*An **[REDACTED]** in our Shares involves significant risks. You should carefully consider all of the information set out in this document, including the risks and uncertainties described below, before making an **[REDACTED]** in our Shares. Our operations and industry in which we operate involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your **[REDACTED]** in our Shares. The following is a description of what we consider to be our material risks. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The **[REDACTED]** price of our Shares could decline due to any of these risks, 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 "Forward-looking Statements."*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the research and development of our products and solutions; (ii) risks relating to our intellectual property rights; (iii) risks relating to our operations and industry; (iv) risks relating to our financial condition; (v) risks relating to conducting business in the jurisdictions where we operate; and (vi) risks relating to the **[REDACTED]**.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR PRODUCTS

We had reliance on major suppliers during the Track Record Period. We may not be able to secure a stable supply at all times and on commercially acceptable terms, or at all.

During the Track Record Period, we had reliance on our major suppliers, especially our largest supplier in each year during the Track Record Period, for wafers, packaging and testing services. Purchases from our five largest suppliers in each period during the Track Record Period accounted for 99.7%, 98.8% and 98.4% of our total purchase amount for the respective periods. Purchases from our largest supplier in each period during the Track Record Period accounted for 94.9%, 93.5% and 92.9% of our total purchase amount for the respective periods.

Our reliance on these major suppliers subjects us to the concentration and counterparty risks. We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business with us. For example, if the supply of key raw materials from our major suppliers is disrupted or delayed, there can be no assurance that we will be able to find new suppliers with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. Should any of these occur, our business, financial condition, results of operations and profitability may be adversely affected.

Our ability to continuously develop our technological capabilities and improve our power device and audio IC products could make our products uncompetitive and obsolete, which may impede our ability to address the requirements in technology segments that are expected to contribute to our growth.

We have invested and expect to continue to invest in the design and R&D for new and existing products and technologies, to timely respond to technological developments in markets we operate in. We still have a series of key R&D programs, including the high-reliability high-voltage SiC power devices, high-performance Si IGBT, audio codec and ultra-low loss SGT MOSFET, which require significant investment from us. For details, see "Business — Research and Development". These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect our margins and operating results and that such investments may not generate sufficient revenue to offset liabilities assumed and expenses associated with these new investments. We believe that we must continue to invest a significant amount of time and resources in our design and R&D efforts, including retaining sufficient and experienced R&D talents, to maintain and improve our competitive position. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our revenue and operating results may be adversely affected.

In addition, if we are unable to respond quickly and successfully to technological developments, we may lose our competitive position, and our products or technologies may become obsolete and fall behind on technologies. To compete successfully, we must develop new products and improve our existing products and processes on a schedule that keeps pace with technological developments. The market must also accept our new and improved products.

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

To compete successfully, we must maintain successful R&D efforts, upgrade and innovate our technologies, and improve or develop new solutions and services, all ahead of any competitors. We are focusing our R&D efforts across several technologies, including AI, high performance cloud computing, and automation technologies. We have been investing in our R&D efforts, with R&D expenses of RMB68.5 million, RMB59.2 million and RMB72.1 million in 2023, 2024 and 2025, accounting for approximately 15.8%, 15.4% and 13.3% of our total revenue in the same years, respectively. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial and human resources, in R&D to achieve technological advancements in order to improve and expand our services to keep us innovative and competitive in the markets in which we operate. As a result, there is no assurance that our R&D expenses will not continue to increase significantly, which may adversely impact our profitability and operating cash flow in the short-term.

Furthermore, we cannot guarantee that our R&D efforts will deliver the benefits we anticipate or be recognized as expected. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources, including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D results. Given the fast pace of development in the markets in which we operate, we may not be able to timely upgrade or innovate our technologies in an efficient and cost-effective manner, or at all. New technologies in the industry could render our technologies and the technological infrastructure or services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover the related R&D costs, which could result in a decline in our revenue, profitability and market share.

Additionally, our R&D efforts may not contribute to our future results of operations for several years, if at all, and such contributions may not meet our expectations or even cover the costs of the R&D efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

Failure to secure design-wins and to convince our current and prospective customers to adopt our products into their product offerings could negatively affect our business, financial condition and results of operations.

We sell our products to customers who select and adopt them in their product offerings. This selection process is typically lengthy and may require us to incur significant design and development costs and dedicate scarce engineering resources in pursuit of a single design-win with no assurance that our products will be selected. If we fail to convince our current or prospective customers to adopt our products in their product offerings or to constantly achieve design-wins, our business, financial condition, and results of operations will be materially and adversely affected. As of December 31, 2025, we had 433 design-wins.

It is typical that a design-win will not result in meaningful revenue until one year or more or later, if at all. If we do not continue to secure design-wins in the short term, our revenue in the following years will deteriorate.

Further, a significant portion of our revenue in any period may depend on a single product design-win with a large customer. As a result, the loss of any key design-win or any significant delay in mass production of the customer's products could adversely affect our business, financial condition and results of operations.

Due to the interdependence of various components in the systems within which our products and the products of our competitors operate, customers are unlikely to change to another design or material, once adopted, until the next generation of a technology. As a result, if we fail to introduce new or enhanced products that meet the needs of our customers or penetrate new markets in a timely manner, and our products do not gain acceptance, we will lose market share and our competitive position.

The loss of a key customer or design-win, a reduction in sales to any key customer, a significant delay or negative development in our customers' product development plans, or our inability to attract new significant customers or secure new key design-wins could seriously impact our revenue and materially and adversely affect our business, financial condition and results of operations.

