An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to make any* [**REDACTED**] *in our H Shares. Our business, financial condition, or results of operations could be materially and adversely affected by any of these risks and uncertainties. Additional risks and uncertainties that are presently unknown to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, or results of operations. The market price of the H Shares could decline significantly due to any of these risks and uncertainties, and you may lose all or part of your* [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive chip customization service industry, and we may not be able to compete successfully against existing and future competitors.

According to CIC, the chip customization service industry in China is characterized by a high level of concentration dominated by overseas suppliers, a landscape that prompts domestic players to compete intensely for market share. According to CIC, domestic suppliers represented 13.7% of China's chip customization service market in terms of revenue in 2025. If the industry growth trend slows down or the industry experiences negative growth, we may face intensified competition within the existing market, potentially resulting in downward pressure on pricing and reduced profit margins. As leading industry competitors continually upgrade their service portfolios, which may render our services less attractive or even obsolete, we must continually enhance our technologies and service quality. However, we cannot assure you that we will fully match market requirements or sustain our competitive edge against alternatives provided by our competitors.

In addition, some of our direct and indirect competitors may have greater resources and certain advantages, including longer operating history, better financing capabilities, more advanced technologies and better-developed IPs, more efficient sales and marketing, and stronger customer relations. If we are unable to stay competitive or compete successfully with our competitors, we may lose project opportunities and experience decreases in market share and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition, and results of operations.

New technology developments or market trends could make us uncompetitive, and our significant investment in research and development may not generate the expected results.

To remain competitive, we must maintain and enhance our technologies to meet the latest market needs, technological advancement, and industry standards. However, the development activities relating to our technologies may involve significant time, risks, and uncertainties. For instance, our research and development process could be lengthy and subject to unexpected risks such as tape-out failures, design defects, or integration issues. We may encounter technical bottlenecks or performance shortfalls, and our research and development efforts may not result in commercially viable services and technologies in a timely manner, or at all. New technologies in the chip customization service industry could render the services and technologies that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related research and development expenses, which could result in a decline in our revenues, chance to achieve profitability, and market share.

In the chip customization service industry, it is difficult to predict the timing and scale of market opportunities. Our services cater to a diverse range of application sectors and downstream industries. Technological advancements and new industry standards in these downstream industries may affect the application requirements of our customers and their products. If we fail to optimize our services or refine our technologies to match the different additional requirements of our customers, we may experience decreases in our revenue, and our business, financial condition, and results of operation may be adversely affected.

Furthermore, we have been investing heavily in our research and development. In 2023, 2024, and 2025, we incurred research and development expenses of RMB90.9 million, RMB175.5 million, and RMB239.0 million, respectively, accounting for 121.5%, 50.5%, and 49.4% of total revenue in the same periods. We will continue investing significant resources, including financial and human resources, in research and development to keep our services and technologies innovative and competitive in the market. As a result, we expect that our research and development expenses will continue to increase. We may not be able to achieve or subsequently maintain profitability due to the significant investment in research and development.

Uncertainties regarding the development of AI chips may adversely affect our business, financial condition, and results of operations.

Our business strategy and future growth are closely tied to the development and commercialization of AI technologies, both as a tool for enhancing semiconductor manufacturing efficiency and as a target market for specialized AI chips. The pace, direction, and manner of AI adoption across the industry remain uncertain and subject to rapid change. If AI technology evolves more slowly, differently, or less broadly than we anticipate, or if our services and technologies do not align with prevailing industry trends, our business could be materially and adversely affected.

We have identified potential opportunities within the AI ecosystem, We intend to leverage our existing capabilities and industry relationships to participate in these opportunities. However, if the adoption of AI in semiconductor manufacturing diverges from our expectations, or if the AI chip market evolves in a manner that disadvantages our approach, we may not achieve the anticipated convergence of our business paths. This could result in lower-than-expected market share, revenue, and profitability, and could materially impair our ability to grow our business and compete effectively, adversely affecting our business, financial condition, and results of operations.

Reliance on a limited number of suppliers and potential shortages or capacity constraints in semiconductor materials and manufacturing services may materially and adversely affect our business, financial condition, and results of operations.

