
RISK FACTORS

An [REDACTED] in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an [REDACTED] in our H Shares.

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisers regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE

The micro- and nanofabrication industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected.

We primarily operate in the highly competitive micro- and nanofabrication industry, currently with over 100 active participants, offering a comprehensive product portfolio primarily encompassing MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems. We compete with both domestic and international companies from many perspectives, including technology innovation, product pricing, product quality and safety, customer acquisition and retention, branding, and talent acquisition. Some of our competitors may have advantages in obtaining financial, technical, and operational resources, which enable them to invest greater resources in R&D, manufacturing, sales and marketing, and customer support for their products and services than we do. Furthermore, they may have a larger customer base and more established market relationships than ours, which enables them to adapt to customers’ demand more rapidly than we do.

The markets of MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems are also subject to constant changes, including technological evolution, launching new solutions and products, and continuous shifts in customer demands. In addition to the existing competitors, we may encounter challenges from new market entrants, including established micro- and nanofabrication solution providers and their subsidiaries, as well as other technology companies. These new competitors may enter the markets with aggressive pricing strategies and novel technologies that make their products achieve higher levels of customer or consumer acceptance than ours, which could significantly affect our market position and growth prospects.

Intense competition from both established players and new entrants can lead to significant pricing pressure, forcing us to lower our prices to remain competitive. This pricing pressure can compress our profit margins, impacting our overall profitability. Furthermore, competitors’ aggressive pricing strategies and continuous product innovations may challenge our ability to maintain or increase sales volumes. If we fail to compete successfully in the markets, our market share may decrease, and our business, results of operations financial condition, and prospects could be adversely affected.

RISK FACTORS

Our future success depends on the timely development, introduction, marketing and selling of new products, which we might not be able to achieve. The development of new and more complex products and technologies can also increase our cost of sales and adversely affect our gross profit margin.

Our competitiveness and future success depend on our ability to predict and adapt to the rapidly evolving market demand and to develop, introduce, market and sell novel MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems in a timely and cost-effective manner. Any failure to introduce these new products and technologies, to achieve design wins, or to otherwise achieve market acceptance in a timely manner and on commercially reasonable terms could harm our business, financial condition and results of operations.

The development of new products and technologies is highly complex, and we may experience unexpected challenges and delays in completing the development and introduction of them. Customers will continue to expect the sophistication of our products to increase, and the number of consumer and industrial products that use MEMS components and semiconductors has continued to grow. This propels us to continue to design and develop products with advanced technologies that can be utilized in a wide range of applications. As our MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems integrate new and more advanced technologies and functions, they become more complex and increasingly challenging to design, develop and produce. Successful product development and technological enhancements depend on a number of factors, including: (i) accurate prediction of market requirements and evolving technical standards; (ii) development of advanced technologies and capabilities; timely development completion and introduction of new products that satisfy our customers' and their end customers' requirements and specifications; (iii) development of products that maintain technological advantages over the products of our competitors; and (iv) market acceptance of our new products.

Accomplishing all of these factors is difficult, time-consuming, and expensive. We may be unable to develop new products or technological enhancements in time to capture market opportunities, satisfy the requirements and specifications of our customers and their respective customers, or achieve significant or sustainable acceptance in new and existing markets. If our competitors develop new products or technologies on a more expedited basis than us or are successful in developing products that are accepted more rapidly and broadly by the markets than our products, we could lose market share. Matching or surpassing technological advances that may be developed by our competitors could require an extended period of time. In addition, our products could become obsolete sooner than anticipated due to a rapid change in one or more of the technologies related to our products or the reduced life cycles of consumer and industrial products. Even if we are able to develop new products and achieve design wins, we may initially experience lower manufacturing yields from them than our other more established products, potentially affecting our gross profit margin at least in the short term. These new products and technologies also often have a higher cost structure than our existing products and technologies as we devote more time and effort to their development, and our suppliers and manufacturers may incur additional costs by acquiring new equipment or components in order to meet our design specifications and capacity requirements.

RISK FACTORS

Our R&D initiatives may fail to keep up with rapid technological changes and evolving industry standards, which may render our products and technologies uncompetitive or obsolete, and demand for our products may decrease, which in turn could harm our business, financial condition and results of operations.

The micro- and nanofabrication industry is subject to constant and rapid changes in technology, constant product and technology upgrade, frequent new product introductions and evolving technical standards. New technologies may be introduced that make the current technologies on which our products are based less competitive or even obsolete or require us to make changes to our technology that could be expensive and time-consuming to implement. Due to the evolving nature of our markets, our future success depends on our ability to accurately anticipate and respond to changes in industry standards, technological requirements, customer and consumer preferences and other market conditions. In 2023, 2024 and 2025, we recorded research and development expenses of RMB72.2 million, RMB56.9 million and RMB63.4 million, respectively. Our technologies could also become obsolete sooner than we expect because of faster than anticipated, or unexpected, changes in one or more of the industry standards and technological requirements. In addition, we may be unable to develop or introduce new or enhanced technologies that satisfy customer requirements and achieve market acceptance in a timely manner or at all, succeed in commercializing the technologies on which we have focused our R&D expenditures to develop, or anticipate new industry standards and technological changes. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers or attract new customers. Any decrease in demand for our products, due to the emergence of competing technologies, changes in customer preferences and requirements or otherwise, could adversely affect our business, results of operations and prospects.

We benefit from business collaboration with our business partners. These relationships may not contribute to significant revenue, and any adverse changes in these partnerships may harm our business, results of operations, and financial condition.

Building and sustaining key alliances is essential for the ongoing growth and prosperity of our business. In 2023, 2024 and 2025, we generated revenue from 239, 272, and 299 customers, respectively, across our three major business lines. If we cannot sustain our current partnerships or fail to establish new, crucial relationships on favorable terms, or at all, we might struggle to promptly secure alternative agreements on acceptable terms and we may face increased costs to develop and provide capabilities offered by our current partners independently, which could negatively impact our business, results of operations, financial condition and prospects.

The results of our collaboration with these third parties are uncertain, and we cannot assure you that these collaborations are going to generate significant revenue. We may face obstacles and delays in our business if our partners fail to meet agreed-upon timelines or encounter capacity limitations. In addition, disagreements over budget or funding for joint development projects could arise between us and our business partners. There is also the potential for future disputes with partners, particularly regarding intellectual property rights. Any of these issues could negatively impact our business, results of operations, and financial condition.

RISK FACTORS

A substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

Historically, a relatively small number of customers accounted for a substantial portion of our revenue. In each of 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period together contributed RMB133.9 million, RMB310.1 million and RMB456.0 million of revenue, respectively, accounting for approximately 46.9%, 54.6% and 52.8% of our total revenue, respectively. Any material delay, alteration, cancellation or reduction of purchase orders from or change in the purchasing patterns of such customers, which may in turn be attributable to changes in their respective customers’ demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

Our business, financial condition, results of operations and prospects will be affected by our ability to retain our existing customers and to attract new customers, as well as on the financial condition and success of our customers, including their ability to retain their respective customers and attract new customers.

We may be subject to significant pricing pressures from our customers, which could adversely affect our revenue, margins and overall profitability.

We operate in a competitive industry where pricing is a key factor in customer procurement decisions. Many of our current and target customers, particularly MEMS sensor manufacturers, major chipmakers and independent semiconductor testing service providers, have significant bargaining power due to their scale, centralized procurement structures, and stringent performance and pricing requirements. In some cases, customers may demand us to make pricing concessions over the course of a product’s lifecycle. These pressures may be further exacerbated by growing competition in the supply of MEMS micro- and nanofabrication components, semiconductor test probes and miniature transmission systems and the limited number of MEMS sensor manufacturers, chipmakers and independent semiconductor testing service providers in the market.

If we are unable to achieve sufficient cost savings or introduce new products with higher margins, our gross margin and overall profitability could be materially and adversely affected. Sustained pricing pressure may also limit our ability to invest in innovation, expand our operations, or improve long-term competitiveness.

Increases in the costs of materials and other components used in our products would adversely affect our business, results of operations, and financial condition.

Significant changes in the markets in which we purchase materials and supplies for the production of our products may adversely affect our profitability. Historically, we have faced rising prices for key raw materials like copper, and price volatility for others such as stainless steel, nickel, and iron ore. We are seeking to adjust the prices charged to our customers to offset these cost increases, but anticipate that, despite such price increases, our gross profit margin may decrease, at least in the short term, as a result of these cost increases. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers, and, even where we are able to achieve price increases that would offset such increased costs, in some cases there may be a delay before we are

RISK FACTORS

able to do so. The inability to pass on price increases to our customers when raw material or component prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations, and financial condition.

Any change, reduction or cancellation of orders from our customers could negatively impact our operating results.

