damage our reputation or expose us to product liability, warranty and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design and production process, our products may contain undetected defects or failures when first introduced or after the commercial mass production, which might require product replacement or recall. Further, changes of raw material used in the production processes may cause our products to fail. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results.

Further, the production of our laser chips involves highly complex processes, and each step requires precise control of process parameters, cleanroom environments, and specialized equipment. These defects can degrade the optical and electrical performance of our chips, including reducing conversion efficiency, increasing signal loss, or causing premature device failure. Such problems may be difficult to detect at an early stage and time-consuming to correct, and may result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

Any failure to offer high-quality support services for our customers or end customers may harm our relationships with them and, consequently, our business.

We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. As we expand our business, we need to be able to continue to provide efficient customer support at scale. We may not be able to recruit or retain customer support personnel with sufficient experience in customer support service or to enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' request for return, exchange, or continuously track customer needs in a timely manner.

Our ability to attract new customers is highly dependent on our business reputation and on positive referrals from our existing customers. If we are unable to provide efficient customer support services to the satisfaction of our customers, our reputation and business may be harmed. In addition, our distributors provide customer service to our end customers. Although we require our distributors to follow relevant standards and protocols established by us, we may not be able to continuously monitor or control the quality of customer service provided by our distributors. If our distributors fail to provide satisfactory services in relation to our products, our reputation and business may be adversely affected.

If the quality of our products deteriorates, we will incur higher costs associated with returns and exchanges. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. These policies may subject us to additional costs and expenses that may not be offset by increased revenue. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied. Customer dissatisfaction may result in loss of existing customers or failure to acquire new users, which may materially and adversely affect our business and results of operations.

An increase in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers.

We depend on third-party suppliers to provide a variety of materials necessary for the manufacturing of our laser chips, including substrates, gold targets, specialty gases, trimethylindium, photoresists, packaging materials, and other materials. Our raw material costs allocated to cost of sales amounted to RMB10.1 million, RMB22.6 million, and RMB51.8 million, respectively, in 2023, 2024 and 2025, representing 9.8%, 11.7%, and 19.4% of our total cost of sales for the corresponding periods. Our production volume and production costs depend on our ability to source key raw materials at competitive prices. However, the raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and governmental regulations and policies.

Any shortages or price increases in the supply of our raw materials could cause delays in our production and delivery to customers. We may in the future experience price fluctuations and supply shortages of certain raw materials, and the predictability of the availability and pricing of these materials may be limited. If we are unable to keep up with demand for our products because of failing to obtain the materials needed to successfully manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance for our products could be adversely affected.

We are subject to rapid fluctuations in the semiconductor industry.

Our performance is subject to the macrocondition of the semiconductor industry. According to CIC, the semiconductor industry has historically experienced rapid fluctuations, including cyclical downturns due to constant and rapid technological changes, short product life cycles, and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by reduced demand, price erosion, lower capacity utilization rates, higher inventory levels and lower inventory valuation. We may not be able to adjust our inventory level to the decline in demand and the price of our products may be adversely affected. If we cannot anticipate market changes or adjust to unforeseen fluctuations, our business, financial condition and results of operation may be adversely affected.

We are exposed to concentration risk of reliance on our major customers and suppliers.

During the Track Record Period, a large portion of our revenue was derived from our major customers. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 55.6%, 59.1% and 71.8% of our total revenue for the respective years. Meanwhile, we also relied on a number of key suppliers to secure supplies necessary for our operations. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 51.9%, 56.9% and 48.1% of our total purchases for the respective years.

Our reliance on these major customers and suppliers subjects us to the concentration and counterparty risk from these customers and suppliers. We cannot assure you that we will be able to maintain our relationships with them, or that our major customers or suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. If our major customers cease to purchase, or if supply is disrupted, we may be unable to find comparable replacements on commercial terms in a timely manner. Any material adverse change to the operation, financial performance or financial condition of our major customers and suppliers may result in material adverse impact on their business with us.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our well-recognized brand is crucial to the success of our business and sustaining our market position. Our ability to maintain and enhance our brand image depends on a number of factors, including our ability to consistently deliver high-quality products and services, provide reliable and responsive customer service, protect customers' data and privacy, and promptly address and remediate any product defects, service interruptions, quality issues or customer complaints. Any actual or perceived failure in these respects, including negative customer experiences, product recalls or poor after-sales service, could damage our reputation and erode customer confidence in our brand.

Moreover, adverse publicity or negative comments about us, our products, our management, our business practices or our industry, whether accurate or not, could be rapidly amplified through traditional media, online platforms and social media and harm our brand image. Our competitors, counterparties or other third parties may also make statements or take actions that negatively affect our brand. If we are unable to effectively manage public relations issues, respond to negative publicity or mitigate reputational damage in a timely manner, our brand and our competitive position may be materially and adversely affected.

