RISK FACTORS

In addition to other information in this document, you should carefully consider the following risk factors before making any investment decision in relation to our H Shares. Any of the following risks may materially and adversely affect our business, financial condition or results of operations, or otherwise cause a decrease in the [REDACTED] price of our H Shares and cause you to lose part or all of the value of your investment in our H Shares. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to timely develop new molecular-diagnostics-based IVD products or deploy innovative sequencing technologies to meet ever-evolving customer needs, we may lose our competitiveness.

We heavily invest in the development of new IVD products targeting reproductive health and neurodegenerative diseases detection. In the meantime, we integrate various sequencing technologies into our scientific research sequencing solutions. To meet the ever-evolving demands of our customers in both clinical diagnostics and scientific research, it is essential that we expand our IVD product portfolio and sequencing technology capabilities in a timely and strategic manner. Successfully achieving this goal requires us to anticipate the market trend, analyze the customer demand, make significant investments in R&D and acquire required regulatory approvals. Failure to develop and commercialize new IVD products or introduce innovative sequencing technologies in a timely and effective manner could result in our inability to keep pace with market trends and meet customer expectations, thereby undermining our competitiveness and causing material adverse effects to our business, financial condition and results of operations.

We face intense competition. Additionally, the sizes of the markets for our offerings may be smaller than our estimation, and we may not be able to penetrate our target markets.

The life science sequencing solutions industry is highly competitive. Our competitors may develop IVD products that are comparable or superior to our offerings with more competitive prices. Many competitors have greater financial resources, stronger R&D capabilities and well-established relationships with hospitals, ICLs and other key stakeholders. Additionally, hospitals, ICLs, academic institutions and research organizations, may develop their own sequencing solutions, reducing demand for our offerings and intensifying competition.

Demand for our reproductive health sequencing solutions may be smaller than expected due to the aging population, while the neurodegenerative disease detection market remains nascent. Additionally, our market analysis relies on assumptions that may prove inaccurate. Moreover, the demand for complex sequencing services is often tied to macroeconomic conditions. During periods of economic uncertainty or downturn, academic institutions and research organizations may face budgetary constraints, reducing investments in life sciences research projects. As a result, these institutions may opt for more affordable alternatives or develop their own sequencing and bioinformatics analysis capabilities, further undermining demand for our sequencing solutions. If we are unable to compete effectively in the life science sequencing solutions industry, or if actual demand for our products and services is lower than our anticipation, our business, financial condition and results of operations may be materially and adversely affected.

The market demand for our clinical sequencing solutions may be affected by the aging population in China.

The aging demographic in China may affect the market demand for our clinical sequencing solutions that focus on the reproductive health sequencing. According to CIC, the birth rate in China decreased from 1.1% in 2018 to 0.7% in 2024, and the birth rate in China is expected to remain at around 0.6% going forward. During the Track Record Period, we derived a substantial portion of our revenue from the sales of our IVD test kits used by expectant parents for birth defect screening. Looking forward, we expect to continue relying on sales of these IVD test kits and new IVD products that focus on reproductive health sequencing and birth defect prevention. With the aging population in China, the potential decline in the number of expectant parents could adversely affect demand for prenatal testing and, therefore, reduce the market for our IVD products. Any material decrease in demand for our clinical sequencing solutions may have a significant adverse impact on our business, financial condition and results of operations.

Uncertainties surrounding regulations relating to the life science solutions industry may disrupt our product development, clinical trials and product registration processes.

The life science sequencing solutions industry in China operates within a relatively nascent yet rapidly evolving regulatory framework. Current regulations, such as the Administrative Measures for the Registration and filing of IVD Reagents (《體外診斷試劑註冊與備案管理辦法》) and the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), govern the development, manufacturing and commercialization of IVD products. These regulations require companies that manufacture and sell IVD products to obtain and maintain a range of certifications, including medical device manufacturing licenses, product registration certificates and operation licenses. Our existing IVD products, such as NIPT and CNV-seq kits, and other IVD product candidates are subject to these regulatory requirements. Such requirements impose high compliance costs on us. Additionally, as the regulatory framework for the IVD industry continues to develop, we anticipate heightened compliance requirements in the areas of product development, registration and quality control. Any increase in regulatory stringency could raise our compliance costs,

delay product launches and intensify competition within the industry. As a result, our business, financial condition and results of operations may suffer from material and adverse effects.

We may fail to obtain or renew the regulatory approval for our products in a timely manner and at acceptable costs, or at all.

To secure regulatory approvals, we must conduct extensive pre-clinical research and clinical trials to establish that our products are effective for their intended uses and comply with applicable regulatory requirements and quality standards. In addition, our manufacturing facilities, processes and quality control systems are subject to stringent regulatory oversight to ensure compliance with applicable laws and regulations. These validation and approval processes are time-consuming, costly and inherently uncertain. Regulatory authorities may delay the review of our submissions, reject our applications, or even suspend the approval process, any of which could significantly disrupt our operations and delay or prevent the launch of our products.

We may fail to obtain regulatory approvals for our existing products or product candidates due to a variety of factors, including, but not limited to delays in clinical studies or trials, deviations from clinical trial protocols by us or by third parties, and changes in the laws and regulations during the clinical trial process. Any of these factors may result in significant delays or prevent us from obtaining the necessary regulatory approvals, forcing us to adjust, suspend or even terminate certain product development projects. Such outcomes could lead to substantial financial losses, reputational damage and operational disruptions. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our future offerings may not achieve the same level of widespread market acceptance as our existing IVD test kits.