Although we have long-term or minimum purchase commitments with certain of our customers, it is a customary business practice in the micro- and nanofabrication industry for suppliers like us to permit such cancellation or rescheduling in order to maintain good relationships with a customer or for other business reasons. As a result, we depend on our demand forecasts for various kinds of products to make manufacturing decisions and to manage our inventory. Demand for our products, however, can change significantly between the time inventory is ordered and the date by which we target to sell it. Demand may be affected by seasonality, new product launches, changes in product cycles and pricing, product defects, changes in customer purchasing patterns with respect to our products and other factors, and our customers may not order products in the quantities that we expect. In addition, when we begin selling a new product, it may be difficult to establish supplier relationships, determine appropriate product selection, and accurately forecast market demand. During the Track Record Period and up to the Latest Practicable Date, we have not received any requests from customers to cancel orders that are material to our business operations or financial conditions.

Cancellation of, reductions in, or rescheduling of customer orders could also result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses, as a substantial portion of our expenses are fixed at least in the short term. In addition, under the VMI consignment model, title to the products remains with us until the customer withdraws the products for use. Accordingly, we bear the inventory holding risk prior to consumption, including risks of obsolescence, damage or slow-moving inventory. As of December 31, 2023, 2024 and 2025, we had inventories of RMB70.2 million, RMB98.8 million and RMB103.6 million, respectively. As we plan to continue expanding our product offerings, we may increase our inventory level, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. To weather the impact of rising manufacturing costs and tightening supplies, we may strategically raise our inventory level from time to time, which can cause potential liquidity constraint to our operating cash flow and expose us to greater risk of negative price fluctuations. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross profit margin. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for our products, or if our suppliers fail to supply quality raw materials in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenue. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We depend on the expanding adoption of our products across various emerging addressable markets to drive the growth of our business.

Our products are widely used in applications such as AI, robotics, 5G and consumer electronics. See “Business — Our Products.” During the Track Record Period, revenue generated from sales of MEMS micro- and nanofabrication components to downstream customers within the consumer

RISK FACTORS

electronics and smart devices industry amounted to RMB159.2 million, RMB214.4 million and RMB286.2 million in 2023, 2024 and 2025, accounting for 55.8%, 37.8% and 33.1% of our total revenue for the corresponding years, respectively. Accordingly, the demand for our products is closely tied to market growth and demand from these downstream industries. Any slowdown in the growth of these downstream industries could materially and adversely affect the adoption of our products.

The market growth and downstream demand for our customers’ products, which drive demand for our products, are subject to various factors beyond our control, including macroeconomic conditions, rapid technological developments, evolving industry standards, shifting consumer preferences, regulatory requirements, production cycles, and supply chain constraints. Any delay or slowdown in technological advancements, disruptions in supply chains or failure to comply with regulatory policies may hinder the growth of downstream industries. Any stagnation or contraction in these factors could impact the demand for our products. In addition, we cannot assure you that technological innovation will result in increased customer demand or broader adoption of our products. Any delay in technological advancements or failure of emerging technologies to drive expected downstream market growth could materially and adversely affect our business, financial condition and results of operations. Furthermore, we cannot guarantee that the market trends of downstream industries where our products are deployed will remain favorable in the future. There is also no assurance that the downstream demand for our products will remain at the levels experienced during the Track Record Period or continue to grow. Any decline in the downstream demand or stagnation in the growth of downstream industries could materially and adversely affect our business, financial condition and results of operations.

Our lengthy and complex product cycle, including designing and testing, in addition to our customers’ qualification and design cycle, may result in uncertainty and delays in revenue generation.

The production of our products requires a lengthy manufacturing and packaging process. Additional time may pass before a customer commences taking volume shipments of products that incorporate our products. Even when a manufacturer agrees to design our products into its products, it may not deliver final products incorporating our products. See “— Our customers and/or end customers may require our products to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our products with a customer, our business, financial condition and results of operations could suffer.”

Given this lengthy cycle, we may experience a delay between the time we incur expenditures for R&D and sales and marketing efforts and the time we generate revenue, if any, from these expenditures. This delay makes it more difficult to forecast customer demand, which adds uncertainty to the manufacturing planning process and could adversely affect our business, financial condition and results of operations. In addition, the product life cycle for certain of our products designed for use in certain applications can be relatively short. In particular, our MEMS components and miniature transmission systems typically have a useful life of two to five years, depending on application environment and usage conditions, while our semiconductor testing probes and test sockets are measured by testing cycles rather than time duration, with typical useful life ranging from 600,000 to 1,000,000 test cycles before replacement is required. If we fail to appropriately manage the manufacturing and packaging process, our products may become obsolete before they can be incorporated into our customers’ products and we may never realize a return on investment for the expenditure we incur in designing, developing and producing these products.

RISK FACTORS

Our customers and/or end customers may require our products to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our products with a customer, our business, financial condition and results of operations could suffer.

Prior to purchasing our products, our customers and/or end customers require that our products undergo extensive qualification processes, which involve testing of our products in the customers’ systems, as well as testing for reliability. This qualification process may continue for several months. For instance, our project initiation stage typically takes one to two months, our design stage may span three to six months, and the final pilot to mass production transition stage might require 12 to 18 months to establish manufacturing processes, scale up production, and achieve stable mass production output. See “Business — Research and Development — Overview — R&D Processes” for details. After our products are qualified, it can take several months or more before the customer commences volume production of components or systems that incorporate our products.

Moreover, qualification of a product by a customer does not ensure final sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our manufacturing process or our selection of a new supplier may require a new qualification process with our customers, which may result in delays and our holding excess or obsolete inventory. Despite these uncertainties, we devote substantial resources, including R&D, sales, marketing and management efforts, to qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, sales of those products to the customer may be precluded or delayed, which may harm our business, financial condition and results of operations.

Our success depends on our ability to achieve design wins and to convince our current and prospective customers to design our products into their product offerings.

Our success has been, and will continue to be, dependent upon manufacturers and their customers designing our products into their own products. To achieve design wins, which are decisions by manufacturers and their customers to design our products into their systems, we must define and deliver cost effective and innovative products on a timely basis that satisfy the manufacturers’ and their customers’ requirements and specifications. Our ability to achieve design wins is subject to numerous risks including competition from other products, the compatibility of our products with newly developed technologies or designs used in the end products, as well as delays in our product development cycle. Even if our products meet our customers’ requirements and specifications, we may not eventually succeed in achieving a particular design win due to factors out of our control, such as the customers’ pre-existing relationship with a particular supplier or other business considerations. If we do not achieve a design win with a prospective customer, it may be difficult to sell our products to such prospective customer in the future because once a manufacturer has designed a supplier’s solutions into its systems, it may be reluctant to change its source of components due to the significant costs, time, efforts and risks associated with qualifying a new supplier and, in many cases, modifying its design platforms. In addition, there is no guarantee that we will be able to continue to achieve design wins with customers with whom we have achieved design wins in the past. As manufacturers take on new projects, there is no obligation on their part to continue to design our products into their product offerings. Accordingly, if we fail to achieve design wins with key customers, our market share or revenue could be adversely affected. Furthermore, to the extent that our competitors secure design wins, our ability to grow our business in the future will be impaired.

RISK FACTORS

In addition, the selection process for micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems to be included in our customers’ product offerings is typically lengthy and may require us to incur significant design and R&D expenditures and dedicate scarce engineering resources in pursuit of a single design win with no assurance that our products will be selected. Because of our extended product life cycle, our revenue in future years is highly dependent on design wins we are awarded in prior years. It is possible that a design win will not result in meaningful revenue until one year or more or later, or at all. If we do not continue to achieve design wins, our revenue in the following years may deteriorate. Further, a significant portion of our revenue in a given 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 the production of the customer’s products into which our products are designed could adversely affect our business, financial condition and results of operations.

Price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.

We have experienced, and expect to continue facing, downward pressure on the prices of our products due to increasingly competitive conditions in the verticals we serve. Unless we can increase unit sales volume or successfully introduce higher-value offerings, our revenue derived from existing products may decline. We expect to continue increasing, our research, development and related expenses in the long-term to develop new products with more advanced features that can be sold at higher selling prices and/or manufactured at lower cost. However, if we are unable to do so in a timely manner, or if we are unable to successfully develop more cost-effective technologies, our financial results could be adversely affected. Sustained pricing pressure could adversely affect our gross profit margin. If we are unable to offset declining prices through cost reductions or product improvements, our profitability will be negatively impacted, which could materially affect our business, financial condition and results of operations.

If we are unable to recruit, train and retain qualified personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected.

Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly scientists, engineers, technicians and sales and marketing personnel with substantial experience in the micro- and nanofabrication industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our R&D departments, managerial and operating systems, sales and marketing teams and other functionalities also depends on the hard work and quality performance of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives.

As of December 31, 2025, we had 896 full-time employees, a majority of whom worked in our R&D, manufacturing, quality control, and sales and marketing divisions. Competition for these personnel with the appropriate qualifications in the micro- and nanofabrication industry can be intense, and we may experience difficulty in hiring and retaining such candidates. Failure to obtain stable and skilled personnel and other labor support may lead to underperformance of these functions and cause disruption to our business. Furthermore, our cost structure is vulnerable to increase in labor costs. In 2023, 2024 and 2025, we incurred labor costs of RMB42.9 million, RMB91.4 million and RMB130.2

RISK FACTORS

million, respectively, accounting for 19.0%, 19.1% and 18.4% of our total cost of sales for the corresponding years. If the compensation package we offer is not competitive in the market, we may not be able to provide sufficient incentives to or maintain a stable and dedicated talent pool. Any failure to address these risks and uncertainties could materially and adversely affect our business and results of operations. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in international trade policies and investment restrictions, including imposition of additional trade restrictions and sanctions, may adversely impact our reputation, business, investments, financial condition and results of operations.