A limited number of suppliers provide materials, equipment, and services that are used in our offerings. Our major suppliers include providers of tape-out services and wafers, third-party IPs, and semiconductor packaging materials. Purchases from our top five suppliers in each applicable year accounted for 65.2%, 85.7%, and 65.1% of our total purchases in 2023, 2024, and 2025, respectively, and purchase from our largest supplier in each applicable year accounted for 28.1%, 48.7%, and 22.9% of our total purchase in the same periods, respectively. Where possible, we seek to have several sources of supply. However, for certain materials, equipment, and services, we rely on a limited number of direct and indirect suppliers. We cannot assure you that our suppliers will continue to maintain their relationship with us. Finding and qualifying alternative or additional suppliers is often a lengthy process, which may result in interruptions to our services, delivery delays, or additional costs, and such alternatives are sometimes not available. In any of these circumstances, we may encounter supply delays or disruptions or incur additional costs that could prevent us from meeting customer demand or adversely affect our business and financial condition. To the extent we are unable to manage these risks, our ability to timely provide competitive services and technologies will be harmed, our costs will increase, and our business, financial condition, and results of operations may be adversely affected.

In addition, we rely on the timely supply of tape-out, wafers, and packaging and testing services to provide our services. However, the chip customization service industry has experienced, and may in the future experience, widespread shortages of certain materials and components and constraints in foundry and packaging and testing service capacity, which may contribute to a shortage of semiconductors. Certain key materials are available from a limited number of qualified suppliers globally. If our suppliers are unable to meet our demand due to their capacity constraints, production issues, allocation to other customers, or force majeure events, we may not be able to secure sufficient quantities or service capacity on favorable terms, or at all. Any significant price increase, sustained supply disruption, or shortage of these essential inputs could severely constrain our capacity to provide our services, lead to delivery delays, and increase our costs. Transitioning to alternative suppliers for such specialized inputs or services would require lengthy re-qualification processes, during which our service delivery capabilities could be materially affected.

Furthermore, our supply chain for these critical inputs is also vulnerable to a wide range of potential disruptions beyond the direct control of our suppliers or ourselves. These include natural disasters affecting supplier facilities or logistics hubs, geopolitical tensions, or trade restrictions affecting regions where these materials are produced or processed, and broader global macroeconomic or industry-wide shortages that create scarcity and intensify competition for limited resources. Any of these events could exacerbate price volatility and supply constraints, materially reducing our capacity to provide our offerings and adversely affecting our business, financial condition, and results of operations.

We have a limited operating history, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

We commenced our operations in 2021. Given our limited operating history, particularly in light of the rapidly evolving chip customization service industry, our ability to accurately forecast our future results of operations is subject to a number of uncertainties such as our ability to plan for future growth. We have experienced rapid growth since the inception of our operations. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition, and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays, and other known and unknown factors. In future, our growth may slow down or even decline for a number of reasons, including slowing market demand, intensified competition, material changes in technology, and declining growth rate of the industry in which we operate. If our assumptions regarding risks and our future growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our business, results of operations, and financial condition could differ from our forecast and could be materially and adversely affected.

Our customer concentration may expose us to risks that could adversely affect our business, financial condition, and results of operations.

We are subject to customer concentration risks. In 2023, 2024, and 2025, revenue generated from our top five customers in each applicable year was RMB55.7 million, RMB330.9 million, and RMB379.0 million, respectively, accounting for 74.4%, 95.1%, and 78.3% of our total revenue in the respective years. We may continue to experience a certain level of customer concentration. Demand from our customers may fluctuate due to factors beyond our control, and our customer base and revenue mix may change over time. Any deterioration in our relationship with key customers or our failure to meet their requirements or maintain service quality could result in reduced number of projects or loss of customers, thereby materially and adversely affecting our business, financial condition, and results of operations.

We use IPs licensed from third parties to supplement our services. Any defect, error, or limitation in these third-party IPs, or failure to maintain these licenses, could materially and adversely affect our business.

While we primarily rely on our proprietary IPs, we continue to utilize third-party IPs to supplement our services to facilitate a smooth and efficient chip design process. In 2023, 2024, and 2025, our third-party IP costs were nil, RMB38.5 million, and RMB1.5 million, respectively, accounting for nil, 20.6%, and 0.4% of our total cost of sales in the respective years.

If we are unable to successfully obtain IPs licensed from third parties to develop our futures services, or to acquire such licenses on favorable terms, we may not be able to develop such services in a timely manner or at all. Defects, errors, or limitations occur in the third-party IPs will adversely affect the timeline of deliveries and quality of our services. Any impairment of the foregoing IPs, or of our failure to maintain valid licenses thereto, would materially and adversely affect our business, financial condition, and results of operations.