In addition, the successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We expect to continue to invest in and incur extra expenses in brand promotion. But we cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and materially and adversely affect our business, financial condition and results of operations.

We face potential operational and safety risks in our production.

We face various potential operational and safety risks in our production, including but not limited to: (i) social and labor unrest, environmental incidents or public health emergencies, (ii) natural disasters, (iii) disruption of utility supplies such as water, electricity, gas and signals for telecommunications, or (iv) production accidents or interruptions due to operational errors, equipment breakdowns or improper management. Such risks may result in damages to, or destruction of, manufacturing facilities, personal injury or death, environmental damages, economic loss and legal liabilities. The occurrence of any of these events could result in the interruption of our operations and cause us to suffer substantial losses or incur significant liabilities. Any interruption to our operations may result in our inability to design and manufacture products as required by our customers and our inability to fulfill customers' orders in a timely manner or at all. This may result in financial loss and damages to our reputation, which will adversely affect our business, results of operations, and financial condition.

We need third-party service providers and business partners to provide products and services to us and our customers.

We work with a broad range of third-party service providers and business partners, including logistic service providers and construction service providers. These third parties are subject to operational, legal, and regulatory risks, and may fail to fulfill their commitments in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, while we have procedures in place for assessing risks along with selecting, managing and monitoring our relationships with third-party service providers, suppliers and business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures which may increase our financial, legal, operational and reputational risk. If we are unable to effectively manage our relationships with third-party service providers, suppliers and business partners, or for any reason our third-party service providers, suppliers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

We are subject to risks associated with outsourced production, including risks inherent in managing manufacturing process and timelines.

A portion of our laser chips are packaged through outsourced processing before sale. We are subject to risks associated with outsourced production, including risks inherent in managing manufacturing process and timelines. There is no assurance that we will be able to monitor the performance of these third-party manufacturers as directly and efficiently as with our own staff. We are exposed to quality risks related to the products manufactured by these third-party manufacturers. Their quality control systems may be inadequate, leading to hidden defects difficult to detect upon receipt. Any failure in maintaining product quality could subject us to product liability claims, delays in delivery, and potential claims from our customers. We may also need to source substitutes on a delayed basis or at a higher replacement cost than anticipated. This could tarnish our reputation and materially affect our business and results of operations.

Even if we are able to identify any hidden defects, the process of returning and re-supplying a new batch of products can be time-consuming, leading to delays in delivery and potential claims of contractual liabilities from our customers. In the event of disputes regarding the quality of products supplied by these third-party manufacturers, we may need to resort to legal recourses, which can be both time-consuming and costly. Product defects could also tarnish our brand's reputation, negatively impacting our sales performance and financial results. Such circumstances could have a material and adverse effect on our reputation, business prospects and results of operations. Moreover, we may be affected by fluctuations in the production costs of these third-party manufacturers. The production costs of these third-party manufacturers may rise if the price of key raw materials rises, which in turn may affect our cost.

We have limited control over the operations of our distributors. Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of distribution agreements.

We engage third-party professional distributors for marketing, branding and sales of our products. There can be no assurance that we will be successful in detecting any non-compliance of our distributors with the provisions of their distribution agreements. Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales. Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our distributors. Our distributors may engage in fraud or other misconduct, including misrepresentation, intellectual property infringement, and bribery. In any such event, we could, as a result, incur liability to our customers, and subject us to costly litigation and impose a significant strain on our financial resources and attention of management personnel regardless of whether the claims have merit, any of which could result in complaints from our customers, regulatory and legal liabilities, as well as serious harm to our reputation.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties, including complaints to regulatory authorities, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenue.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory authorities. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, inaccurate or malicious information about us may be posted online on an anonymous basis and spread rapidly through social media, often without filters or opportunity for correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenue.

Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. There is no assurance that we will be able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time-consuming. Unauthorized parties may be able to obtain and use information that we regard as proprietary. We may initiate legal proceedings against parties who we believe are infringing our intellectual property rights, which can be costly, divert management attention, and involve additional risks if pursued outside Chinese mainland.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Third parties may hold patents or other intellectual property rights that conflict with our products or technologies and may bring suits alleging infringement or urge us to obtain licenses. We may also be subject to liability due to the misconduct of our employees in relation to third party intellectual property rights. If we are found to have infringed upon a third party's intellectual property rights, we may be required to cease to sell affected products, pay damages to the rights holders, redesign our products, or adopt alternative branding for our products. Intellectual property infringement or other claims by third parties in the PRC or other jurisdictions, if successful, may invalidate our patents, subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, and subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Any of the above could materially and adversely affect our business, financial condition and results of operations.