International expansion is a significant component of our growth strategy and may require significant capital investment, which could strain our resources and adversely impact our operations and financial performance. Our revenue generated from overseas market increased from RMB68.1 million in 2023 to RMB136.9 million in 2024 and further to RMB254.2 million in 2025. We are subject to PRC law in addition to the laws of the foreign countries and regions in which we operate. If any of our operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business, financial condition and results of operations.

In addition, we may face difficulties in managing our third-party suppliers and other business partners on a global scale. Any negative changes in the global geopolitical environment may materially and adversely affect our ability to secure stable supplies from our suppliers and, more generally, our ability to conduct our business. The following are some of the risks inherent in doing business globally that may not be applicable to companies focused on one single geographic market:

- difficulties in developing, staffing and simultaneously managing an overseas operation as a result of distance, language and cultural differences;
- challenges in formulating effective local sales and marketing strategies targeting users from various jurisdictions and cultures;
- geopolitical turmoil and instability in the regions where we operate, and any resulting disruption, instability or volatility in the global markets and industries resulting from such conflicts;
- political or social unrest or economic instability within a country or region;
- transportation and communication delays;
- longer customer payment cycles;
- the adverse effects of tariffs, duties, price controls, embargos or other restrictions that impair trade;
- currency exchange rate fluctuations;

RISK FACTORS

- decreased visibility as to future demand;
- difficulties in trade receivables collections;
- compliance with applicable foreign laws and regulations and unexpected changes in laws or regulations, including compliance with labor practices, environmental laws, and compliance costs across different legal systems; and
- claims and lawsuits, including class actions, brought against us from courts or regulators of other jurisdictions, which could materially and adversely affect our reputation, business and results of operations. See “— We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.”

Recent trade tensions, such as the ongoing U.S.-PRC trade dispute, have potentially led to high tariffs, increased export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. Throughout 2025, the U.S. government announced several rounds of additional tariffs on imports from China under the International Emergency Economic Powers Act (“IEEPA”). These tariffs were ruled unlawful by the U.S. Supreme Court on February 20, 2026. In response, the President suspended collection of such IEEPA-based duties and imposed a temporary 10 percent ad valorem import surcharge for a 150-day period on goods imported into the United States, effective February 24, 2026, with certain product exceptions. There is still a high degree of uncertainty surrounding U.S. tariff policy, how it will be implemented, and how other countries will react to it. It also remains unclear whether increased tariffs and trade tensions will further disrupt international trade or lead to a downturn in the global economy. If any new tariffs, legislation, or regulations are implemented, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

In recent years, the U.S. has increased export controls restrictions on the PRC including by adding increased controls to the Export Administration Regulations (the “**EAR**”), which includes a list of foreign persons on which certain trade restrictions are imposed (the “**Entity List**”). The export, re-export and/or in-country transfer of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. In the past, certain of our customers have been added to the Entity List, and in some cases, a license has been required for the export, re-export, and in-country transfer of items to these customers. Additional customers or suppliers may become listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us. We may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business.

Additionally, we may be subject to investment restrictions under U.S. laws. For example, the final rule (the “**Outbound Investment Rule**” or “**OIR**”) implementing Executive Order 14105, which took effect on January 2, 2025, will restrict U.S. person’s direct and indirect investment into entities associated with China (including Hong Kong and Macau) that are engaged in any “covered activity.” As

RISK FACTORS

advised by our International Sanction Counsel, we believe that we are not a “covered foreign person” for purposes of the OIR, because: (i) no Group entity engages in any “covered activity” in the semiconductors and microelectronics, quantum information technologies, or AI sectors, which are sectors subject to restrictions under the OIR; (ii) no Group entity has a voting or equity interest, board seat, or certain payment with respect to any “covered foreign person,” nor more than 50 percent of its annual revenue, net income, capital expenditure or operating expenses (individually for one “covered foreign person” or aggregated for all) is attributable to one or more such “covered foreign persons”; and (iii) no Group entity participates in any joint venture that engages in any “covered activity.” Therefore, our Directors and International Sanctions Counsel are of the view that U.S. persons are not restricted from investing in our Company, and no notification or prohibition requirements under the OIR are applicable. Any investor that is uncertain about the OIR’s application should consult its own counsel. However, the current regulatory scope under the OIR is subject to change. For instance, on December 18, 2025, the U.S. President signed the Comprehensive Outbound Investment National Security Act of 2025 (“**COINS Act**”) into law, which mandates the issuance of new regulations that will amend, supersede, or otherwise modify the existing OIR framework not later than 450 days after the date of the COINS Act’s enactment. If there are any changes in the future, either to the rules or to our business, our future fundraising activities may potentially be subject to restrictions regarding investments or otherwise, which could adversely affect our strategic initiatives, financial performance and growth prospects.

Global trade disruption, significant introductions of trade barriers and bilateral trade frictions as well as investment restrictions, together with any future downturns in the global economy resulting therefrom, could adversely affect our financial performance and the financial performance of our investments. If the aforementioned trade- and investment-related issues continue, particularly due to geopolitical tensions, it could result in significant additional impacts on the industries in which we operate, the jurisdictions of our investments, and potentially lead to other adverse effects on our investments.

Quality control and reliability is especially critical in the micro- and nanofabrication industry, and any product defects, delays in delivery and adverse performance reliability could negatively affect our business, financial condition and results of operations, and may expose us to contractual liabilities, litigation risks and regulatory actions.

Our customers generally establish demanding specifications for quality, performance, and reliability that our products are required to meet. Our products are based upon evolving technology and are highly complex. The integration of additional functions into already complex products could result in a greater risk that customers or their end customers could discover latent defects after we have already shipped significant quantities of a product, which might require product replacement or recall. Defective products can be caused by design, defective materials or component parts, or manufacturing difficulties. In particular, manufacturing processes or changes thereof, including raw material used in the manufacturing processes, may cause delays in production or cause our products to malfunction or fail. For example, minute levels of contaminants in the manufacturing environment or other factors can cause a portion of the components on a wafer to be non-functional. These problems may be difficult to detect at an early stage of the manufacturing process and are often time-consuming and expensive to correct.

We may from time to time encounter product quality, performance and reliability issues. Delivery of products with defects or reliability, quality or compatibility problems may damage our reputation and ability to retain existing customers and attract new customers. If defects and failures occur in our

RISK FACTORS

products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with customer support, cancellation or rescheduling of orders or shipments, and product returns or discounts, any of which could harm our business, financial condition and results of operations. We may also face litigation and regulatory actions in relation to our product defects and failures. See “— We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.”

Furthermore, we cannot guarantee that we will always achieve acceptable yields at third-party suppliers, which may result in delays in the availability of components. Moreover, an increase in the rejection rate of these components, or our products incorporating them, during the quality control process before, during or after the manufacturing process may result in lower yields and margin, as well as disruptions to our delivery schedule.

In addition, changes in manufacturing processes required as a result of changes in product specifications, changing customer needs and the introduction of new business lines may significantly reduce manufacturing yields, potentially affecting our gross profit margin at least in the short term. Poor manufacturing yields over a prolonged period of time could adversely affect our ability to deliver products on a timely basis, increase our gross profit margin, and maintain a stable relationship with our customers, which could materially and adversely affect our business, financial condition and results of operations.

If we suffer substantial disruption to any of our manufacturing facilities, or encounter problems in manufacturing our products, our business and results of operations could be adversely affected.

We undertake the assembly of most of our products in our own manufacturing facilities. Our manufacturing facilities in Suzhou produced approximately 7,989.5 million units, 112.3 million units and 33.8 million units MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems, respectively, during the Track Record Period. We plan to continuously adjust our manufacturing capacity to market demand and to improve our productivity.

Our production operations involve the coordination of raw materials, internal production processes and external distribution processes. We may experience difficulties in coordinating the various aspects of our production processes, thereby causing downtime and delays. We produce and store almost all our products, as well as conduct some of our development activities, at our own facilities. During the Track Record Period, we engaged third-party service providers for certain processing steps in our production process when specialized technical capabilities are required. In 2023, 2024 and 2025, our outsourced processing costs amounted to approximately RMB22.4 million, RMB45.5 million and RMB66.6 million, respectively, representing approximately 9.9%, 9.5% and 9.4% of our total cost of sales for the corresponding years. See “Business — Manufacturing — Outsourced Processing Arrangements.” A delay or stoppage of production caused by adverse weather, natural disaster or other unanticipated catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and operate our business. Our facilities and certain equipment located in these facilities would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory located in our facilities and is likely to affect our business materially and adversely. Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, results of operations, and financial condition.

RISK FACTORS

If we fail to increase our manufacturing capacity, our business growth could be adversely affected.