We face risks of sharing relevant R&D results and intellectual properties with our collaboration partners.

During the Track Record Period, we collaborated with universities and research institutions to conduct R&D on certain technologies and shared certain R&D results. We may enter into similar arrangements with our collaboration partners and other third parties in the future. Should the arrangements not be clearly articulated, they could lead to limited use of relevant shared R&D results, and the ownership of such shared R&D results may be unclear. There is no assurance that our relevant counterparties would not advertently or inadvertently misuse the R&D results that we collaboratively form, or advertently or inadvertently misappropriate the R&D results owned solely by us and that are incidentally shared during our collaboration with them. Our business, financial condition and results of operations may be adversely impacted if any of the aforementioned incidents happens.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our business depends on our ability to protect our intellectual property rights. If we are unable to adequately protect our intellectual property rights or other proprietary rights, we may not be able to compete effectively and our business, results of operations and financial condition could be materially and adversely affected.

Our success depends in part on our intellectual property rights and proprietary technology. We rely primarily on a combination of patents, trademarks, copyrights and trade secret protection and confidentiality agreements to protect our intellectual property rights and proprietary technology. As of December 31, 2025, we owned 69 registered patents, 64 patent applications in China and two patent applications in the United States. As of the same date, we had 190 IC layout design registrations and 21 registered trademarks in China (including three in Hong Kong Region). See "Business — Intellectual Property" for more details. However, we may be unable to protect our intellectual property rights and proprietary technology in all instances, or our competitors may develop similar or more competitive technology independently. There is also no assurance that we are 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.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. Moreover, the patent position of analog chips providers like us may be uncertain because it involves complex legal and factual considerations. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with any meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords is limited. For example, in China, invention patents and utility model patents are valid for 20 years and 10 years from the date of application, respectively. If we fail to extend the life of our patents, we may face competition for any approved products or solutions even if we successfully obtain patent protection once the patent life has expired for the product or solution.

NIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. If our patent rights are compromised, we may lose market share to our competitors.

Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may be subject to intellectual property infringement and other claims by third parties in China or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

Our success depends on our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Other parties may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. During the Track Record Period, we did not receive any claims from intellectual property rights holders. Companies holding patents or other intellectual property rights may, in China or other jurisdictions, bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. In the event of an adverse decision in such lawsuits, we could be required to withdraw the product or products found to be infringing from the market or redesign products offered for sale or under development. We may also be subject to liability due to the misconduct of our employees in relation to third party IP rights. Our use of trademarks relating to our design, software, and technology could be found to infringe upon existing intellectual property rights owned by others. If we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages to the rights holders or the customers who purchased our products;
- redesign our products; or
- establish and maintain alternative branding for our products.

Any intellectual property-related claim against us, with or without merit, could result in costly litigation, diversion of our management's attention and resources, or a requirement for us to pay significant damages or enter into costly license agreements, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to protect our trade secrets.

In addition to our existing intellectual property rights and/or applications (such as issued patent and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners may intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

RISKS RELATING TO OUR OPERATIONS AND INDUSTRY

The power device industry and audio IC industry are highly competitive. If we are not able to compete successfully, our business, results of operations and future prospect will be harmed.

The power device industry and audio IC industry are characterized by rapidly changing technologies as well as technological obsolescence. Significant technological advancements in alternative semiconductor materials could render our existing or future power devices, audio ICs, and codecs 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 power device and audio IC products may increase substantially in the future. For example, leading international power semiconductor companies have built substantial competitive advantages over the years through strong financial resources, advanced technologies, long-term customer relationships and well-recognized brands, enabling them to dominate key market segments and maintain high barriers to entry. Meanwhile, domestic competitors have been accelerating their development, supported by increasing R&D investments and government policy support. If our power device and audio IC products fail to secure sufficient market share in the competition in the course of commercialization, or if the commercialization does not meet our or the market's expectations, we may not be able to recover our costs, and our business, results of operations and future prospects will be harmed.

In addition, the power device industry and audio IC industry are marked by intense competition. The introduction of new products and technologies by our competitors, the market acceptance of products based on our new or alternative technologies, or our failure to anticipate or timely develop new or enhanced products or technologies in response to changing market demand, whether due to technological shifts or otherwise, could result in loss of customers and reduced competitiveness. Our company focuses on the automotive, energy and industrial, and consumer electronics sectors, which means we face more intense competition. Take the automotive sector as an example, amid growing competition, we are required to strike a balance between "quality, price, and functionality", which leaves us with very little room for error. Moreover, some of our direct and indirect competitors may have greater resources and certain advantages, including but not limited to longer operating history, better financing capabilities, well developed technologies and intellectual properties, more efficient sales and marketing and stronger customer relations. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

If we are unable to deliver high-quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our products is crucial to our future financial prospects. As a virtual IDM company, while have established cooperative arrangements with multiple third-party service providers for packaging and testing, we have limited control over the production process to timely meet our customers' shipment orders. Compared with other competitors, this approach enables us to leverage production capacity to largely ensure customer demand for our products, however, we cannot guarantee our production capacity will always meet the evolving demands of our customers.