Our business depends substantially on the efforts of our management and highly skilled employees, including R&D personnel, and our operations may be severely disrupted if we lost their service.

Our future performance depends on the service and contribution of our management to oversee and execute our business plans. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. Hiring suitable replacements and integrating them into our existing teams require a significant amount of time, training and resources, and may impact our existing corporate culture. Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. In addition, if the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

We are subject to risks relating to lawsuits, claims, disputes, regulatory investigations or administrative proceedings, which could adversely affect our business, financial condition, results of operations and prospects.

We may from time to time become a party to litigation, legal disputes, claims, administrative proceedings or other administrative measures in connection with contractual disputes, labor or employment-related matters, allegations of intellectual property infringement or misappropriation, product quality or safety issues, data protection and privacy, anti-corruption or compliance matters, or disputes involving alleged misconduct or negligence of our employees, agents or other representatives. Such disputes and claims may evolve into lengthy and costly litigations and could damage our reputation, thereby adversely affecting our customer base and our relationships with business partners and other stakeholders. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business or that we will always be able to resolve such matters on commercially acceptable terms.

Litigation and other legal or regulatory proceedings are distractive and expensive as they may cause us to incur significant legal fees, allocate our resources, divert the attention of our management team, and damage our reputation, any of which could adversely affect our business. In addition, we may from time to time become subject to investigations, inquiries, inspections or enforcement actions by regulatory or governmental authorities, which may also require substantial time and resources, result in the imposition of fines, penalties, sanctions, remedial measures or other restrictions, and may give rise to follow-on civil claims by third parties. Any adverse judgment or settlement could require significant payments, and unfavorable outcomes or even the announcement of such proceedings could damage our reputation, reduce customer and investor confidence, and restrict our business activities, any of which could adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be materially and adversely affected by international trade policies, international export controls laws and regulations and economic sanctions.

As we are a leading global provider of laser chips incorporated in the PRC, we are subject to the impact of evolving international trade policies, export control regimes and economic sanctions that apply to China-based entities and to the broader semiconductor and laser chip industries. Governments and supranational organizations, including the United States and other countries, have in recent years imposed, and may further impose or expand, laws, regulations and policies relating to export controls, investment restrictions, tariffs, import and export licensing, supply chain security, data and cybersecurity, foreign ownership or participation in strategic sectors, and sanctions on certain countries, regions, entities and individuals. Many of these measures specifically target or affect semiconductor and related technologies, and may directly or indirectly affect our access to overseas markets, customers, suppliers, technologies, equipment and capital.

Our products, technologies and certain of our raw materials and equipment may be, now or in the future, subject to export controls or licensing requirements under the laws and regulations of jurisdictions such as the United States, the EU or other countries. Changes in export control classifications, the addition of new items, technologies, software or entities to control lists, the imposition of new end-use or end-user restrictions, or the adoption or expansion of sanctions programs could restrict or delay our ability or the ability of our business partners to, among other things, (i) obtain, import or use certain advanced production equipment, software, materials or components necessary for our R&D and manufacturing; (ii) export or re-export our products or technologies to certain customers, regions or applications; or (iii) provide services, technology transfer or technical assistance to certain counterparties. If we or any of our subsidiaries, customers, suppliers or other business partners become subject to sanctions, export restrictions, import bans, additional licensing requirements or other restrictive measures, our operations, supply chain, sales and business development activities could be significantly disrupted.

In addition, changes in international policies or geopolitical tensions, including those involving China and other countries, may result in retaliatory measures, such as reciprocal sanctions, "unreliable entity" designations, enhanced national security reviews, restrictions on cross-border investment or technology cooperation, or heightened scrutiny on products and services with potential dual-use or strategic applications. These developments may (i) limit or delay our ability to expand into or maintain our presence in certain overseas markets; (ii) cause certain foreign customers or suppliers to reduce, suspend or terminate their cooperation with us due to compliance concerns or perceived political or regulatory risks; (iii) require us to adjust our product specifications, technology roadmap, supply chain structure or customer mix in ways that are suboptimal or more costly; and (iv) increase our compliance and operational costs, including for legal, consulting and internal control resources.

We may be required to modify our business practices, product offerings or contractual arrangements, change our sourcing strategies, localize certain parts of our supply chain or manufacturing processes, or seek alternative suppliers, technologies or markets in response to changes in international policies, export controls and sanctions. There can be no assurance that we will be able to implement such adjustments in a timely, cost-effective or commercially feasible manner, or at all. Any inability to secure alternative supply arrangements or to maintain access to key markets and technologies on acceptable terms could result in supply disruptions, delays in product development or delivery, reduced product performance or competitiveness, or loss of existing and potential customers.