Our growth prospects and profitability partially rely on our ability to expand production capacity and enhance production efficiency to meet increasing customer demand for our products. As of December 31, 2025, our manufacturing facility in Suzhou had designed annual solution production capacity of approximately 2,726.1 million units, 48.2 million units and 16.8 million units for MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems, respectively. In 2023, 2024, and 2025, the utilization rate of our MEMS micro- and nanofabrication components production line was 55.8%, 67.3%, and 67.3% ; the utilization rate of our semiconductor test probes production line was 30.9%, 42.8% and 56.5% ; and the utilization rate of our miniature transmission systems production line was 8.6%, 40.4%, and 42.6%. Expanding and upgrading production capacity requires careful planning and significant investment in facility construction, equipment procurement, and workforce development. These efforts are subject to several factors, including: (i) availability of front-loaded capital expenditure for construction and equipment purchases; (ii) progress of facility construction or delivery of equipment; (iii) challenges in installing and commissioning new equipment; and (iv) successful implementation of new production processes.

If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, we may lack sufficient capacity to fulfill customer orders, or we may experience delays in our delivery of products to our customers. As a result, our customers’ satisfaction may decline and our reputation for reliability and efficiency could be damaged. In addition, if we do not receive sufficient orders from our customers to effectively utilize our production bases, we may be subject to low utilization rates of production capacity or over-capacity for our production bases, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the investments incurred for construction of any new production bases or expansion of any existing facilities and maintenance of expanded production capacity. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to effectively manage our supply chain could increase our operating costs, or result in manufacturing delays that lead to unfulfilled customer orders, either of which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our future success depends in part on our ability to manage our supply chain to timely manufacture and deliver our products with quality. We source the raw materials and some of the components for our products from third-party suppliers, including suppliers for probe parts, blades, screws, printed circuit boards, and other parts. Our business operation and financial condition rely on our capabilities to efficiently and cost-effectively obtain raw materials and components. Should there be any further rise in price of raw materials and components, our business, financial condition and results of operations could be materially and adversely affected.

Moreover, the lead times associated with certain raw materials and components are lengthy and preclude rapid changes in quantities and delivery schedules. We may in the future experience shortages and price fluctuations of certain key components with limited foresight into their supply stability or price variability. These potential shortages or cost changes could significantly and negatively impact our business in the future.

RISK FACTORS

In addition, the supply chain of our raw materials and components is subject to risks associated with geopolitical tensions or health epidemics globally. Any disruption caused by trade barriers, levies, labor stoppages or other disturbances could hinder our ability to procure raw materials or components both promptly and affordably from our third-party suppliers. Any future shortage may lead to increases in the prices of alternative raw materials and components and may cause suppliers to allocate available raw materials and components more selectively among their customers across these industries which could disrupt our supply chain and prevent us from meeting our customer commitments. Moreover, such shortage could lead to increases in raw material cost and negatively impact our future profitability. We may have to maintain a higher level of inventory to mitigate the anticipated shortage, resulting in increases in inventory costs and potential write-offs. See “— We may fail to adequately manage our inventory.”

We are dependent on certain major suppliers. In each of 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB41.7 million, RMB102.4 million, and RMB103.9 million, respectively, representing approximately 26.1%, 27.8% and 20.2% of our total purchases, respectively. We cannot guarantee that our business relationships with these suppliers will be successfully maintained in the future. If there is any discontinuation or loss of business with respect to our cooperation with our major suppliers, it could result in interruption or delay in the supply of any of the key materials, components or services, or we may not be able to procure alternative raw materials, components or services in a cost-efficient and timely manner. As a result, our business, results of operations, and financial position could be materially and adversely affected.

We may fail to adequately manage our inventory.

In order to operate our business effectively and meet the procurement demands and expectations of our customers, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2023, 2024 and 2025, we had inventories of RMB70.2 million, RMB98.8 million and RMB104.9 million, respectively. The large amount of inventory may further increase as our business scale expands. We are committed to adopting a flexible approach to inventory management, adjusting our inventory levels in response to market demand fluctuations. When market demand increases, we correspondingly raise our inventory levels to ensure supply stability. However, such an approach is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

As of December 31, 2023, 2024 and 2025, we recorded provision of inventories of RMB14.1 million, RMB16.8 million and RMB21.1 million, respectively. Demand forecasts are inherently uncertain despite supply chain management mechanisms due to a number of factors, such as launch of new products, pricing, changes in customer procurement decisions and evolving preferences of consumers, each of which may affect the accuracy of any forecast. We may record impairment losses

RISK FACTORS

from time to time in accordance with our impairment policies. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

Strategic alliances, investments, acquisitions and divestures may affect our business, financial condition and results of operations. We may not be able to achieve our anticipated benefits and synergistic effects from such alliances, investments and acquisitions.

We may enter into strategic alliances with various third parties, such as our key customers and suppliers, to facilitate the implementation of our business strategies from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor such third parties’ actions. To the extent the third parties suffer negative publicity or harm to their reputations from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

Investments or acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. The costs of identifying and consummating investments and acquisitions may be significant. We may also incur significant expenses in obtaining necessary approvals from relevant local government authorities. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities and exposure to potential unknown liabilities of the acquired business. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations. We may also face challenges in international acquisitions, such as compliance with local law and regulation, limited access to target companies and cultural assimilation challenges. Such investments or acquisitions may fail to deliver the anticipated strategic or financial benefits, including cost savings, revenue growth, or technological advancements. Any such negative developments could have a material and adverse effect on our business, financial condition and results of operations.

In addition, our financial results could be adversely affected by our investments or acquisitions. The investments and acquired assets or businesses may not generate the financial results we expect. They could result in occurrence of significant investments and goodwill impairment charges, and amortization expenses for other intangible assets. From time to time, we may also divest under-performing businesses, or businesses that no longer fit our overall strategy. Such divestitures may have a negative impact on our financial performance for the relevant period. Other risks associated with strategic alliances, investments, acquisitions and divestitures include: (i) difficulty in realizing the potential technological benefits of the transaction; (ii) problems integrating the acquired key employees, operations, technologies or products into our existing business and products; (iii) difficulty in maintaining uniform standards, controls, procedures and policies; (iv) adverse effects on existing business relationships with employees, customers, suppliers and strategic partners as a result of integration of new businesses and management personnel; (v) risks associated with entering markets in which we lack experience; and (vi) negative publicity, litigation, government inquiries, investigations or actions against the companies we invest in or acquire, or even against our other businesses. Our failure to address these risks successfully could have a material and adverse effect on our business, financial condition and results of operations.

RISK FACTORS

Failures or perceived failures to comply with applicable cybersecurity, data and privacy protection requirements, or theft, loss, or misuse of personal information about our employees, customers, end users, or other third parties, or other information, could increase our expenses, damage our reputation, or result in legal or regulatory proceedings.

The theft, loss, or misuse of the operational data collected, processed, used, stored, or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims may be required to expend significant resources to comply with data breach requirements if, for example, third parties improperly access, obtain and use the operational data, or we otherwise experience a data loss with respect to the operational data. A major breach of our network security and systems may result in fines, penalties, and damages, harm our reputation, and adversely affect our business, results of operations, and financial condition.

Data privacy is subject to evolving rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. We are subject to a variety of local, national and international laws, directives, and regulations that apply to the collection, use, retention, protection, security, disclosure, transfer, and other processing of personal data in the different jurisdictions in which we operate (“**Data Protection Laws**”). Any failure by us or our vendors or other business partners to comply with such Data Protection Laws could result in regulatory or litigation-related actions against us, legal liability, fines, damages, ongoing audit requirements, and other significant costs under applicable laws and regulations.

Global privacy legislation, enforcement, and policy activity in this area are rapidly expanding and creating a complex regulatory compliance environment. Because many Data Protection Laws are new or subject to recent revisions or updates, there is often little clarity as to their interpretation or best practices for compliance, as well as a lack of precedent for the scope of enforcement. Costs to comply with Data Protection Laws and implement related privacy and data protection measures are significant, and may require us to change our business practices and compliance manners. Any non-compliance could adversely affect our ability to collect, analyze, and store data, expose us to significant monetary penalties, damage to our reputation, result in suspension of online services or sites in certain countries, and even result in criminal sanctions. Even our inadvertent failure to comply with Data Protection Laws could result in audits, regulatory inquiries, or proceedings against us by governmental entities or other third parties. Any inability to adequately address data privacy or data protection, or other information security-related concerns, even if unfounded, to successfully negotiate privacy, data protection, or information security-related contractual terms with customers, or to comply with Data Protection Laws, could result in additional cost and liability to us, harm our reputation and brand, and could adversely affect our business, results of operations, and financial condition.

Our business depends on the proper functioning of internal processes and information technology systems. A failure of these processes and systems, data breaches, cyber-attacks, or other cybersecurity incident may cause business disruptions, compromise our intellectual property or other sensitive information, litigation or government actions, or result in losses.

We rely on the efficient and uninterrupted operation of complex information technology applications, systems and networks to operate our business. The reliability and security of information technology infrastructure and software, and our ability to expand and continually update technologies in response to changing needs is critical to our business. Any significant interruption in these applications,

RISK FACTORS

systems or networks, including new system implementations, computer viruses, cyberattacks, security breaches, facility issues, energy blackouts or other security incidents, could have a material and adverse impact on our business, financial condition and results of operations.