As a result, we may face difficulties in managing production capacity and meeting delivery deadlines in the event of a surge in customer demand. If any of 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. For example, a decline in yield rates would adversely affect our production efficiency and product quality. We may also experience delays in shipments caused by our third-party logistic service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if our suppliers experience any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to provide raw materials in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

Furthermore, there can be no assurance that we will be able to maintain good relationships with, or renew our agreements with, these third-party service providers on commercially reasonable terms, if at all. If we fail to continue our cooperation with these third-party service providers, or if their business or operations are interrupted or fail due to factors beyond our control, including geological events such volcanic eruptions, earthquakes, hurricanes or other such natural disasters, and we fail to find comparable alternatives on reasonable terms, our business may be materially and adversely affected.

We may not have full control over the quality, availability and costs of our manufacturing, packaging, testing and assembly service providers.

In 2023, 2024 and 2025, our cost of sales amounted to RMB396.0 million, RMB370.3 million, RMB527.2 million, respectively. We engage third-party service providers to perform manufacturing, packaging and testing services for our power device and audio IC products. Our inability to secure qualified service providers for such services may impair our ability to complete project deliverables in a timely and effective manner. We have implemented strict quality control processes to oversee the production activities of these service providers. However, our oversight and quality inspections of the service providers' performance may not always be fully effective in ensuring compliance with our service quality standards.

We face potential legal liabilities if: (i) our oversight of the service providers' operations is inadequate; or (ii) the service providers violate applicable laws, rules or regulations, including those relating to environmental protection, occupational health and safety. Such violations may result in adverse consequences for the service providers, including the delay or denial of renewal of their relevant registrations or licenses, or even the revocation thereof.

In addition, our engagement of third-party service providers exposes us to risks arising from the service providers' non-performance, delayed performance or performance that fails to meet contractual standards. In the event of such occurrences, we would need to engage alternative service providers, which would result in additional costs. We may also incur extra expenses or be held liable due to: (a) delays in project schedules caused by the service providers; (b) defects in the services or products delivered by the service providers; or (c) accidents involving the service providers' employees that result in personal injury or death. Any of the foregoing events could have a material adverse impact on our profitability, financial condition and operating results, and may also lead to litigation against us or claims for damages.

We rely on third-party distributors for sales and delivery of our products, and any deterioration in our relationships with them or their failure to perform could materially and adversely affect our business, financial condition and results of operations.

A significant portion of our sales is conducted through third-party distributors. For our power device products, we primarily serve major customers directly and largely rely on our in-house teams to provide technical support and conduct marketing activities. Distributors in such cases mainly provide warehousing, logistics and settlement functions. Our power devices are typically selected based on specific industry applications or customer verticals, and our success in those segments is more closely tied to our distributors' performance.

During the Track Record Period, a significant portion of our revenue was generated through sales to distributors. For the years ended December 31, 2023, 2024 and 2025, our total sales to distributors amounted to approximately RMB128.4 million, RMB105.0 million and RMB144.7 million, representing approximately 29.7%, 27.4% and 26.7% of our total revenue for the same periods, respectively. Given this level of dependence, any significant change in our distributors' performance, strategy or financial condition may materially impact our ability to generate sales. However, we do not have control over their business strategies, operational priorities or allocation of resources, and some may also distribute products that compete with ours. If any of our distributors fail to prioritize our products, expand their coverage, or maintain end-customer relationships, or if they decide to reduce or cease cooperation with us, our sales performance may suffer.

In addition, we may not be able to renew distribution agreements or secure new distributors on commercially favorable terms, particularly as we compete with other IC and power device provider offering similar or more attractive commercial incentives, such as longer credit terms or higher margins.

Moreover, we are exposed to credit risk, as certain distributors are granted credit periods for payment. Any deterioration in their financial condition or delay in payment may adversely affect our cash flow and working capital.

We rely on our major customers and this may expose us to risks relating to fluctuations or decline in our revenue.

We generate a majority of our revenue from a limited number of major customers. In 2023, 2024 and 2025, our five largest customers accounted for approximately 45.8%, 42.2% and 48.3% of our total revenue, respectively. Our single largest customer accounted for approximately 15.8%, 11.6% and 20.9% of our total revenue for the same periods, respectively.

Given this customer concentration, our business and financial performance are highly dependent on the continued purchases by, and relationships with, these customers. Our customers may alter their purchasing volumes or terminate their engagement with us due to a variety of reasons, including internal procurement adjustments, changes in end-customer demand, intensified competition, product performance issues, or their own operational or financial challenges. As a result, there is no assurance that any of our major customers will continue to place orders with us at the current levels or at all.

Any loss of a major customer, or a material reduction in orders from such customers without timely replacement, could lead to a substantial decline in our revenue and cash flow, and may materially and adversely affect our business, results of operations, financial condition.

The third-party foundries from which we procure wafers may be unable to obtain the materials and components necessary for our business operations in a timely manner and at a reasonable cost, or experience disruption in providing wafers, which may adversely affect our revenue and profitability.