Moreover, the interpretation and enforcement of export control laws and sanctions are complex, constantly evolving and may involve significant uncertainties. Even unintentional or perceived non-compliance, or association with entities or individuals that are or become sanctioned or subject to export controls, may expose us to investigations, fines, penalties, debarment, restrictions on our ability to engage in certain transactions, reputational damage and other adverse consequences. Any of the foregoing events, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations, as well as our prospects and our ability to execute our growth strategy.

On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued a final rule titled Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Outbound Investment Rule**") to implement Presidential Executive Order 14105, issued on August 9, 2023. The Outbound Investment Rule took effect on January 2, 2025. It imposed certain investment prohibition and notification requirements, additional diligence responsibilities, and record-keeping requirements on U.S. persons and their controlled foreign entities involving new investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities involving certain sectors ("**Covered Foreign Persons**"). U.S. persons subject to the Outbound Investment Rule are prohibited from making or are required to report certain investments in Covered Foreign Persons, which are defined as "covered transactions." Covered transactions may include, among other things, acquisitions of equity interests, certain debt financing transactions, the formation of certain joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund.

We believe that our business should neither be classified as a prohibited transaction nor constitute a notifiable transaction as our products do not fall within the scope of integrated circuits and we are not engaging in the design, fabrication, or packaging of any integrated circuit. However, we are unable to assure that the Treasury will not reach a different conclusion, which could implicate the notification requirements under the Outbound Investment Rule. In addition, we cannot predict how the Outbound Investment Rule will be enforced, and neither can we guarantee that there will not be an expansion to the scope of the Outbound Investment Rule, a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future.

The expansion into overseas markets may expose us to operational, financial and regulatory risks.

While our products have been historically sold primarily to customers based in the PRC, expanding our global footprint and growing overseas sales is an important part of our future growth. However, our efforts to increase overseas sales may not be successful. Overseas operations are subject to a number of risks, including: (i) foreign exchange controls and rate fluctuations; (ii) increased costs of establishing local market presence, and difficulties in staffing, managing operations and providing after-sales support; (iii) compliance with different legal and commercial requirements across jurisdictions, failure to obtain or maintain necessary permits, and inability to protect intellectual property rights; (iv) trade barriers such as tariffs and export requirements, stringent product compliance regulations, and unanticipated changes in economic conditions or regulatory requirements, and (v) compliance with the legal procedures required by relevant laws and regulations for overseas investments, including, but not limited to, obtaining necessary licenses, approvals, filings, and registrations from competent authorities. The occurrence of any of these risks could negatively impact our overseas expansion and consequently our business, financial condition and results of operating.

We may pursue strategic investments, partnerships or acquisitions, and our business could be adversely affected if we fail to successfully identify, evaluate and integrate the target businesses.

We may from time to time seek to grow our business through strategic investments, partnerships or acquisitions. However, the execution and success of any such transactions depend on various factors, including market conditions, regulatory developments, competition for attractive targets and the availability of internal and external resources. We may not be able to identify suitable targets or partners on acceptable terms, within the desired timeframe, or at all. Even if we are able to do so, we may, upon further due diligence or negotiation, determine that the proposed transaction is not commercially or strategically viable and decide not to proceed. In addition, any strategic investment, partnership or acquisition that we pursue may involve uncertainties and risks, such as difficulties in integrating acquired businesses, technologies, products, systems or personnel; challenges in realizing expected synergies, cost savings or growth opportunities; and potential conflicts of interest or disagreements with partners. If we are unable to effectively manage these risks, the relevant transactions may fail to achieve their intended benefits or may even negatively affect our existing operations.

These initiatives, if any, could potentially result in our invested capital not yielding the anticipated returns, or exposure to impairment charges, contractual disputes, indemnity claims or other obligations to counterparties or third parties, thereby adversely affecting our financial condition, results of operations and prospects.

Downturns or volatility in global economic conditions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our sales and profitability depend significantly on global economic conditions and the demand for the end products in the markets in which our customers compete. Weaknesses in the economy and financial markets can lead to lower demand in our target product groups. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand can affect the demand of customers for our products, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, decrease or delay their existing and future orders with us.