Cyber-attacks attempting to obtain access to our computer systems and networks could result in the misappropriation of proprietary information and technology. Although we have not experienced a material breach or incident to date, there can be no assurance that a future breach or incident will not have a material impact on our operations and financial results. In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, state-sponsored intrusions, industrial espionage, employee malfeasance, and human or technological error. In the event of such breaches, we, our customers or other third parties could be exposed to potential liability, litigation, and regulatory action, as well as the potential loss of existing or potential customers, damage to reputation, and other financial loss. In addition, the cost and operational consequences of responding to attempted breaches and implementing remediation measures could be significant.

Cyber-attacks or other catastrophic events could result in interruptions or delays to us, our customers, or other third-party operations or services, financial loss, potential liability, and damage our reputation and affect our relationships with customers and suppliers. Further, we may be subject to theft, loss, or misuse of personal and confidential data regarding our employees, customers and suppliers that are routinely collected, processed, used, stored, and transferred to run our business. Such theft, loss, or misuse could result in significantly increased business and security costs or costs related to defending legal claims. In addition, material changes in cybersecurity, privacy-related or data protection laws and regulations in each applicable jurisdiction could result in increased costs on us in order to maintain compliance.

Our business also depends on various outsourced information technology services. We rely on third-party vendors to provide critical services and to adequately address cyber security threats to their own systems. Any material failure of third-party systems and services to operate effectively could disrupt our operations and could have a material and adverse effect on our business, financial condition and results of operations.

Our ability to compete will be harmed if we are unable to protect, maintain or enforce our intellectual property rights adequately. Our patents, trade secrets, know-how and other proprietary information may be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our results of operations, financial condition, business and prospects.

We believe that the protection of our intellectual property rights is, and will continue to be, important to the success of our business. We rely on a combination of patents, trade secret protection, non-disclosure and other contractual agreements and trademarks to establish and protect our proprietary intellectual property rights. Our inability to adequately protect our intellectual property rights could materially and adversely affect our competitive position, business, financial condition and results of operations.

Our ability to obtain additional patents is uncertain and the legal protection afforded by these patents may not adequately protect our rights or permit us to gain or keep competitive advantage. In addition, the specific content required of patents and patent applications that are necessary to support and interpret patent claims can be uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws in China, the U.S. or

RISK FACTORS

elsewhere may diminish the value of our intellectual property or narrow the scope of our patent protection. We cannot assure you that any patent will be issued as a result of any application or, if issued, that any claims allowed will be sufficiently broad to protect our technology. It is possible that existing or future patents may be challenged, invalidated or circumvented. In addition, the cost to litigate infringements of our patents, or the cost to defend ourselves against patent infringement actions by others, could be substantial and, if incurred, could materially affect our business and financial condition. See “— We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.”

Proprietary trade secrets and unpatented know-how are also very important to our business. We rely on trade secrets to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. However, trade secrets can be difficult to protect. Our employees, consultants, contractors, outside collaborators and other advisors may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets may be expensive and time-consuming and may not be successful at all. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Assertions against us by third parties for infringement of their intellectual property rights could divert management attention, result in significant costs and cause our business, financial condition and results of operations to suffer.

The micro- and nanofabrication industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which results in protracted and expensive litigation for many companies. We may receive claims from various industry participants alleging infringement of their patents, trade secrets or other intellectual property rights in the future. These claims may increase as our intellectual property portfolio becomes larger and/or more valuable. Intellectual property claims against us, and any resulting lawsuit, may cause us to incur significant expenses, subject us to liability for damages and invalidate our proprietary rights. Any potential intellectual property litigation against us would likely be time-consuming and expensive to resolve and could divert management’s time and attention and could also force us to take actions such as: (i) ceasing the sale or use of products or services that incorporate the infringed intellectual property; (ii) obtaining from the holder of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on acceptable terms, if at all; or (iii) redesigning those products or services that incorporate the disputed intellectual property, which could result in substantial unanticipated development expenses and delay and prevent us from selling the products until the redesign is completed, if at all.

If we are subject to a successful claim of infringement and we fail to develop non-infringing intellectual property or license the infringed intellectual property on acceptable terms and on a timely basis, we may be unable to sell some or all of our products, and our business, financial condition and results of operations could be adversely affected. We may in the future initiate claims or litigation against third parties for infringement of our intellectual property rights or to determine the scope and validity of our proprietary rights or the proprietary rights of competitors. These claims could also result in significant expense and the diversion of technical and management attention. In addition, third parties may assert claims of infringement and misappropriation of proprietary rights based on the use or resale of our products against our business partners with whom we do business. In addition, the end

RISK FACTORS

customers may also be named as parties in these claims. Under our agreements with certain customers, we may be required to defend protracted and costly litigation on their behalf, regardless of the merits of these claims, or to indemnify these parties for such claims. If we are required or agree to defend or indemnify any of our suppliers, customers or their end customers in connection with any claims of infringement or misappropriation of proprietary rights or injunctions are secured by third parties that prevent the sale of products that incorporate our products, we could incur significant costs and expenses and experience a significant decrease in our revenue that could adversely affect our business, financial condition and results of operations.

The intellectual property laws of different jurisdictions may differ and we may not be able to protect or enforce our intellectual property rights in certain jurisdictions.

Our international operation requires us to seek protection of our intellectual property in various jurisdictions including the PRC, the U.S., Europe and other countries or regions, relying on a combination of trade secrets and regulatory protection methods. The issuance, scope, validity and enforceability of our patents and other intellectual property rights are highly uncertain and differ significantly in different jurisdictions. For example, filing and prosecuting patent applications and defending patents covering our technologies in all countries across the world could be prohibitively expensive. Competitors may use our technologies in jurisdictions in which we have not obtained sufficient intellectual property protection and may subsequently export otherwise infringing products to territories where we have intellectual property protection, taking advantage of the varying levels of law enforcement across jurisdictions. Furthermore, while we intend to protect our intellectual property rights in our significant markets, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to expand our business.

In addition, the laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in jurisdictions such as the U.S. and Europe, and many companies have encountered significant difficulties in registering, protecting and defending such rights in certain jurisdictions. Furthermore, the legal systems of certain countries, particularly developing countries, may not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or the sales and marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in different jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have a material adverse effect on our business, financial condition and results of operations.

We could be adversely affected by violations of applicable anti-corruption laws or violations of our internal policies designed to ensure ethical business practices.

We operate in a number of countries throughout the world, including in countries with a strong commitment to anti-corruption and ethical behavior. We are subject to the risk that we, our employees or any third-parties that we engage to do work on our behalf in certain countries may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business. Corruption can result in huge economic losses due to fraud, theft and waste. Moreover, corruption can corrode critical public institutions, such as the courts, law enforcement and public pension

RISK FACTORS

administration, thereby undermining property rights, public confidence and social stability. As a result, corruption dramatically increases the systemic risks that exist in some of the jurisdictions in which we operate. We are thus exposed to the increased costs and risks of corruption where we operate, and there can be no assurance that any reform efforts will have a meaningful effect during our term. The U.S. has the FCPA, and other jurisdictions have adopted similar anti-corruption laws. Many of these laws have extraterritorial application.

In recent years, the U.S. Department of Justice has devoted greater resources to enforcement of the FCPA. Other countries have also adopted or improved their anti-corruption legal regimes in recent years. We are committed, to the fullest extent permitted by applicable law, to complying with the FCPA and other anti-corruption laws and regulations, anti-bribery laws and regulations, as well as antiboycott regulations to which they/we are subject. As a result, we could be adversely affected because of our unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations can make it difficult in certain circumstances for us to act successfully on investment opportunities and for Portfolio Entities to obtain or retain business.

Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, financial condition and results of operations. In addition, we have internal ethics policies in place that we require our employees to comply with in order to ensure that our business is conducted in a manner that our management deems appropriate. If these anti-corruption laws or internal policies were to be violated, our reputation and operations could also be substantially harmed. In addition, we could incur costs and expenses associated with engaging external counsel or other third-party consultants or professionals in connection with inquiries or investigations relating to FCPA or other applicable anti-corruption laws or anti-bribery laws. In these cases, we could suffer significant losses from the cost of defense, interruption to ordinary operations and fines and penalties.

RISKS RELATING TO OUR FINANCIAL PERFORMANCE

Our historical financial performance may not be indicative of the future. We incurred net loss during the Track Record Period and we may not be able to maintain revenue growth and become profitable going forward.

We have experienced substantial growth in recent years. Our revenue increased from RMB285.5 million in 2023 to RMB864.2 million in 2025, representing a CAGR of 74.0%. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications and delays in our business growth. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our results of operations and financial condition could be materially and adversely affected.

However, our gross profit margin decreased from 20.9% in 2023 to 15.8% in 2024. This was primarily because the increase in our cost of sales outpaced that for our revenue as we introduced new products to solidify our leading position in the industry. As we gradually achieved economies of scale for certain new products, our gross profit margin increased to 18.3% in 2025. However, our cost of sales may continue to increase in the future as we further expand our business and launch more products, which may cause our gross profit margin to decrease.