The power device industry and audio IC industry have experienced a very large expansion of fabrication capacity and production worldwide over time. As a result of increasing demand from semiconductor and other manufacturers, availability of certain basic materials and supplies, such as chemicals, gases, polysilicon, silicon wafers, ultra-pure metals, lead frames and molding compounds, and subcontract services, like epitaxial growth and ion implantation, have from time to time, over the past several years, been in short supply and could come into short supply again if overall industry demand continues to increase in the future. In addition, from time to time natural disasters can lead to a shortage of some of the above materials due to disruption of the manufacturer's production. Any shortage in supplies could affect the price of the above basic materials, in particular Si, and could reasonably affect our results of operations. Furthermore, as raw material purchase price is not only affected by the above materials and supplies, but also by the manufacture processes, technologies and services provided by the foundries, insufficient volume to secure priority ordering and technologies at foundries or any disruption of foundry services could occur as a result of production constraints on the foundries from which we procure manufacturing services, which could have a materially adverse effect on our business operations and our results of operations.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals and approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts. Future acquisitions and the subsequent integration of new assets and businesses into our own may entail a number of risks, including:

- increased operating expenses and capital need;
- share dilution from the issuance of additional securities;
- incurrence of debt, goodwill impairment charges, amortization expenses for other intangible assets and contingent or unforeseen liabilities;
- diversion of our management's attention and resources from our existing business in the pursuit of such acquisition;
- frictions in the assimilation of operations, talents, intellectual property and products of an acquired business; and
- loss of key personnel and business relationships as a result of such acquisition.

We may also in the future enter into strategic cooperation with various third parties. Strategic cooperation with third parties could subject us to a number of risks, including:

- disclosure or misappropriation of proprietary information;
- defaults including breach of covenants, non-performance by the counterparty; and
- negative publicity related to these third-parties or such strategic cooperation.

If we fail to address the risks related to our future acquisitions and subsequent integration of new assets and businesses, we may not be able to realize the anticipated benefits of such acquisitions and our reputation, business, financial condition and results of operations may be adversely affected.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions, and investment restrictions.

Our operations may be negatively affected by trade policies, sanctions and export controls regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, regulation of economic and labor conditions, increased duties, taxes and other costs. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our business partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

For instance, in recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the BIS. These regulations are designed to restrict the access of certain Chinese companies to sensitive U.S. technologies, particularly in industries like telecommunications, artificial intelligence, and semiconductors. In addition to the United States, various other governments are also imposing controls, licensing requirements and restrictions applicable to exports to China, with specific focus on high-tech goods and services. These types of restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our solutions.

With respect to U.S. export controls, in October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") aimed at restricting China's ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced semiconductors. In October 2023, BIS issued another interim final rule (the "**BIS October 2023 IFR**") that updated and expanded U.S. export controls imposed by the BIS October 2022 IFR (collectively, the "**BIS 2022/23 IFRs**"). Among other measures, the BIS 2022/23 IFRs add to the Commerce Control List (which is a list of commodities, software, and technologies that are subject to the EAR's more restrictive controls) certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits, and impose new or expanded license requirements for items subject to the EAR destined for an end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in certain jurisdictions, including China. These restrictions have particularly impacted Chinese companies involved in the development and manufacturing of cutting-edge technologies.

In addition to the restrictions introduced by the BIS 2022/23 IFRs, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. These lists may be updated unpredictably, and once a party is added to the Entity List, it becomes subject to severe restrictions on access to certain U.S.-origin goods and technologies. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations. As these export controls laws and regulations continue to expand and evolve, future export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us.

Additionally, these regulatory risks are compounded by the uncertainty and fluidity of international trade policies and the evolving nature of domestic regulations in key markets. Governments around the world are increasingly focusing on national security concerns, data privacy, and the protection of critical infrastructure, leading to more stringent regulations in areas such as cybersecurity, data governance, and intellectual property protection. The growing complexity of these regulatory environments, combined with the shifting geopolitical landscape, means that our ability to predict and adapt to future sanctions, export controls, and trade restrictions may be increasingly challenged, potentially affecting our competitiveness and operational flexibility.

Changes in international trade and investment policies, escalations of tensions in international relations, and increased scrutiny from customs and other authorities-particularly with regard to China — could materially and adversely impact our business and operating results. There have been heightened tensions in international relations in recent years, particularly with regard to China, which has resulted in and may continue to cause changes in international trade policies and additional barriers to trade. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it difficult to predict future developments regarding tariffs and other trade restrictions.

Recent developments in international trade relations have led to increased tariffs on multiple product categories across several of our operating markets. Notably, in April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. In April 2025, China and the European Union also announced higher tariff rates on U.S. goods entering their borders. As our business model involves cross-border trade, these tariff measures may increase import costs for goods we sell, which could adversely affect our competitiveness, business, financial condition, or operating results. On May 12, 2025, China and the U.S. agreed to a temporary de-escalation of bilateral tariffs. The U.S. reduced additional tariffs on the majority of Chinese exports from 145% to 30%, while China lowered its additional tariffs on U.S. goods from 125% to 10%. Other planned tariff increases have been temporarily suspended. On June 10 and 11, 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on April 2, 2025. Although certain low-value shipments may qualify for the de minimis exemption under U.S. customs regulations, the exemption threshold does not cover most of our shipments, and thus has limited mitigating effect. If U.S. authorities tighten eligibility or enforcement, our end customers may still face higher costs. Despite this short-term easing, global trade tensions remain elevated and may continue to escalate which may affect global trade and economic conditions. It is possible that additional trade policy measures including new tariffs, import/export restrictions, or technology controls may be implemented. Any such developments could create additional challenges for a business involving cross-border trade like ours. In addition, the current U.S. tariff regime, including elevated tariffs on imports from China, may adversely affect our plan to use a portion of the **[REDACTED]** from the

[REDACTED] to invest in production centers and supply chain hubs in regions such as the United States. If tariffs increase further or are applied to a broader range of components or equipment used in these facilities, our ability to realize the intended cost and delivery benefits may be undermined.