We may not accurately assess the impact of changing market and economic conditions on our business and operations. In addition, financial difficulties experienced by our suppliers could result in product delays, increased accounts receivable defaults and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on certain third-party information technology systems and infrastructure to support our operations and facilitate communications among our employees and with suppliers, customers and other business partners. These information technology systems may be susceptible to damage, disruption, malfunction or shutdown due to a variety of factors, including failures during maintenance or upgrades, power outages, hardware or software failures, human error, cyberattacks, telecommunications failures, as well as natural disasters or other catastrophic events.

If our information technology systems, or those of our third-party providers, suffer damage, disruption or shutdown, we may incur substantial costs in repairing, restoring or replacing these systems and in implementing additional safeguards. If we do not effectively identify, prevent or resolve such issues in a timely manner, or if backup, redundancy and disaster recovery plans are insufficient or fail to function as intended, our operations could be interrupted or delayed. In addition, if our information technology systems fail to meet the performance, capacity, scalability or security requirements associated with our business expansion and increasing transaction volumes, our future growth and our ability to implement our business strategy may be adversely affected.

Misconduct or other improper activities by our employees or other third parties could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of anti-corruption and anti-bribery, fair competition and antitrust, sanctions and import-export controls, data protection and cybersecurity, insider dealing, and any other applicable laws or regulations, as well as misappropriation of assets, unauthorized disclosure or misuse of confidential information, intellectual property infringement, falsification of records or reports, or other unethical or unlawful behavior. Our internal controls and compliance measures may not prevent all misconduct, and as a result, we could face unknown risks or losses. Such misconduct or improper activities may be difficult to detect or deter, and may be committed by individuals acting outside the scope of, or in violation of, our policies, sometimes in collusion with third parties.

Any resulting non-compliance could damage our reputation and subject us to fines and penalties, restitution or other damages, disgorgement of profits, revocation or suspension of licenses or loss of customer contracts. Allegations of misconduct, even if unsubstantiated, could divert management attention and negatively affect the confidence of our customers and other stakeholders, any of which could adversely affect our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice, and we had not maintained product liability insurance or any business interruption or litigation insurance. We cannot guarantee we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Expectations relating to environmental, social and governance considerations and related reporting obligations expose us to potential liabilities, increased costs, reputational harm, and other adverse effects on our business.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability.

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and sales cost may rise. For details of the risks in relation to compliance with the environmental, safety and occupational health laws and regulations, see "— We are subject to various environmental, safety and occupational health laws and regulations in the areas we operate. Compliance with these present or future requirements may result in increased compliance costs, which may have a material adverse effect on our business, financial condition and results of operations." Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products from other companies, which may materially and adversely affect our results of operations and financial conditions.

We are subject to potential adverse effects in respect to defects in our existing properties leased in China.

As of the Latest Practicable Date, we leased three properties primarily used or intended to be used as production premises for our business operations, with a total gross floor area of over 3,500 square meters in Chinese mainland. As of the Latest Practicable Date, we had not completed the registration of lease filing for all the leased properties with the relevant competent authorities in accordance with applicable laws and regulations in China. As advised by our PRC Legal Advisors, the lack of registration of lease filing does not affect their validity of lease agreements, or result in us being required to vacate from these leased properties, but we may be ordered by relevant competent authorities to complete the registration within a designated time period, and may be subject to fines from RMB1,000 to RMB10,000 for each lease agreement that we fail to register within the time period. There can be no assurance that the relevant government authorities would not impose administrative penalties on us as a result of the non-registration of some of our lease agreements.

As of the Latest Practicable Date, the landlord of our leased properties had only provided us with the certificate of the right to use land for construction, but had not provided with the property ownership certificates of the factory buildings. If the lease agreements of the abovementioned leased properties are deemed invalid, or if we need to vacate the abovementioned leased properties, there is no assurance that we could timely relocate to alternative premises or enter into lease agreements on comparable commercial terms.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

RISK FACTORS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and introduce new and enhanced products. In 2023, 2024 and 2025, our research and development expenses amounted to RMB30.9 million, RMB54.5 million, and RMB80.8 million, respectively. The industry in which we operate is subject to rapid technological innovations. To expand our product and solution portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant research and development expenses in the future.

However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support the R&D of new or enhanced products. We may also encounter practical difficulties in commercializing our R&D outcomes, and new technologies could render our products obsolete, in which case we may not be able to recover related R&D costs. Even if our R&D efforts successfully result in the development and commercialization of new products, these efforts may not contribute to our future results of operations within our expected timeframe, or at all. The success and profitability of our new products are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the contributions from our R&D efforts may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

We have historically incurred net losses and net operating cash outflows, and we may continue to incur net losses and net operating cash outflows in the future.