RISK FACTORS

In addition, we incurred net loss of RMB20.9 million and RMB8.6 million in 2023 and 2024, respectively. We may continue to incur net losses in the short term as we are in the stage of expanding our business and operations in the rapidly growing micro- and nanofabrication market and miniature transmission systems in sweeping robot market in the PRC. We expect to continue to make investments in operating activities in the near future as we will continue enhancing our existing products, developing new offerings, hiring qualified personnel and seeking technological breakthroughs. We will also incur substantial administrative expenses associated with our growth, including costs related to internal systems and operating as a [REDACTED] company after the [REDACTED].

Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. All these endeavors involve risks and will require significant managerial, financial and human resources. We are likely to encounter challenges across various aspects of our operations arising from rapid business growth, such as overseeing the supply chain to support rapid business growth, navigating new markets, maintaining relationships with our customers, business partners and service providers, and managing our financial resources and liquidity position. If we fail to effectively manage the growth of our business, our costs and expenses may increase more than we have planned, and we may not successfully retain existing customers and attract new customers, respond to competition, or otherwise execute our business strategies. Any of these could adversely affect our business, results of operations, financial condition and prospects.

We have recorded net operating cash outflow in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operation cash outflow in the future.

For the year ended December 31, 2023, we had net cash flows used in operating activities of RMB11.1 million. For a detailed analysis on our operating cash flow, see “Financial Information — Liquidity and Capital Resources — Cash Flows.” It is possible that our operating cash flow will continue to be subject to our prospective business activities and/or other matters beyond our control, such as market competition and changes to the macroeconomic environment. In particular, our working capital requirements and cash flows are subject to changes due to certain factors, including: (i) fluctuations in the revenue from our operating activities; (ii) fluctuations in the collection of receivables; (iii) timing and the size of payables; (iv) timing and size of capital expenditures; and (v) the repayment schedules of our debt obligations.

If we are unable to manage fluctuations in cash flow, we may not be able to fulfill our obligations under our business and operational agreements, and our operating results and financial condition may be materially adversely affected. Furthermore, if we are not able to generate net cash inflows, we would need to seek adequate financing from sources such as equity or equity-linked instruments and external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we are unable to maintain adequate working capital or obtain sufficient equity or debt financings to meet our capital needs, we may be unable to continue our operations according to our strategic plans, and our business, financial position and results of operations may be adversely affected.

RISK FACTORS

We may not be able to implement our business strategies and expansion plans. If we do not successfully manage our growth, our ability to increase our revenue and improve our earnings could be adversely affected.

We plan to achieve our business growth by implementing a series of strategies. There is no assurance that we will be able to implement our business strategies and expansion plans successfully, which in turn are subject to uncertainties and changing market conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialize. We may encounter difficulties in implementing our business strategies such as failing to further expand our operations due to intense competition in the micro- and nanofabrication industry and the new regulations in the micro- and nanofabrication industry that we may not be familiar with. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Further, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate.

Our growth has placed, and will continue to place, a significant strain on our management and other resources. To manage our growth effectively, we must, among other things: (i) continuously improve our operational, financial and accounting systems; (ii) train, manage and maintain good relations with our existing employee base; (iii) attract and retain qualified personnel with relevant experience; (iv) effectively manage trade receivables and inventory; and (v) navigate evolving trade and investment policies — both domestically and internationally — that may impact our supply chain, market access, investment strategy, and overall business operations.

We must also manage multiple relationships with customers, business partners and other third parties. Moreover, future growth could significantly overburden our management and financial systems and other resources. We may not make adequate allowances for the costs and risks associated with our expansion. In addition, our systems, procedures or controls may not be adequate to support our operations, and we may not be able to expand quickly enough to capitalize on potential market opportunities. Our future results of operations will also depend, in part, on our ability to expand sales and marketing, R&D, accounting, finance and administrative support.

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade and bills receivables may materially and adversely affect our business, financial condition and results of operations.

Our trade and bills receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024 and 2025, our trade and bills receivables at amortized cost amounted to RMB116.5 million, RMB190.5 million and RMB208.0 million, respectively. The credit terms granted to our customers generally ranged 30 days to 120 days from the date of invoice. See “Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position — Trade and Bills Receivables at Amortized Cost” for more details.

We cannot assure you that we will be able to collect all or any of our trade and bills receivables on time, or at all. Our customers may face unexpected circumstances. 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 adversely affect our financial condition and results of operations.

RISK FACTORS

Our future results may fluctuate, fail to match past performance or fail to meet expectations as a result of conditions beyond our control, such as general economic conditions in the overseas and domestic markets, cyclical and other market conditions within our industry and the financial health and viability of our suppliers and customers.

Our results may fluctuate in the future, may fail to match our past performance or fail to meet our expectations and the expectations of securities analysts and investors as a result of conditions beyond our control. Our results and related ratios, such as gross profit margin, operating profit margin and effective tax rate may fluctuate for a variety of reasons beyond our control, including: (i) general economic and political conditions in the countries and regions where we sell our products; (ii) the timing of new product introductions by our customers and our competitors; (iii) seasonality and variability in the verticals we serve; (iv) movements in exchange rates, which can impact our reported revenues, cost of goods sold, and profitability, especially given that we operate across multiple jurisdictions and transact in various currencies; (v) fluctuations in interest rates, which may affect our financing costs, capital expenditures, and investment returns, particularly if we rely on variable-rate debt or seek to fund growth through external financing; (vi) unexpected changes in the manufacturing and delivery capabilities of our suppliers; and (vii) the imposition of additional trade and investment restrictions, tariffs, export controls, or sanctions that could increase our costs, disrupt our supply chain, limit our access to key markets, or constrain our ability to invest in or collaborate with certain technologies or jurisdictions.

In particular, the micro- and nanofabrication industry is highly cyclical and has experienced significant downturns in the past, characterized by reduced product demand, production overcapacity, increased inventory levels, industry-wide fluctuations in demand, and substantial erosion of average selling prices. These industry cycles can be exacerbated by macroeconomic volatility, including rising interest rates, inflationary pressures, currency fluctuations, and geopolitical instability. As a result, the cyclical nature of the micro- and nanofabrication industry may cause us to experience substantial period-to-period fluctuations in our business, financial condition, and results of operations.

We face potential liabilities, in particular product liability claims or lawsuits, which could cause us to incur substantial liabilities.

We rely on the strength of our reputation and brands in marketing and selling our products. Certain of our products are used as components in third-party end products, which are designed, assembled and sold by our customers or other downstream manufacturers. As we are not involved in the design, production or quality control of these end products, we cannot practically identify or eliminate all of the potential complexity or risk factors associated with the end-use environment. Therefore, even if our products meet the required specifications and pass all quality inspections at the time of delivery, we cannot assure that they will perform as expected under sophisticated, dynamic or unforeseen application scenarios. Any failure or malfunction of the end products in which our products are embedded, whether or not attributable to our products, may expose us to product liability claims or reputational damage. Our business, financial condition and results of operations could be adversely affected by the occurrence of quality issues, which may result in customer complaints, adverse publicity or media reports, product liability claims, investigations and imposition of penalties by the relevant government authorities, suspension or revocation of our licenses, permits, certificate or qualifications necessary for the operation of our business and interruptions or suspensions of production.

RISK FACTORS

We received government grants and preferential tax treatment in the past and are subject to complex income tax and other tax regulations. Any discontinuation of, or changes to, such financial incentives or tax regulations may adversely affect our financial performance and results of operations.

During the Track Record Period, we received government grants and were also entitled to certain preferential tax rates. In 2023, 2024 and 2025, we received government grants of RMB8.5 million, RMB5.0 million and RMB3.2 million, respectively. See “Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss,” and note 10 to the Accountants’ Report in Appendix I to this document. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancellation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiary will be subject to the PRC enterprise income tax, at a rate of 25% on taxable income. As a result, the increase in our tax charge could lead to a material and adverse impact on our results of operations and financial condition.

In addition, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. As such, the tax authorities in jurisdictions we operate in may successfully challenge our position and may require us to pay taxes, interest on such taxes, and/or penalties in excess of our tax provisions. During the Track Record Period, we carried out certain intra-group transactions, mainly including intra-group sales of goods. Our profit allocation and income tax positions in the jurisdictions in connection with such transfer pricing arrangements are subject to the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations with respect to transfer pricing in these jurisdictions. Significant judgment and the use of estimates are required in determining our profit allocation and income tax positions in terms of our transfer pricing arrangements. We have engaged an independent transfer pricing advisor to review and assess our transfer pricing arrangements during the Track Record Period. See “Business — Transfer Pricing Arrangement” for details. However, if a competent tax authority of a relevant jurisdiction determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and reallocate the income or adjust the taxable income, which could result in material additional taxes, penalties, interest, or other charges. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest or fines.

We may require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product manufacturing and development and other operations.

Capital requirements are difficult to plan in the highly dynamic, cyclical and rapidly changing micro- and nanofabrication 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 ability to obtain additional capital is subject to a variety of uncertainties, including: (i) our market position and competitiveness in the global micro- and nanofabrication industry; (ii) our future profitability, overall financial condition, results of operations and cash flows; (iii) general market conditions for capital-raising activities by micro- and nanofabrication companies in the PRC; and (iv) social, economic, political and other conditions in the PRC and internationally.