We may not be able to sufficiently protect or enforce our intellectual property rights across the world, and our efforts to do so may be costly.

We seek to protect our commercially important technologies through copyrights, patents, trade secrets, and other intellectual proprietary rights in China. However, obtaining, maintaining, and enforcing intellectual property rights is costly, time-consuming, and uncertain, and we may not be able to secure or maintain adequate protection in all relevant jurisdictions. The level of protection afforded by intellectual property laws varies by country and may not be sufficient to prevent competitors or other third parties from developing or commercializing competing services.

Even if granted, our intellectual property rights are limited in scope and duration. For example, in China, invention patents and utility model patents generally have validity periods of 20 years and 10 years, respectively, from the filing date. Upon expiration, the relevant technologies may become subject to increasing competition. In addition, enforcement actions or challenges to the validity of our intellectual property rights may be costly and time-consuming and could result in the invalidation or narrowing of such rights. Monitoring unauthorized use or disclosure of our proprietary technology, intellectual property, and confidential information is difficult, and the measures we implement may not be sufficient to prevent misappropriation or infringement. If we are unable to adequately protect, maintain, or enforce our intellectual property rights, our business, financial condition, and results of operations may be adversely affected.

We may be subject to intellectual property infringement claims or other legal proceedings, which could adversely affect our business.

We may from time to time be subject to claims, disputes, or proceedings alleging that our services, technologies, or business activities infringe the intellectual property rights of third parties. Defending against such claims may be costly, time-consuming, and disruptive to our operations. If any such claims are successful, or if we decide to settle them, we may be required to pay damages or settlement amounts, obtain licenses on unfavorable terms, modify or discontinue certain services or technologies, or be subject to injunctive relief restricting our operations. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, and reputation.

We depend on continued contributions of our competent talents. If we are unable to attract and retain competent talents who support our existing operations and future growth, our business may be materially and adversely affected.

To be competitive and to execute our business strategy successfully, we must attract, hire, retain, and motivate our employees and recruit and develop diverse talent. Many of our key executives and core employees would be difficult to replace due to experience and the high entry barriers in the chip customization service industry. Labor is subject to external factors that are beyond our control, including our industry's highly competitive market for skilled professionals and experts, cost inflation, and workforce participation rates. Competition for personnel results in increased compensation and benefit costs. In addition, we are highly dependent on the services of our longstanding executive team. Failure to ensure effective succession planning, transfer of knowledge, and smooth transitions involving executives and key employees could hinder our strategic planning and execution and long-term success.

Any failure to offer high-quality services for our customers may harm our relationships with them and our business.

Unforeseen technical challenges, supply issues, or other factors beyond our control may affect our ability to meet customer expectations. If we are unable to provide timely and effective technical support, maintenance, or remedial measures, our customer relationships and reputation may be harmed. As our business expands, we may face increasing demand for customer support and after-sales services. If we are unable to scale our service capabilities effectively, or if external factors limit our ability to respond promptly to customer needs, our operating costs may increase, and customer satisfaction may decline. Any deterioration in our service performance could result in additional costs, potential claims, and the loss of existing or prospective customers, which could materially and adversely affect our business, financial condition, and results of operations.

Our potential overseas expansion may face various cross-border operating risks, which could adversely affect our business, financial condition, and results of operations.

We may pursue business opportunities in overseas markets as part of our long-term growth strategy. However, our international presence is currently limited, and we have limited experience operating in foreign jurisdictions. If we expand overseas, our services and business model may not be well accepted, and we may not be able to compete effectively in those markets. In addition, overseas expansion may require us to adapt our operations to local legal, regulatory, and market conditions, which could increase our costs and complexity of operations.

If we establish or expand operations outside China, we would be subject to risks typically associated with international business activities, including compliance with local laws and regulations relating to trade, tariffs, intellectual property, labor, anti-corruption, taxation, intra-group transactions, and data protection. We may also be required to obtain additional approvals, licenses, or permits in relevant jurisdictions. Political or economic instability, changes in regulatory requirements, or the imposition of tariffs, duties, or other trade restrictions could adversely affect our ability to operate or expand in overseas markets.

We have incurred net losses and net operating cash outflows, and we may not be able to achieve or maintain profitability in a short time.