In 2023, we recorded net operating cash outflows of RMB17.4 million. In addition, in 2024, we recorded net losses of RMB6.1 million. While we recorded a net profit in 2023 and 2025, there is no assurance that we will be able to sustain such profitability in the future. Meanwhile, while we recorded net operating cash inflow of RMB19.0 million in 2024 and RMB150.2 million in 2025, there is no assurance that we will not experience periods of net operating cash outflow in the future. If we continue to record net operating cash outflow in the future, our working capital may be constrained which may adversely affect our business and financial condition.

Our expansion of our product offerings may not be consistently successful and may incur losses if the revenue from the sales of our laser chips fails to offset our costs, which may materially and adversely affect our financial condition, results of operations and prospects. In addition, Our future profitability will depend on a variety of factors, including the expansion and performances of our existing business, competitive landscape, customer preference and macroeconomic and regulatory environment. Our revenues may not grow at the rate we expect, and it may not increase sufficiently to offset the increase in our costs and expenses. Consequently, we may incur losses in the future and we cannot assure you that we will eventually achieve our intended profitability. We may still record negative cash flow in the future and need to seek external financing to support our operations, such as available equity financing or bank facilities.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our trade receivables represent balances due from our customers for sales of our products. As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB99.7 million, RMB121.0 million, and RMB264.5 million, respectively. Our customers may encounter unexpected financial difficulties, liquidity constraints, changes in their own business operations, or other adverse developments, which may in turn affect their ability or willingness to settle amounts due to us. As a result, we may not be able to recover all or any of our trade receivables, or within the expected credit terms, and may be exposed to increased credit risk, higher impairment provisions and bad debt write-offs, which could have a material and adverse effect on our business, financial condition, results of operations and liquidity.

Our future capital expenditure on property, plant and equipment may result in an increase in our depreciation expenses and may affect our profitability.

Our depreciation expenses for our property, plant and equipment amounted to approximately RMB39.7 million, RMB47.5 million, and RMB58.2 million for the year ended December 31, 2023, 2024 and 2025, respectively. As part of our business strategies to expand our production capacity, we plan to build certain new properties and purchase production equipment under our production capacity expansion plan. See "Business — Our Strategies" and "Future Plans and [REDACTED]". As soon as the properties and equipment are put into operation, they will result in additional annual depreciation charges. The increase in depreciation will adversely affect our financial condition and results of operations.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Operating under an IDM model in the laser chip industry, we carry inventories at multiple stages of the value chain, including raw materials, work-in-progress, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, we had inventories of RMB140.8 million, RMB122.7 million and RMB133.7 million, respectively. Our production and procurement plans are based on internal demand forecasts, customer orders and market expectations. However, demand for our data center laser chips and telecommunications laser chips can be highly volatile and is influenced by factors such as downstream capital expenditure cycles, customers' product roadmaps, technological changes, pricing and competitive dynamics, many of which are beyond our control. Some of our key materials have long lead times, may require advance commitments or prepayments, and may not be cancellable or returnable, which further increases our inventory risk if demand falls short of expectations.

Our inventories are carried at the lower of cost and net realizable value, and as of December 31, 2023, 2024 and 2025, we recorded inventory write-downs of RMB16.7 million, RMB27.2 million and RMB19.8 million, respectively. If we overestimate demand, experience yield issues, or accelerated product and technology iteration in the telecommunications or data center markets, we may face increasing levels of slow-moving, excess or obsolete inventories, leading to higher storage and handling costs, additional write-downs or write-offs, and reduced profitability. Conversely, if we underestimate demand, are unable to ramp up our internal capacity in a timely manner, or encounter disruptions in our supply of critical materials or outsourced processes, we may experience inventory shortages or extended lead times, which could result in delayed deliveries, the loss of customers, or reduced share of customers' new projects or platforms. We may experience fluctuations in inventory turnover days reflecting these dynamics in the future.

We cannot guarantee that our inventory levels, production planning and capacity allocation will always match market and customer demand. Any failure to effectively manage our inventories as an IDM laser chip company, whether due to excess, obsolete or insufficient inventories, could materially and adversely affect our working capital, business, financial condition, results of operations and prospects.

We have granted, and may continue to grant, certain awards under our share incentive schemes, which may result in increased share-based compensation expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive schemes, including share-based compensation, to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024 and 2025, we incurred share-based payments of RMB3.5 million, RMB3.7 million, and RMB32.2 million, respectively. Nevertheless, share-based compensation expenses would potentially dilute the shareholding of existing shareholders. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive scheme from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following [REDACTED].