RISK FACTORS

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to issue additional equity securities. The issuance of additional equity or equity-linked securities could dilute our Shareholders’ shareholding interest. In case the capital required for our expansion could not be raised through the issuance of equity or equity-linked securities, we may need to incur additional indebtedness, which will lead to increased debt service obligations and could result in operating and financing covenants that may restrict our operations or our ability to pay dividends to our Shareholders. Our profitability would also be adversely affected if the increase in interest expenses could not be passed on to our downstream customers.

Increased labor-related expenses could slow our growth and affect our profitability.

Our operations require a sufficient number of qualified employees. To support our rapid growth, we have incurred increasing labor-related expenses, with total employee benefit expenses of RMB117.9 million, RMB157.6 million and RMB184.3 million in 2023, 2024 and 2025, respectively. Further, we intend to recruit highly capable and experienced employees to support our business growth and to provide our employees with training and development opportunities. Such recruitments may increase our labor-related expenses, and there is no assurance that our total revenue will increase in proportion to or at a faster pace than that in labor-related expenses. As a result, the increases in labor-related expenses may have a negative impact on our results of operations and financial condition. Our continued investments in recruiting, retaining and training our employees may also place constraints on our liquidity and working capital.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted the 2022 Restricted Share Incentive Plan on December 12, 2022, as a long-term incentive mechanism to attract and retain talent, align interests of shareholders, the Company, and our core team. We recorded share-based payment expenses of RMB2.6 million in 2023, and net gain on share-based payment of RMB64 thousand, and RMB2.5 million in 2024 and 2025, respectively. The 2022 Restricted Share Incentive Plan had expired and was no longer in effect as of March 30, 2026. See “History, Development and Corporate Structure — Major Corporate Development — 2022 Restricted Share Incentive Plan” for details. To further incentivize employees and directors, we may grant additional share-based compensation in the future. Issuance of additional Shares may dilute the shareholding percentage of our existing shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO OUR OPERATIONS

We are subject to a broad range of laws and regulations. Any lack of requisite approvals, licenses or permits applicable to our business or any failure to comply with applicable laws or regulations may have a material and adverse impact on our business, financial condition and results of operations.

We are subject to laws and regulations in the jurisdictions in which we operate that affect our operations and that differ among jurisdictions, including intellectual property ownership and infringement laws, tax laws, import and export regulations, anti-corruption laws, foreign exchange controls and cash repatriation restrictions, data privacy laws, competition laws, advertising regulations,

RISK FACTORS

employment laws, product regulations, environmental laws, health and safety requirements, consumer laws and national security laws. Compliance with such requirements can be onerous and expensive, and may otherwise adversely affect our business, results of operations, and financial condition. In addition, the laws and regulations applicable to our business are complex and subject to frequent change. Failure to comply with the large body of laws and regulations to which we are subject or to successfully develop and implement policies, procedures and practices intended to facilitate compliance with such laws and regulations could have a material and adverse effect on our business and operations. In particular, our business is subject to governmental supervision and regulation by the relevant PRC regulatory authorities. See “Regulatory Overview” for more details. Together, these authorities promulgate and enforce regulations that cover many aspects of our operations, including entry into these industries, the scope of permissible business activities, licenses and permits for various business activities.

In addition, new laws and regulations may be adopted from time to time to require additional licenses and permits other than those we currently have, and to address new issues that arise from time to time. If we are unable to maintain and renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on commercially reasonable terms, our operations could be disrupted.

We engaged third-party logistics service providers to deliver our products. Any delivery delays, improper handling or increase in transportation costs may adversely affect our business, financial condition and results of operations.

We engage with third-party logistic service providers to deliver our products. While we work closely with these third-party logistic service providers, their operations are beyond our direct control, and we cannot guarantee their compliance with our quality standards, delivery schedules or cost expectations.

Delivery delays, whether caused by capacity constraints, labor shortages, extreme weather conditions or other unforeseen events, could disrupt our supply chain, resulting in delayed fulfillment of customer orders. Additionally, logistics providers may mishandle sensitive or high-value shipments, exposing us to risks of theft, loss or damage. Furthermore, the costs of logistics may fluctuate due to factors such as rising fuel prices, transportation related regulatory requirements, or increased demand for logistics services. Any significant increase in such costs could adversely affect our profitability if we are unable to pass these costs on to our customers. In the event of disruptions or failures in third-party logistics services, we may face challenges in identifying and transitioning to alternative providers in a timely and cost-effective manner. This could lead to supply chain interruptions, negatively impacting our ability to meet customer demand and maintain satisfaction. Prolonged disruptions could harm our brand reputation, reduce customer loyalty, and materially and adversely affect our business, financial condition and results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters in the jurisdictions in which we operate. See “Business — Environmental, Social and Governance (“ESG”).” Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. However, we cannot assure

RISK FACTORS

you that we will not experience any material accidents or worker injuries in the course of our production process in the future, or that our risk management measures could effectively mitigate the relevant risks. If we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

In addition, our production process produces hazardous wastes and pollutants, such as wastewater. The disposal of hazardous waste and the discharge of pollutants from our production operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should the authorities impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

Our business depends substantially on the continuing efforts of our Directors, executive officers and other key personnel. If we lose their services, our business operations and growth prospects may be materially and adversely affected.

Our business depends on the continuing efforts of our Directors and management team to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our Directors or executive officers can 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 management team, resulting from the hiring or departure of executive officers, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, our future success also depends on our ability to retain existing key personnel. In particular, we rely on our top in-house R&D team to develop our core technologies, products, and our experienced sales and marketing personnel to maintain relationships with our customers and end customers of our products. Competition for personnel in the micro- and nanofabrication technology field is intense, and the availability of suitable and qualified candidates is limited. We compete to attract and retain qualified R&D personnel with other companies in the micro- and nanofabrication industry, universities and research institutions. In order to compete for talent, we may need to offer higher compensation, better training, and more attractive career opportunities, employee share incentive schemes, and other benefits to our employees, which may be costly and time-consuming. If we lose the services of any key senior management member or employee, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely impact our business and prospects. The loss of the services of one or more of our key employees, especially our core R&D personnel and skilled engineers with the appropriate qualifications and experience, or our inability to attract and retain qualified R&D personnel and skilled engineers, could harm our business, financial condition and results of operations.

RISK FACTORS

We have limited insurance coverage, which could expose us to significant costs and business disruption.

We maintain insurance policies that are required under the laws and administrative regulations of the jurisdiction where we operate as well as based on our assessment of our operational needs and industry practice. However, we face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. Insurance companies in the PRC may not offer comprehensive insurance products that cover all of our business operations. As such, we cannot insure against certain risks related to our assets or business even if we desire to. As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. See “Business — Insurance” for more details. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurance policies on commercially reasonable terms render these insurance policies 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 catastrophes, including natural disasters, outbreaks of health epidemics and other extraordinary events, could disrupt our business operations.

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

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.

We may from time to time become a party to litigation, arbitration, other legal or contractual disputes, claims, or administrative proceedings relating to our business operations inside and outside the PRC. Litigation and other legal or administrative proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Litigation and other legal or administrative proceedings may be costly and time-consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our products, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happen, our business, financial condition, results of operations or liquidity could be materially and adversely affected.

RISK FACTORS

In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations. We or certain of our Directors or officers may be a target for lawsuits, including putative class action lawsuits brought by shareholders and lawsuits against our Directors and officers as a result of their position in other public companies. We cannot assure you that we or our directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our Directors or officers may decide to settle lawsuits on unfavorable terms.

Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial statements in any particular reporting period. Results of legal and regulatory proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost-effectively available. We estimate loss contingencies and establish accruals as required by the applicable accounting standard, based on our assessment of contingencies where liability is deemed probable and reasonably estimable, in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings, volatility in foreign currency exchange rates and other factors may affect our assessment and estimates of the loss contingency recorded and could result in an adverse effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which amounts would be paid. Actual results may significantly vary from our reserves.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties or construction projects may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, we had not completed the registration of two lease agreements in relation to our leased properties in China with the relevant PRC government authorities. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. To this end, the maximum penalty that may be imposed on us for such non-compliance during the Track Record Period would be up to RMB20,000. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects. See “Business — Properties” for details.

In addition, we may from time to time have ongoing construction projects where significant capital has been committed and invested. If any such project fails to meet our technical or quality requirements, faces prolonged delays, or is otherwise discontinued prior to completion, we may be exposed to impairment risks on the related capital expenditures, which could materially adversely affect our financial condition and results of operations. Such construction projects might also be subject to risks including cost overruns, regulatory hurdles, or other process requirements.

RISK FACTORS

Failure to comply with PRC laws and regulations in relation to social insurance premium and housing provident funds may subject us to penalties and have an adverse impact on our financial conditions and results of operations.

PRC laws and regulations require us to participate in various employee benefit plans, including social insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund. According to the applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and pay social insurance premiums and housing provident fund contributions in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to the maximum amounts specified by the local governments.