We incurred net losses during the Track Record Period. In 2023, 2024, and 2025, our net loss was RMB98.4 million, RMB48.5 million, and RMB163.5 million, respectively. We may continue to incur net losses in the short term, as we are in the stage of expanding our business and operations rapidly in the chip customization service market and are continually investing in research and development. We may not be able to achieve or subsequently maintain profitability in the near future. Our costs and expenses may continue to increase in future periods, as we continue to expand our business and operations and invest in research and development activities. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

We recorded net cash used in operating activities of RMB128.5 million and RMB158.3 million in 2024 and 2025, respectively. We cannot assure you that we will be able to generate net operating cash inflows in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, financial condition, and results of operations may be adversely affected.

Trends or changes in the global capital markets and macroeconomic environment, and any inability to obtain adequate financing, could materially and adversely affect our business, financial condition, and results of operations.

Our business is significantly influenced by the conditions of the global capital markets and the broader macroeconomic environment. According to CIC, the chip customization service industry is currently in a phase characterized by substantial and continued capital investment in research, development, and capacity expansion. The availability and cost of capital, both for us and for the ecosystem in which we operate, are therefore critical to our growth and operating stability.

If our capital requirements differ materially from those currently anticipated, we may need to seek additional financing earlier or in greater amounts than expected. Our ability to obtain additional capital on favorable terms, or at all, depends on our financial performance, market position, and prevailing capital market and macroeconomic conditions. Such financing may not be available on a timely basis or on acceptable terms. If we are unable to secure adequate funding when needed, we may not be able to continue our operations, support research and development and expansion initiatives, or respond effectively to competitive pressures, which could materially and adversely affect our business, financial condition, and results of operations.

We may incur losses on certain projects, which could adversely affect our results of operations.

During the Track Record Period, we undertook a number of loss-making projects, primarily due to our strategy to secure strategic customers and foster long-term cooperation. We cannot assure you that we will not continue to take on loss-making projects in the future. If we are unable to effectively control project costs, accurately assess customer requirements, or manage project execution risks, our business, financial conditions, and results of operations could be adversely affected.

In addition, our customers rely on capital markets and their own cash flows to fund their operations and investment plans, and any deterioration in capital market conditions could reduce the liquidity and financing capabilities of these customers. Customers may delay, reduce, or cancel orders to conserve capital, which would directly reduce demand for our services, adversely affecting our business, financial condition, and results of operations.

We had share-based payment expenses arising from [**REDACTED**] ***share incentive scheme in the past and may continue to incur such expenses in the future, which may cause dilution to the shareholding of our existing shareholders and result in increased share-based payment expenses.***

We recorded share-based payment expenses of RMB10.4 million, RMB26.0 million, and RMB32.1 million in 2023, 2024, and 2025, respectively, arising from [**REDACTED**] share incentive scheme. We believe that share-based awards are important to our ability to attract, retain, and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our share-based payment expenses may increase, which may adversely affect our financial performance, and dilute existing shareholders' stake.

Fluctuations in exchange rates may adversely affect our procurement costs and financial results.

The exchange rate of Renminbi against foreign currencies such as the U.S. dollars is subject to fluctuations. A portion of our procurement is denominated in foreign currencies, primarily U.S. dollars. As a result, we are exposed to foreign exchange risk. Any significant depreciation of Renminbi against relevant foreign currencies would increase our procurement costs when converted into Renminbi, which could adversely affect our gross margin and profitability. In addition, any [**REDACTED**] we receive in foreign currencies and any dividends payable in foreign currency terms may be affected by exchange rate fluctuations. Remittances of Renminbi into and out of China are subject to regulatory restrictions. Any of the foregoing could materially and adversely affect our business, financial condition, and results of operations.

Our brands are critical to our business growth and success. Any negative publicity or rumors about us, whether warranted or not, could adversely affect our business and results of operations.

Negative publicity involving our industry, our Company, our services, our directors and management, our customers, or our business partners may adversely harm our business and reputation. Although we made efforts to strengthen our responsiveness to negative publicity events, we cannot preclude media reports of a similar nature or similar allegations from other parties from being made in the future, nor can we assure you that we will be able to defuse such negative publicity to the satisfaction of our investors, customers, and business partners, or prevent related misconception and other damages caused by such reports. We may have to incur significant expenses and divert our management's time and attention in order to remedy the effects of these negative reports or allegations, which may adversely affect our results of operations.

Our insurance coverage may be inadequate to protect us from all potential liabilities or losses that we may incur, which would adversely affect our business, financial condition, and results of operations.