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms, or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including [REDACTED], will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

Failure to fulfill our contractual obligations could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB2.1 million, RMB1.5 million, and RMB1.9 million as of December 31, 2023, 2024 and 2025, respectively. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of the Renminbi against the Hong Kong dollar, the U.S. dollar, and other foreign currencies fluctuates and is affected by changes in international political and economic conditions, as well as market supply and demand. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN THE PRINCIPAL PLACE OF OUR BUSINESS

Changes in global economic, political or social conditions or government policies in the countries and regions where we operate could have a material and adverse effect on our business and operations.

The global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. Furthermore, sanctions and export control measures imposed by the U.S. or other jurisdictions may affect Chinese companies, and we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

Our business, financial condition, results of operations and prospects may be influenced by policy, economic and social conditions in China, as substantially all of our operations are located in China. Any economic downturn in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897) (國税函[2008]897號), a 10% withholding tax is normally applicable to dividends paid to non-PRC resident enterprise holders of H Shares, and any gains from the transfer of H Shares by such holders may also be subject to 10% PRC income tax.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, and Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號), dividends paid to non-PRC resident individual holders are generally subject to a 10% withholding tax, or 20% for holders in jurisdictions without a tax treaty with the PRC. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui [1998] No. 61) (財稅[1998]61號), gains of individuals from the transfer of listed shares may be exempt from individual income tax, and as of the Latest Practicable Date, no provision has expressly required the collection of individual income tax from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Our offshore subsidiaries may be treated as a resident enterprise for tax purposes in Chinese mainland.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of Chinese mainland with "de facto management bodies" located in Chinese mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the "**Circular 82**"), specifies that certain Chinese-controlled offshore incorporated enterprises will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within Chinese mainland; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in Chinese mainland; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within Chinese mainland; and (iv) at least half of the directors with voting rights or senior management reside within Chinese mainland.

If our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries' global income, except that the dividends they receive from our Chinese mainland subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." The EIT on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and substantially all of our business, assets and operations are located in China. In addition, the majority of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible to effect service of process upon most of our Directors and senior management in China. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the U.S., the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, in Chinese mainland or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible. Although we will be subject to the Listing Rules and the Takeover Codes, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeover Codes do not have the force of law in Hong Kong.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems and regulatory environments in our operating markets vary significantly, and laws and regulations in certain jurisdictions may be evolving, inconsistently interpreted or unpredictably enforced. As a result, the scope and application of legal requirements, as well as the outcome of administrative or court proceedings, may be difficult to assess. In some jurisdictions, government policies or regulatory interpretations may change with limited notice and, in certain cases, may have retroactive effect. In addition, proceedings may be lengthy and costly, and may divert significant management time and resources. These factors may increase our compliance burden and legal exposure, limit our ability to enforce contractual rights (including the enforcement of foreign judgments or arbitral awards), and require additional resources to address regulatory developments. Any of the foregoing could and adversely affect our business, results of operations and financial condition.

In addition, we have benefited, and may continue to benefit, from various government incentives, subsidies, and grants. These preferential policies are subject to review and renewal and may be adjusted, suspended or terminated. If we cease to qualify for any preferential tax treatment, or if applicable laws, regulations or policies are amended, tightened or repealed, these preferential policies could be cancelled, which would adversely affect our financial condition and results of operations. We cannot assure you that we will continue to receive government grants or other similar support in the future, or at all. Any decrease, delay, cancellation or claw-back of such incentives, grants or preferential treatments could have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period, there may have been differences between our understanding and application of the contribution base for social insurance and housing provident fund contributions and the interpretation adopted by the relevant regulatory authorities. As advised by our PRC Legal Advisors, if our contribution base is deemed non-compliant with applicable PRC laws and regulations by the relevant authorities, we may be subject to orders to make up the shortfalls, late payment fees and administrative penalties. Any such liabilities, enforcement actions or penalties could adversely affect our business, financial condition and results of operations. The relevant regulatory authority has issued a written certificate confirming that no administrative penalty was imposed on us during the Track Record Period.

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the Chinese current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. If we fail to obtain such approvals or registrations, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

We are subject to various environmental, safety and occupational health laws and regulations in the areas we operate. Compliance with these present or future requirements may result in increased compliance costs, which may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters. Our production process produces pollutants such as wastewater, solid waste, liquid waste and hazardous waste, the discharge of which may give rise to environmental liabilities and remediation costs. In addition, we are subject to various ESG rules and regulations by governing bodies, including the Stock Exchange, the SFC, as well as regulatory authorities in the Chinese mainland. We must also adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks. Compliance with these requirements may result in increased costs and diversion of management attention, which may adversely affect our business, financial condition and results of operations.

We are subject to various regulations regarding the registration requirements for employee share incentive plans. Compliance with these regulations may result in increased compliance costs, which may have a material adverse effect on our business, financial condition and results of operations.