During the Track Record Period, we did not fully comply with the rules and regulations in relation to social insurance and housing provident fund, which may subject us to liabilities and/or penalties. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain of our employees as required by relevant laws and regulations. Our social insurance contributions shortfall amounted to approximately RMB4.1 million, RMB6.5 million and RMB10.4 million in 2023, 2024 and 2025, respectfully. During the Track Record Period and up to the Latest Practicable Date, we were not imposed any material administrative penalties as a result of our non-compliance with PRC laws and regulations in relation to social insurance and housing provident fund. Our PRC Legal Advisors are of the view that the likelihood of us being subject to centralized collection of the outstanding historical social insurance and housing provident fund contributions and any material penalties due to the failure to provide such contributions in full amount for our employees is remote, according to the applicable regulatory policies, provided no claims or complaints are filed against us by our employees and no significant changes in existing laws, regulations, policies, or implementation or supervision requirements of the relevant government authorities.

We cannot assure you that the relevant government authorities will not impose new requirements on us according to laws, regulations or local policies published by the relevant government authorities in the future, such as ordering us to make supplemental social insurance and housing provident fund contributions, imposing late fees or fines on us or ordering us to take other measures, any of which may materially and adversely affect our business, financial condition and results of operations.

We are exposed to risks in relation to workplace safety and the occurrence of accidents during the manufacturing process in our manufacturing facilities.

Our operations are subject to risks related to workplace safety, including damage to, or destruction of, production equipment and facilities, or operational accidents, and could also result in personal injury, death, performance delays, monetary losses and legal liability. There can be no assurance that serious accidents or fatalities will not occur in the future. If we fail to prevent serious accidents or fatalities, we will be held liable for damages arising out of or in connection with such incidents or facilities, which could have a material adverse effect on our results of operations, business, financial condition and prospects.

RISK FACTORS

Any negative publicity with respect to us, the industry in which we operate or our business partners may materially and adversely affect our reputation, business, financial condition and results of operations.

We, our shareholders, Directors, senior management, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors and customers.

Non-compliance on the part of our Directors, employees, our business partners, or other third parties involved in our business could adversely affect our business.

We are exposed to the risk of non-compliance or improper conduct by our Directors, employees, business partners or other third parties. In particular, it is not always possible to identify and deter such misconducts, and the precautions we take to detect and prevent such activities may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Any actual or alleged illegal or improper activities by our Directors and employees (including our senior management) could subject us to liability or negative publicity, whether or not such activities are directly related to us. Such activities and allegations may also affect our Directors' and employees' ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our brand and reputation, resulting in an adverse effect on our business, financial condition and results of operations.

Our business partners, as well as other third parties who entered into business relationships with us, may also be subject to regulatory penalties or punishments because of their regulatory non-compliance, which may, directly or indirectly, disrupt our business. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner, or at all.

If any governmental investigations, lawsuits or other actions are instituted against us as a result of the actual or alleged illegal or improper activities by our Directors, employees, business partners, or other third parties involved in our business, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and divert the attention of management in defending ourselves against any of these claims or investigations.

RISK FACTORS

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

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes, while others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate.

These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats intended to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are influenced by government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations adopted by regulators are inconsistent with those applied by courts in analogous cases. As a result, we may not become aware of our violation of certain policies or rules until sometime after the violation has occurred. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

Operating across multiple jurisdictions also increases our compliance burden and cost base. We must navigate different legal standards, licensing requirements, labor laws, tax regimes, and reporting obligations, often requiring localized legal counsel and compliance infrastructure. These complexities may slow down decision-making, increase operational overhead, and heighten the risk of inadvertent noncompliance. It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

We are listed on the STAR Market and are subject to extensive requirements relating to the supervision of listed companies in the PRC. Failure to comply with such evolving laws and regulations on corporate governance and public disclosure, among other matters, may lead to penalties, disciplinary actions and other negative consequences.

As a publicly traded company in the PRC, we are subject to heightened scrutiny regarding corporate governance and public disclosure relating to supervision of listed companies in the PRC, which may increase both our costs and the risk of non-compliance. For example, we are subject to the

RISK FACTORS

supervision of the CSRC, which is charged with the protection of investors and the oversight of companies whose securities are publicly traded in the PRC, and to new and evolving regulatory measures under applicable law. Any non-compliance of the applicable requirements may cause us to incur penalties or become subject to other disciplinary actions.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

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

We are a company incorporated under the laws of the PRC and a substantial portion of our business, assets and operations are located in the PRC. In addition, all of our Directors and executive officers reside in the PRC and have assets located in the PRC. 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 the PRC, 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 the PRC 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 the PRC or Hong Kong court. The PRC has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the U.S., the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the U.S. for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the U.S. and any of the other jurisdictions mentioned above may be recognized and enforced in the PRC or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between the PRC and the country where the judgment was made.

Fluctuations in exchange rates could have an adverse effect on our business, financial condition and results of operations. Conversion between RMB and other currencies may affect our business and operations, our ability to pay dividends and meet our financial obligations, and the value of your [REDACTED].

During the Track Record Period, a portion of our revenue was derived from overseas jurisdictions and denominated in foreign currencies. Fluctuations in foreign exchange rates against the Renminbi could result in changes in reported revenue and results of operations due to the foreign exchange impact of translating these transactions into Renminbi. Currency fluctuations could decrease revenue and increase our cost of sales. We recorded foreign exchange gains of RMB1.9 million in 2023, and foreign exchange losses of RMB0.3 million and RMB0.7 million 2024 and 2025, respectively.

RISK FACTORS

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in the global political and economic conditions and by the PRC’s foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar or other currencies in the future. It is difficult to predict how market forces, international relationships or policies may impact the exchange rate between Renminbi and the U.S. dollar or other currencies in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenue, earnings and financial position, and the value of any dividends we may pay. For example, to the extent that we need to convert U.S. dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi against the U.S. dollar could have an adverse effect on the Renminbi amount we could receive from the conversion. Conversely, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings.

There are limited hedging options available to reduce our exposure to exchange rate fluctuations. During the Track Record Period and up to the Latest Practicable Date, we had not engaged in any hedging activities. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. As a result, fluctuations in exchange rates may have a material and adverse effect on your [REDACTED].

Our Company is a PRC tax resident and is subject to PRC tax on its global income, and the dividends payable to investors and gains on the sale of our H Shares by our [REDACTED] are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are required to pay tax on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20%. For a Non-PRC individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless a reduction is approved by the competent tax authority of the State Council or exempted by an international convention or agreement to which the PRC government is a party. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Non-resident individual H Share holders should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to the EIT at the rate of 10% on dividends received from Chinese companies and gains realized upon disposition of equity interests in Chinese companies pursuant to the PRC EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Non-PRC resident enterprises that are entitled to be taxed at a reduced

RISK FACTORS

rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, payment of any such refund will be subject to the PRC tax authorities’ verification. As of the date of this document, there were no specific rules on how to levy tax on gains realized by non-resident enterprise H Share holders through the sale or transfer by other means of the H Shares. If any such tax were to be levied, the value of your [REDACTED] in our H Shares may be materially and adversely affected.

If our risk management and internal control system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

Due to the inherent limitations in design and implementation, our risk management policies may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place. See “Business — Internal Control and Risk Management.” Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management also depends on the effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of the Chinese Mainland and Hong Kong.

As we are listed on the STAR Market and will be [REDACTED] on the Main Board in Hong Kong, we will be required to comply with the [REDACTED] rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of [REDACTED] rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the STAR Market. Following the [REDACTED], our A Shares will continue to be traded on the STAR Market and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have divergent [REDACTED] volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the

RISK FACTORS

historical prices of our A Shares may not be indicative of the [REDACTED] of our H Shares. You should therefore not place undue reliance on the [REDACTED] history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

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

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

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution.

The [REDACTED] of our H Shares is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, [REDACTED] of our H Shares in the [REDACTED] will experience a substantial immediate dilution. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider offering and issuing additional H Shares in the future. [REDACTED] of the H Shares may experience dilution in the net tangible asset value per Share of their H Shares if we issue additional H Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [REDACTED] price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in the Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] volumes for our H Shares. A number of the Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share price of some of these companies has experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment toward the Chinese Mainland-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These factors may significantly affect the [REDACTED] and [REDACTED] of our Shares, regardless of our actual operating performance.

RISK FACTORS

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

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our H Shares in the [REDACTED], the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. We protect our Shareholders’ interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of the Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS Accounting Standards. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of the Chinese Mainland. See “Financial Information — Dividends and Dividend Policy” for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of the Chinese Mainland, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the Chinese Mainland to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the Chinese Mainland.

RISK FACTORS

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

As our A Shares are listed on the STAR Market, we have been subject to periodic reporting and other information disclosure requirements in PRC. As a result, from time to time, we publicly release information relating to us on the STAR Market or other media outlets designated by the CSRC. However, the information announced by us in connection with the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in the Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the STAR Market or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in the H Shares should be reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] the H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] the H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us, our H Shares or the [REDACTED].

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

The information in this document derived from official government sources has not been independently verified.

Certain facts, forecast and other statistics in this document are derived from various government and official resources. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Joint Sponsors, 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 and statistics. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.

RISK FACTORS

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, 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.