More generally, any unfavorable future actions or escalations by countries and regions in which we operate, such as the imposition of tariffs, quotas, embargoes, safeguards, customs restrictions, capital controls and other restrictions, may affect the demand for our products and solutions, impact the competitive position of our solutions, increase our costs, or cause delays in the shipment and delivery of products, any of which could affect our business and financial condition. In response to any such future actions or escalations, we may have to change our business model and practices, and there is no guarantee that we may be able to do so successfully in a timely manner or at all. Any failure to do so may materially and adversely affect our business, financial condition and results of operations, and could lead to the temporary suspension of our operations in certain jurisdictions.

On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the "**ANPRM**") providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "**Final Rule**"). The Final Rule became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to notify, certain investments in Covered Foreign Persons, which are defined as "covered transactions," and include acquisitions of equity interests that are not yet publicly traded, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand the set of technologies and investment types of concern. These rules may limit our ability to engage in certain kinds of business operations; they may also limit our ability to raise capital from U.S. and other sources if we engage in the development of such technologies of concern. As advised by the International Sanctions Legal Adviser, engaged by us in connection with the foregoing matters, our business constitutes "covered activities" (as defined in the Final Rule) and we may be deemed as a covered foreign person. However, potential U.S. person's **[REDACTED]** in us would not constitute prohibited transactions because our IC design does not meet those parameters specified in the prohibited scope. Relevant investment may nevertheless constitute a "notifiable transaction" under the Final Rule, as the design of any IC outside the prohibited parameters is captured within the activity scope of notifiable transaction. In addition, even though U.S. persons' acquisitions of certain publicly traded securities (such as our H shares) will be exempted from the scope of covered transactions under the Final Rule, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this **[REDACTED]** given that relevant laws, regulations, and policies continue to evolve. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our H shares may significantly decline, or in extreme cases, become worthless.

Expiration of, or changes to, certain government incentives, government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

During the Track Record Period, we recorded government grants of RMB5.2 million, RMB9.7 million and RMB201 thousand in 2023, 2024 and 2025, respectively, which mainly consist of subsidies received from government in support of our R&D projects and activities carried out in IC and power device industry and high-technology advancement.

The availability, scope and amount of such preferential treatments are subject to periodic review and discretionary approval by relevant government authorities and may be modified or discontinued due to changes in applicable laws, policies, government budget allocations or regulatory priorities. We cannot assure that we will continue to receive government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatments, in which case our business, financial condition and result of operations may be materially and adversely affected.

Downturns or volatility in general 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 general 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 the 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. Any adverse changes in economic conditions, including any recession, economic slowdown or disruption of credit markets, may also lead to lower demand for our products. In addition, financial difficulties experienced by our suppliers or distributors 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.

We depend on the continued services and performance of our executives, senior management and other key employees, including core R&D personnel and skilled engineers. If we are unable to recruit, retain and motivate any of them, our business, operating results and financial condition may be adversely affected.

Our future performance depends on the continued services and contributions of our executives, senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and innovations, perform effective product design, and R&D. We also rely on our experienced management team to ensure smooth business operations, including maintenance of distributor and supplier relationships, and management of our operations. Any loss of service of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results.

From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also require significant amounts of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the power device and audio IC sector. However, we cannot assure you that we will be able to develop or retain qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

Our brand and reputation in the industry 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. Maintaining and enhancing our brand depends largely on our ability to continue to provide quality products, which we cannot assure you we will do successfully. Quality issues, product performance, reliability and stability of our products as well as price may harm our reputation and brand, and we may introduce new products which might be poorly received by our downstream customers. We cannot assure you that our marketing spends will lead to increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See "Business — Data Security and Privacy." The secure maintenance of such data is critical. Despite our data security and protection measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties may materially and adversely affect our business.

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. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, including, but not limited to, 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.

We have granted, and may continue to grant, certain awards under our share incentive plans, 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 plans including share-based compensation for the benefit of our Directors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024 and 2025, we incurred equity-settled share-based transactions of RMB20.8 million, RMB12.6 million and RMB9.9 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. 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 plan 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.

Our power devices and audio ICs may be subject to warranty, indemnity and/or product liability claims, which could result in significant costs and damage to our business, reputation and downstream customer relationships, market acceptance of our products, financial conditions, results of operations and prospects.

Power device and audio IC products are highly complex and may contain defects that affect their quality or performance. Failures in our products could result in damage to our reputation for reliability and increase our legal or financial exposure to third parties. If any of our products contain defects, we may be required to incur additional development and remediation costs pursuant to warranty and indemnification provisions in our contracts and purchase orders. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our downstream customers, including liability for costs and expenses associated with product defects, including recalls, which may adversely impact our operating results. We may also be subject to third parties' alleging damages resulting from use of our products. Those users may seek indemnification from us. In certain cases, our potential indemnification liability may be significant.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, 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. Insurance companies in China do not currently offer as extensive insurance products as insurance companies in other more developed economies do. As such, we cannot insure against certain risks related to our assets or business even if we desire to.

We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured occurrence of including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may result in our incurring substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

We typically do not allow customers to return or exchange products except that returns may be permitted for defective products resulting from our faults or when an agreement for return has been reached through negotiations with us. 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 customer support specialists 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, technical support or maintenance assistance in a timely manner. Because technical support and maintenance assistance is complex and case-specific, we may not be able to modify the future scope and delivery of such services as our business and product portfolio develop. Under such circumstance, we may fail to compete with changes and updates in the technical services provided by our competitors.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See "Business — Licenses, Permits and Approvals." We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity are relatively new and continuously evolving. Please see "Regulatory Overview — Laws and Regulations on Cyber and Data Security" for further details. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to risks relating to commercial litigations and disputes, which could adversely affect our business, prospects, results of operations and financial condition.