We have maintained insurance policies to cover various aspects of our business, including product liability. However, our current insurance coverage may not be sufficient to prevent us from 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 incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition, and results of operations could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

Our strategic acquisitions and investments may fail and materially and adversely affect our business, financial condition, and results of operations.

While we have not entered into any definitive agreements or identified specific targets, we may in the future pursue strategic acquisitions, joint ventures, or investments to expand our business and enhance our market position. Such transactions involve inherent risks, including difficulties in integrating acquired businesses and personnel, diversion of management attention, challenges in entering new markets or business lines, loss of key employees or customers, and failure to realize anticipated synergies or financial benefits. These transactions may also increase our leverage and interest expenses if financed by debt, dilute existing Shareholders if financed through equity issuance, or result in asset write-offs, restructuring costs, or other unexpected liabilities. In addition, we may face regulatory approvals or antitrust-related restrictions in connection with such transactions. We cannot assure you that any strategic investment or acquisition will be successful, and any failure could materially and adversely affect our business, financial condition, and results of operations.

We are subject to risks arising from geopolitics, export control regimes, and regulatory restrictions, which could materially and adversely affect our supply chain, business, financial condition, and results of operations.

Our operations are exposed to geopolitical developments, export control regulations, trade restrictions, and sanctions imposed by the United States and other jurisdictions. Changes in international trade policies, tariffs, export controls, or sanctions, as well as broader geopolitical tensions, may disrupt global supply chains, increase procurement costs, or limit our access to critical technologies, software, or manufacturing services.

In particular, the U.S. Export Administration Regulation, which is administered by the Bureau of Industry and Security of the U.S. Department of Commerce, regulate the export, re-export, or transfer of certain U.S.-origin products, software, and technologies. Items produced outside the United States may also be subject to the EAR if they incorporate controlled U.S.-origin content or are produced using certain U.S.-origin software or technology. The BIS maintains various individual and entity lists, which impose additional licensing requirements on the designated individuals and entities. In recent years, the United States have expanded export controls relating to advanced computing and semiconductor manufacturing items. Other jurisdictions are also imposing controls, licensing requirements, and restrictions applicable to exports to China.

We rely on third-party foundries, suppliers, and software providers to provide our services, some of which may be subject to export control regulations. For example, we use software and commodities subject to the Export Administration Regulation, including certain EDA software. For details, see "Business — International Sanctions and U.S. Export Control Compliance." If export control rules are tightened, or if suppliers of critical tools or software are restricted from serving customers in China, we may experience reduced access to key software, technologies, or manufacturing capabilities. Such restrictions could delay our development cycles, increase compliance and procurement costs, or require us to identify alternative suppliers, which may not be available on commercially reasonable terms, if at all.

While our direct overseas sales exposure is currently limited, any future expansion into overseas markets could also be affected by trade restrictions, sanctions, or other geopolitical developments that limit our ability to serve customers in certain jurisdictions. If geopolitical tensions escalate or additional export controls or sanctions are imposed, our business operations and supply chain stability could be materially and adversely affected.

The termination or disruption of our outsourced research and development arrangements may adversely affect our business and results of operations.

During the Track Record Period, we occasionally outsourced certain non-core and labor-intensive research and development activities to external institutions based on project needs. Such collaborative arrangements may expose us to certain risks, such as increased research and development expenses, project delays, and dependence on our partners' resources and commitment to carry out the agreed development work in a timely and satisfactory manner. If our partners fail to meet agreed milestones, devote sufficient personnel or resources, or otherwise perform their obligations, our business and results of operations may be adversely affected.

Our employees and business partners may engage in fraudulent or illegal activities, or commit intentional or negligent misconduct, which could adversely affect our business and reputation, and subject us to liabilities.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers, or other third parties, that could subject us to liabilities, fines, and other penalties imposed by government authorities. Although we have established internal control policies and relevant contractual covenants, we cannot assure you that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt, or collusive activity by our employees, suppliers, customers, or other third parties, including those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers, or other third parties could materially and adversely affect our business.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political, and social conditions, as well as industry practice guidelines, government policies, regulations, and laws may adversely affect our business, financial condition, and results of operations.