According to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), upon completion of the [REDACTED], we, our executive officers and employees who are PRC citizens or who reside in China for a continuous period of not less than one year and have been granted H share options will be required to register with SAFE and retain an overseas-entrusted institution to handle matters in connection with the exercise or sale of such options. Maintaining such registrations and retaining qualified overseas-entrusted institutions may result in increased administrative burden and compliance costs for us and the relevant participants. In light of the above, we cannot assure you that we will continuously adopt additional H shares incentive plans for our directors, executive officers and employees under PRC law. In addition, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and abroad. Any losses or unauthorized access to or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

Our business involves the utilization and storage of confidential information, including but not limited to personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and aboard.

In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information between us and our overseas subsidiaries. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs. Failure to comply could result in regulatory proceedings, significant penalties and reputational damage. In addition, our security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non- compliant incidents.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

Some of our subsidiaries are entitled to preferential tax treatment under PRC law, and any changes to such treatment or increases in our effective tax rate could increase our tax liability. The PRC government may also amend regulations on income, withholding, value-added and other taxes, and non-compliance could result in penalties or fines. In addition, our overseas operations expose us to complex and varying tax regimes across jurisdictions, and changes in overseas tax policies may require us to divert additional managerial and financial resources. Any of the foregoing could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of Chinese mainland and Hong Kong.

As we are listed on the SSE STAR Market and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

There has been no prior [REDACTED] for our H Shares, and we cannot assure you that an active [REDACTED] for our H Shares will develop or be sustained.

There was no [REDACTED] for our H Shares prior to the [REDACTED]. There can be no guarantee that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the Joint Sponsors and [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, which may not be indicative of the [REDACTED] of our H Shares following the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] of our H Shares may be materially and adversely affected.

Our A Shares are listed on the SSE STAR Market, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the SSE STAR Market. Following the [REDACTED], our A Shares will continue to be traded on the SSE STAR Market and our H Shares will be [REDACTED] the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. With different [REDACTED] characteristics, the H Share and A Share markets have divergent [REDACTED], [REDACTED], as well as different levels of retail and institutional [REDACTED] participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] in our H Shares.

Our Single Largest Group of Shareholders has substantial influence over our Group and its interests may not be aligned with the interests of our other Shareholders.

Our Single Largest Group of Shareholders has significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the Single Largest Group of Shareholders will be together entitled to control the exercise of approximately [REDACTED]% of the voting rights in our Company (excluding the 275,169 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). The interests of our Single Largest Group of Shareholders might differ from the interests of our other Shareholders. In the event that our Single Largest Group of Shareholders causes us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Single Largest Group of Shareholders and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

The [REDACTED] our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to [REDACTED].

The price at which our H Shares will [REDACTED] after the [REDACTED] will be determined by the [REDACTED], which may be affected by various factors beyond our control, including: (i) our financial performance and development prospects, including assessments by securities analysts or independent research; (ii) the valuation of comparable publicly traded companies and general market sentiment towards our industry; (iii) changes in PRC laws and regulations or broader political, economic and social conditions; and (iv) our actual or perceived competitive position in the market. In addition, the Hong Kong Stock Exchange has from time to time experienced significant volatility in trading prices and volumes that have affected the market prices of securities of companies quoted on the Hong Kong Stock Exchange. As a result, [REDACTED] in our H Shares may experience volatility in the [REDACTED] of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Future sales or perceived sales of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of our H Shares or other securities relating to our H Shares in the [REDACTED] by our Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. [REDACTED] of Shares by such Shareholders and the availability of these Shares for future [REDACTED] may have a negative impact on the [REDACTED] of our H Shares.

In addition, while [REDACTED] shares in the [REDACTED] are not subject to any restrictions on the [REDACTED] of the H Shares they [REDACTED], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRSs (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

Should the [REDACTED] be higher than the net tangible book value per Share, subject to pricing, you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] may be higher than the net tangible book value per Share immediately prior to the [REDACTED]. As a result, you and other [REDACTED] of the [REDACTED] in the [REDACTED] may experience an immediate dilution in [REDACTED] net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to share incentive schemes, which would further dilute Shareholders' interests in our Company.

Certain facts, forecast and statistics contained in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various official sources and public information. However, our Directors cannot guarantee the reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and presenting such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from government and official sources have not been independently verified by us, the Joint Sponsors, [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [REDACTED] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should not place reliance on any information released by us in connection with the listing of our A Shares on the SSE STAR Market.

As our A Shares are listed on the SSE STAR Market, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the SSE STAR Market or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective [REDACTED] in our H Shares are reminded that, in making their [REDACTED] as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED], and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding our H Shares. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].