We may be subject to disputes or claims of various types brought by our competitors, employees (including former employees), suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such claims and disputes may evolve into litigations and damage our reputation and goodwill, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Litigation is distractive and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert management team's attention from our day-to-day operations, any of which could harm our business. In addition, we may need to spend a significant amount to settle claims or pay damages if we lose a lawsuit, which could have a material and adverse effect on our business, financial condition and results of operations.

Our operations may be delayed or interrupted and our business could suffer if we or the third-party foundries we cooperate with fail, or are alleged to have failed, to comply with any existing or new environmental, occupational or safety regulations.

We are subject to a variety of environmental, occupational or safety regulations globally relating to the use, discharge and disposal of toxic or otherwise hazardous materials used in our production processes and may be subject to the same regulations relating to the production processes of third-party foundries we cooperate with, as we operate with a virtual IDM model, focusing on the design process and outsource the manufacturing to foundries. Any failure or any claim that we or the third-party foundries we cooperate with have failed to comply with these regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business. In addition, any failure of us, or the third-party foundries we cooperate with, to comply with these regulations could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations. We may become subject to legislation, regulation, or treaty obligations designed to address global climate change, air quality in China, and other environmental concerns. Compliance with any new rules could be costly, causing us to incur additional energy and environmental costs, as well as costs for defending and resolving legal claims.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war, terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

RISKS RELATING TO OUR FINANCIAL CONDITION

We incurred net losses during the Track Record Period and we may continue to incur losses, and we may not be successful in expanding our operations or managing our growth.

For the years ended December 31, 2023, 2024 and 2025, we recorded gross profit of RMB36.8 million, RMB12.9 million and RMB14.3 million, respectively. In the same periods, we recorded loss for the year and period of RMB151.4 million, RMB183.9 million and RMB206.9 million, respectively, primarily due to (i) our significant investment in R&D, (ii) the cyclical downturn in the PRC power device and audio IC industry, which led to (a) intense competition among semiconductor companies, promoting us to adjust our product pricing to stay competitive, and (b) reduced demand from downstream end customers as they underwent a destocking phase, which caused our inventory turnover to slowdown and inventory aging to increase, leading to impairment losses on inventories. Please see "Financial Information — Description Of Certain Consolidated Statements Of Profit Or Loss And Other Comprehensive Income Items" for more information.

We cannot assure you that we will be able to generate profits in the future. Our ability to achieve future profitability depends largely on our ability to manage our costs and expenses. We intend to control our costs and expenses but cannot assure you that we will achieve this goal. We may experience net losses in the future as we further substantiate our long-term strategies, which may negatively influence our short-term financial performance. In addition, our ability to achieve and sustain future profitability is affected by various factors, some of which are beyond our control, such as regulatory developments or competitive dynamics in the industries we operate in. In addition, we expect our costs and other operating expenses to increase as we expand our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis.

We incurred net liabilities, net current liabilities and operating cash outflows during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

As of December 31, 2023 and 2024, we had net liabilities of RMB143.7 million and RMB299.1 million, respectively. The increase was primarily due to the increase in redemption liabilities and increased procurement to support our business expansion. In addition, we recorded net current liabilities of RMB174.6 million and RMB340.9 million as of December 31, 2023 and 2024, respectively, mainly attributable to the increase in our redemption liabilities, resulting from the new issuance of equity instruments with redemption rights to investors from 2023 to 2024. A net liabilities position can expose us to liquidity and financial risks. This in turn could require us to seek financing from external sources such as debt issuance and bank borrowings, which may not be available on terms favorably or commercially reasonable to us, or at all.

Further, we incurred negative operating cash flows of RMB250.9 million, RMB125.6 million and RMB80.2 million for the years ended December 31, 2023, 2024 and 2025, respectively. We may experience negative operating cash flows in the future, which may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek additional financing from our H Shares, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operation, and prospects.

If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Fair value change for financial assets measured at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs may adversely affect our results of operations and financial condition.

We made investments in certain financial products during the Track Record Period. Our financial assets primarily consist of structured deposits with low risks issued by banks in China. See Note 41 to the Accountants' Report set out in Appendix I to this document for more details. We face exposure to fair value change for the financial assets at FVTPL.

Going forward, we may continue to invest in financial products. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, stability of the capital markets and regulatory environment, will result in fair value gains on the financial products we invest in or we will not incur any fair value losses on our investments in the financial products in the future. If we incur such fair value losses, our results of operations and financial condition may be materially and adversely affected. These investments may earn yields substantially lower than anticipated, and the fair values of these financial products may fluctuate significantly, which contribute to the uncertainties in valuation. Any failure to realize the benefits we expected from these financial products may materially and adversely affect our business and financial condition. In the event that we fail to address any and all uncertainties and risks, we may have limited or no recourse and the value in our investments may decrease.

In addition, if the financial assets we hold under FVTPL yield lower-than-expected returns, experience significant fair value volatility, or ultimately realize values below their carrying amounts due to valuation model limitations or changes in underlying assumptions, our business, results of operations and financial condition may be materially and adversely affected. In the event that we are unable to adequately manage the uncertainties associated with such valuation techniques and inputs, we may have limited or no recourse to mitigate such losses, and the value of our investments may decrease.