The majority of our business assets are located in China and vast majority of our sales and revenue was derived from China during the Track Record Period. Accordingly, our business, financial condition, and results of operations are subject to the economic, political, and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations, and policies which imposed stricter standards with respect to, among other things, quality and safety control, and supervision and inspection of companies in our industry. See "Regulatory Overview." Laws, regulations, and policies relating to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations, and policies, our business, financial condition, and results of operations may be adversely affected.

Regulatory control over capital inflow or outflow, currency conversion, and fluctuations in exchange rates may affect the value of your* [REDACTED]*, result in* [REDACTED] *losses, and limit our ability to utilize our cash effectively.

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot assure you that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advanced approval from the State Administration of Foreign Exchange. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the State Administration of Foreign Exchange or its designated banks. According to existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders, to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, financial condition, and results of operations may be affected.

We could be subject to changes in our tax rates, the adoption of new tax legislation, or exposure to additional tax liabilities.

Our operations are subject to and may be adversely affected by changes in PRC tax laws and regulations. We are subject to periodic examinations regarding our fulfillment of tax obligations under PRC laws and regulations by the PRC tax authorities. While we believe we have established effective internal control measures concerning accounting and tax compliance in the past, there can be no assurance that future examinations by the tax authorities will not result in adjustments, the imposition of fines, penalties, or other actions that could adversely affect our reputation, business, financial condition, and results of operations.

In addition, the PRC government periodically adjusts or changes its tax laws and regulations. The continuation, modification, or expiration of preferential tax policies currently applicable to our business is subject to governmental discretion and may be affected by shifts in policy priorities. See "Regulatory Overview — Regulations on Taxation." Any further adjustments, changes, or interpretations of PRC tax laws and regulations, along with any uncertainty arising from such developments, could increase our overall tax burden, impose additional compliance costs, and have a material adverse effect on our business, financial condition, and results of operations.

Our business has benefited from favorable PRC government policies supporting the IC industry, and any reduction, modification, or discontinuation of such policies could adversely affect our business, financial condition, and results of operations.

Our principal operations are conducted in China, and the IC industry has been identified by the PRC government as strategically important. As a result, national and local authorities have introduced various supportive measures, including fiscal and tax incentives, research and development subsidies, and talent-related programs, and we have also benefited from certain of these preferential policies.

However, these supportive policies are subject to change and are not guaranteed to continue. They may be adjusted, scaled back, or discontinued due to changes in national priorities, economic conditions, regulatory developments, or fiscal considerations. Any significant reduction or withdrawal of such support could increase our operating or tax expenses, reduce profitability, and limit our ability to invest in research and development.

In addition, the focus of government support may evolve over time and may prioritize different technological areas within the IC industry. If our business does not align with future policy priorities, we may no longer qualify for certain incentives or grants. We also benefit from certain local support measures, which are discretionary in nature and may be modified or terminated. The loss of such support could increase our operating costs and adversely affect our business.

Changes to the government grants and preferential tax treatment could adversely affect our business, financial condition, and results of operations.

During the Track Record Period, we received government grants, many of which are non-recurring in nature or are subject to periodic review. In 2023, 2024, and 2025, the government grants that we recognized as other net income amounted to RMB1.2 million, RMB9.9 million, and RMB8.4 million, respectively. In addition, our Company and certain subsidiaries are subject to preferential income tax treatment. See "Financial Information — Taxation."

If we cease to be entitled to such government grants or preferential tax treatment or if PRC laws and regulations change, our income tax expenses may increase, which could adversely affect our business, financial condition, and results of operations. As these government grants are provided typically on a one-off basis, we cannot assure you that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, and results of operations.

Failure to comply with the social insurance and housing provident fund regulations in China may subject us to fines and other legal or administrative penalties.

According to PRC laws and regulations, we are required to make contributions to social insurance and housing provident funds for the benefit of our employees. During the Track Record Period and up to the Latest Practicable Date, we did not make social insurance for some of our employees in full in accordance with PRC laws and regulations. In 2023, 2024, and 2025, the amount of shortfall in respect of social insurance contributions was RMB5.9 million, RMB11.5 million, and RMB13.4 million, respectively. See "Business — Legal Proceedings and Compliance — Social Insurance and Housing Provident Fund Contributions." Government authorities may demand us to take rectification measures or impose penalties on us. If we fail to take the measures or pay the penalties as demanded, we may be subject to fines. See "Regulatory Overview — Regulations on Employment and Social Welfare — Social Insurance." As of the Latest Practicable Date, no government authorities had imposed administrative action, fines, or penalty to us, nor had any government authorities required us to settle the outstanding amount of social insurance payments. However, we cannot assure you that we will not be subject to fines and penalties in relation to our failure to make social insurance payment in full for our employees in the future.