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

During the Track Record Period, our trade and note receivables primarily represent receivables from customers for sales of power devices and audio ICs. As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB141.5 million, RMB103.7 million and RMB129.4 million, respectively. The credit period granted to our customers was generally one to three months for our power device and audio IC products from the date of invoice. See "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Trade Receivables" in this document.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstance. For example, our trade receivables turnover days increased from 89 days in 2023 to 123 days in 2024, and decreased to 83 days in 2025. See

"Financial Information" for more details. As a result, we may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories or lose sales.

Our inventories primarily consist of (i) finished goods; (ii) outsourced processing materials, mainly representing semi-processed materials and goods for further testing and packaging; and (iii) returned inventory assets, primarily consisting of estimated amount of future returned goods based on refund liabilities arising from right of return. We have taken measures to optimize our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. As of December 31, 2023, 2024 and 2025, we had gross inventories of RMB196.8 million, RMB214.3 million and RMB237.3 million, respectively, and made provision for inventories amounting to RMB31.2 million, RMB25.7 million and RMB58.3 million, respectively. For 2023, 2024 and 2025, our inventory turnover days were 160 days, 213 days and 170 days, respectively. We depend on our demand forecasts to make purchase decisions for raw materials and consumables and to pace our production progress to manage our inventories. Such demand, however, can change significantly from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and consumables may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively. As our business expands, our inventory level may increase and our inventory obsolescence risk may also increase accordingly. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials and finished goods. We maintain our inventory levels based on our internal forecasts of customers' demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials or finished goods. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. There is no assurance that information relating to the business plans or sales results of our distributors would be reported to us by our distributors timely and accurately. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.

We may not be able to implement our planned growth or development if we are unable to obtain sufficient financial resources to meet our future capital requirements.

Capital requirements are difficult to plan in the highly dynamic, cyclical and rapidly changing semiconductor industry. From time to time and increasingly so for the next few years, we will continue to need significant capital to fund our operations and manage our capacity in accordance with market demand. Our continued ability to obtain sufficient external financing is subject to a variety of uncertainties, including but not limited to, our future financial condition, results of operations and cash flow, general market conditions for financing activities, market conditions for financing activities of semiconductor companies, and social, economic, financial, political and other conditions in China and elsewhere. Sufficient external financing may not be available to us on a timely basis, on reasonable market terms, or at all. As a result, we may be forced to curtail our expansion and modification plans or delay the deployment of new or expanded product lines until we obtain such financing.

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]** in this **[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.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Failure to fully adapt to changes in government policies, laws and regulations, and industry practice guidelines in the the jurisdiction we operate could materially and adversely affect our results of operations and prospects.

Our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in the judridictions we operate. Political and economic policies of governments could affect our business and financial condition. Failure to fully adapt to these changes in policies may adversely affect our growth.

Please see "Regulatory Overview" for details. Laws, regulations and policies related 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 results of operations and prospects may be adversely affected.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee 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 advance approval from SAFE. 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 SAFE or its designated banks.

Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, 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 may not be able to implement expansions as planned.

We intend to maintain our competitive advantages by, among others, expanding our product portfolio, investigating R&D, enhancing our selling and distribution capabilities. Such expansion plans and any other future expansion plans would require significant capital investments in research and development. For details, see "Future Plans and Use of **[REDACTED]**." We expect that we will incur substantial additional costs. As the success of our business expansion plans depends on various factors, many of which are beyond our control, there can be no assurance that we will be successful in implementing our strategies. Even if our strategies are implemented successfully, there can be no assurance that our strategies will lead to successful achievement of our business objectives.

Moreover, we may seek to expand our business through potential strategic investments and acquisition opportunities globally in the future. The success of these endeavors depends on the availability of, and competition for, suitable targets and opportunities, as well as financial resources, including available cash and financing capacity. Moreover, future cooperations, strategic investments, mergers and acquisitions and partnerships may expose us to potential risks, including the diversion of management attention and resources from our existing business and the inability to generate sufficient income to offset the costs and expenses. These endeavors may also result in an increased leverage, sharing of potential legal liabilities in respect of the target businesses, and increased impairment charges related to goodwill and other intangible assets. As a result, we cannot assure you that we will be able to achieve the strategic purpose of any investment, partnership or cooperation, the desired level of control in management decisions of the partnership or our anticipated investment return from such business expansion. If we are unable to implement our expansion plans effectively, our business, financial condition and results of operations may be materially and adversely affected.

In addition, if our management, systems, resources and supporting infrastructure fail to effectively keep up with our planned expansion, we may experience difficulties in managing our growth and operations, and our financial condition and results of operations could be materially and adversely affected.

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

Most of our revenue and expenditures were denominated in Renminbi. We recorded net foreign exchange loss of RMB19.0 thousand in 2023. However, any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations.

Additionally, the net **[REDACTED]** from the **[REDACTED]** will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the **[REDACTED]** from the **[REDACTED]**. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us, thereby adversely affecting our business, financial condition and results of operations. In addition, appreciation or depreciation in the value of the

Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial condition or results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國個人所得税法(2018修正)》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region ("**HKSAR**") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書》) issued by the SAT effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (2018 Amendment) (《中華人民共和國企業所得税法(2018修正)》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your **[REDACTED]** in our H Shares may be materially affected.