During the Track Record Period and up to the Latest Practicable Date, we arranged for third-party agencies to pay social insurance and housing provident funds for certain employees. According to PRC laws and regulations, the contributions to social insurance and housing provident funds made through third-party accounts may not be viewed as fully compliant. If these third-party arrangements are challenged by the competent PRC authorities, or if the contributions are not made in full or in a timely manner, we may be required to make supplemental contributions, pay late fees or penalties, and could be subject to labor disputes. Any investigations, penalties, or disputes relating to non-compliance with applicable laws may adversely affect our business, financial condition, and results of operations.

Failure to register our leasing agreements could result in penalties.

We currently lease several properties in China. Under PRC laws and regulations, generally, leasing agreements are required to be registered with the local land and real estate administration bureau. The leasing agreements for some of our leased properties in China have not been registered with PRC government authorities. See "Business — Properties — Filing of Lease Agreement." We may be subject to fines if we fail to rectify these non-compliance within the prescribed time frame after receiving notice from PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the government authorities. As of the Latest Practicable Date, we had not registered nine leasing agreements for our leased properties. If we are notified by PRC government authorities to complete the registration within the prescribed time frame and if we fail to do so, the maximum aggregate amount of potential administrative penalties that we would be subject to for the nine leasing agreements is RMB90,000. In the event that any fine is imposed on us for our failure to register our leasing agreements, we may not be able to recover such losses from the lessors.

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

We are a company incorporated under the PRC laws, and the vast majority of our assets and subsidiaries are currently located in China. Substantially all of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be difficult or impossible for you to effect service of process upon us or these individuals, or to bring an action against us or against these individuals in the event that you believe your rights have been infringed under the applicable securities laws or otherwise.

On January 14, 2019, the Supreme People's Court of the People's Republic of China and the government of Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), which took effect on January 29, 2024. This arrangement seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Chinese mainland and Hong Kong, based on criteria other than a written bilateral choice of court agreement. According to this arrangement, any party concerned may apply to the relevant Chinese mainland or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in this arrangement. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant Chinese mainland and Hong Kong court.

RISKS RELATING TO THE [REDACTED]

There has been no prior* [REDACTED] *for our H Shares, and an active* [REDACTED] *market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate liquidity and [**REDACTED**] volume 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 [**REDACTED**] and us, and may not be an indication of the market price 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 market price and liquidity of our H Shares may be materially and adversely affected. The [**REDACTED**] of our H Shares may be volatile, which could lead to substantial losses for [**REDACTED**].

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

The [**REDACTED**] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the Chinese mainland, the United States, and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese mainland that have listed their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] volumes for our H Shares. A number of Chinese mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese mainland-based companies listed in Hong Kong and consequently may affect the [**REDACTED**] performance of our H Shares. Pursuant to the PRC Company Law, within the one year following the date of listing, shares issued prior to the listing cannot be transferred. Due to this lock-up requirement, the liquidity and [**REDACTED**] of the H Shares in the short-term following the [**REDACTED**] may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

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

The market price 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 adversely affect as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], especially by our Directors, executive officers, and Controlling Shareholders, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, you may experience dilution in your 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 your interests in our Company. New shares or share-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the [**REDACTED**]. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sales of Shares by such Shareholders and the availability of these Shares for future sale may adversely affect the market price of our Shares.

In addition, while investors [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal 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**] Date. Any sale of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies, and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, our Controlling Shareholders will hold [**REDACTED**]% of the total voting rights of our Company. This concentration of voting rights may discourage, delay, or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over our operations and decisions in a manner that may not be in the best interests of our other Shareholders.

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

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media regarding us, our Shares, and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations, and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [**REDACTED**] should not rely on such information.

Certain facts, forecast, and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecast, and other statistics in this document are derived from official government sources. However, our Directors cannot guarantee the reliability of such information. We believe that the sources of said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing 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. The information from official government sources has not been independently verified by us, Sole Sponsor, [**REDACTED**], the [**REDACTED**], or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. Further, we cannot assure you 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, you 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 forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information, and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should," the negative of these terms, and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our business prospects, capital expenditure, cash flows, working capital, liquidity, and capital resources, are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on them. See "Forward-looking Statements" for more details.