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

We are a company incorporated under the laws of the PRC and a substantial portion of our business, assets and operations are located in China. In addition, the majority of our Directors, and executive officers reside in China, and a substantial portion of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

We lease properties in various places as premises. Any non-renewal of leases, substantial increase in rent, or any third-party or government challenge to our leasehold interest may affect our business and financial performance.

We lease properties in various places as premises primarily for our offices, warehouse and R&D laboratories. As of the Latest Practicable Date, we were unable to file the lease agreements for registration with respect to two out of five of our leased properties in China. In particular, the owners of two failed to provide us with valid property ownership certificates or other necessary documents required for the registration, and we were unable to register the lease agreements for these two properties. If these lessors are not the legal owners or have not obtained the proper authorization from the legal owners of such premises, the legal owners of such premises or third-party tenants that have leased from the legal owners will have ground to challenge the validity of our leasehold interest in the affected premises.

Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated 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》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share **[REDACTED]** company upon the completion of the **[REDACTED]**. Failure to complete SAFE registrations may subject them to fines and legal sanctions. 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, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, 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.

Non-compliance with labor-related laws and regulations of the PRC may have an adverse impact on our financial condition and results of operation.

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including basic pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract Law, that became effective in January 2008 and was amended in December 2012, and its implementing rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. If we are subject to severe penalties or incur significant legal fees in connection with labor-related laws and regulations, our business, financial condition and results of operations may be adversely affected.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. According to our PRC legal Adviser, we have complied with the PRC laws and regulations, and relevant requirements issued by the competent authorities by making timely contributions to social insurance and the housing provident fund on behalf of our employees.

On July 31, 2025, the Supreme People's Court issued the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labour Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Under the New Judicial Interpretation, if an employer fails to make mandatory social insurance premiums in accordance with applicable laws for an employee, such employee is entitled to unilaterally terminate the labour contract and demand statutory economic compensation. In addition, the New Judicial Interpretation further clarifies that any agreement betweenan employer and an employee to waive mandatory social insurance premiums, or any undertaking by an employee that such premiums need not be paid, shall be deemed null and void. The New Judicial Interpretation does not expand the scope of penalties or repeal the provisions of existing laws and regulations.

Accordingly, if the relevant Chinese authorities determine that we are required to make supplementary payments for social insurance premiums and housing provident fund, or employees elect to terminate their labour contracts and seek such compensation due to any past or future deficiencies in our social insurance premiums, which could adversely affect our business, financial condition and results of operations.

Failure to comply with the legal obligations concerning data protection and cybersecurity may materially and adversely affect our business.

In the course of our business operations, we collect, store and process business data and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. Given that we only make transactions with enterprises, our business generally does not involve the collection or processing of customers' personal information. See "Business — Environmental, Social And Governance ("**ESG**") — Information Security and Privacy Protection." We are subject to local and overseas laws relating to cybersecurity and data privacy. Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

Our operations are subject to PRC tax laws and regulations.

As a company incorporated in China, we are subject to PRC tax laws and regulations. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and there can be no assurance that an active market would develop, and the price and [REDACTED] volume of our H Shares may be volatile.

Prior to completion of the **[REDACTED]**, there has been no **[REDACTED]** for our H Shares. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares. However, there can be no assurance that an active **[REDACTED]** market for our H Shares will develop or be sustained after completion of the **[REDACTED]**. Pursuant to applicable PRC laws, all of the Shares in issue as of the date of this document will be subject to a **[REDACTED]** period of one year from the **[REDACTED]**. If an active **[REDACTED]** for our H Shares does not develop following completion of the **[REDACTED]**, the **[REDACTED]** and liquidity of our H Shares could be materially and adversely affected. The **[REDACTED]** is the result of negotiations between our Company, the Joint Sponsors and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), which may differ significantly from the **[REDACTED]** at which our H Shares will be traded following completion of the **[REDACTED]**. The **[REDACTED]** of our H Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

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

Future sales or perceived sales of substantial amounts of our H Shares in the **[REDACTED]** could have a material adverse effect on the prevailing **[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 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, 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 shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Although our existing shareholders are subject to restrictions on their sales of H Shares within 12 months from the **[REDACTED]** as described in "History, Development and Corporate Structure." 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 **[REDACTED]** period, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the **[REDACTED]** of our Shares.

In addition, **[REDACTED]** subscribing shares in the **[REDACTED]** 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]** volume of our H Shares.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the price of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be **[REDACTED]** or **[REDACTED]** on an overseas stock exchange, provided that prior to the conversion and **[REDACTED]** of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, **[REDACTED]** and **[REDACTED]** must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the pre-registration of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong

Kong Stock Exchange and delivery of shares for entry on the **[REDACTED]**. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the **[REDACTED]** price of H Shares.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. 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 condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (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.

Our Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders.

Our Controlling Shareholders have 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 the **[REDACTED]** is not exercised), the Controlling Shareholders will continue to control in aggregate approximately **[REDACTED]**% of our total share capital. Therefore, they will remain as our Controlling Shareholders. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders cause 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 Controlling Shareholders and our other Shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

Facts, forecasts and statistics in this document relating to power device and audio IC markets may not be fully reliable.

Certain facts, forecast and statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from the official government sources were not prepared or independently verified by us, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, **[REDACTED]** should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and 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 read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the **[REDACTED]**. Prior to the publication of this document, there has been press and media coverage regarding us and the **[REDACTED]**. 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 you should not.