During the Track Record Period, most of our revenues were derived from our clinical sequencing solutions. Our clinical sequencing solutions generated revenue of RMB270.0 million, RMB329.4 million and RMB334.0 million in 2023, 2024 and 2025, respectively, which accounted for 56.9%, 63.6% and 61.0% of our total revenues in the same periods, respectively. Our future revenue growth and financial performance rely heavily on the continued popularity of our existing products, such as the NIPT and CNV-seq kits, and the widespread market acceptance of our future offerings. Market acceptance of our products depends on various factors, many of which are beyond our control, such as effectiveness of our products, public perception of IVD products and life science sequencing, as well as concerns of genetic testing. Failure to maintain or expand market acceptance may cause a significant decline in sales, materially and adversely affecting our business, financial condition and results of operations.

We incurred net losses during the Track Record Period and may incur net losses for the foreseeable future.

During the Track Record Period, we incurred net losses of RMB240.2 million, RMB125.8 million and RMB54.4 million in 2023, 2024 and 2025, respectively. The majority of our operational expenditure resulted from expenses incurred in connection with selling and distribution expenses and material costs. We may continue to incur losses for the foreseeable future, and the losses may increase as we expand our product pipeline and seek regulatory approvals for our new products.

Moreover, the extent of our future net losses depends on several factors, including the scale of our product development programs and the expenses involved in commercializing our products. Additionally, our future financial performance would be affected by our customers' evolving needs, the market competition, as well as our marketing and promotional efforts. There is no guarantee that we will be able to maintain such profitability over time, which may cause material and adverse effects to our business, financial condition and results of operations.

Our R&D investments may not yield satisfactory results.

We have made substantial R&D investments in IVD product development and the innovations of genetic sequencing technologies. During the Track Record Period, our R&D expenses amounted to RMB44.9 million, RMB26.6 million and RMB42.7 million in 2023, 2024 and 2025, respectively. We expect to make continuous R&D investments to upgrade our existing offerings and develop new solutions. However, as R&D efforts are inherently time-consuming, costly and fraught with uncertainty, we cannot assure you that our R&D efforts will always deliver satisfactory outcomes. The inherent uncertainty of R&D may result in delays in product development, or our new products may fail to achieve the anticipated level of commercialization.

If our R&D efforts are unsuccessful, the significant investments in product development may not be recouped through revenue generation, leading to financial losses and weakening our competitiveness. Failure to develop successful new products may also limit our ability to expand our market share and undermine our innovation capabilities, leaving us vulnerable to competitors who may outperform us in introducing new products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Any failure or delay to conduct clinical trials for our products will disrupt our product development and registration.

Timely completion of clinical trials in accordance with protocols is critical for securing regulatory approvals and commercializing our products. Delays can disrupt our product development timelines. While pre-clinical studies provide valuable insights, their results do not always predict clinical trial outcomes. There is a risk that any deviation could invalidate the trial results or necessitate additional trials.

We face challenges in initiating clinical trials. Regulatory authorities or hospital ethics committees may deny authorization over trial design or safety issues. Negotiating acceptable terms with hospitals or clinical sites can also be difficult, and once agreements are reached, we may still struggle to recruit enough trial participants to achieve the sample size required for statistically significant results. Costs associated with clinical trials may exceed our budget, straining our operations. Regulatory authorities may require additional clinical trials, or initial trials may fail to produce conclusive results. This may increase costs and delay regulatory approvals, pushing back our product launch timelines. Consequently, interruptions in clinical trials could materially and adversely affect our business, financial condition and results of operations.

We rely on a limited number of suppliers for the procurement of essential raw materials, and recent regulatory developments may adversely affect our ability to secure these supplies.

We primarily source raw materials from a limited number of suppliers. For the years ended December 31, 2023, 2024 and 2025, our purchases from the five largest suppliers in aggregate accounted for approximately 41.8%, 51.2% and 46.6% of our total purchase amount, respectively, while purchases from our largest supplier accounted for approximately 24.4%, 33.8% and 31.5% of our total purchase amount for the same periods, respectively. If any of these suppliers fails to perform its contractual obligations or encounters operational difficulties, our production may be disrupted. Such disruption could increase procurement costs, adversely affecting our business, financial condition and results of operations.

In September 2020, the Ministry of Commerce of the PRC (MOFCOM) issued the Provisions on the Unreliable Entity List (《不可靠實體清單規定》) (the UEL Provisions). On March 4, 2025, MOFCOM announced that, pursuant to the UEL Provisions, a U.S. genetic sequencing company (U.S. Company) is prohibited from exporting DNA sequencers to the PRC (the Sanction).

During the Track Record Period and up to the Latest Practicable Date, we procured raw materials and equipment components for our IVD products from Supplier A, a PRC related entity of this U.S. Company. As advised by our PRC Legal Advisor, the above procurement from Supplier A does not fall within the scope of the Sanction. During the Track Record Period and up to the Latest Practicable Date, our procurement from Supplier A was not affected by the Sanction nor did we receive any administrative notice or penalties for our procurement from Supplier A. However, there can be no assurance that government authorities will agree with our PRC Legal Advisor's and our current interpretation of these restrictions, and the government authorities may expand the scope of the UEL Provisions. If such expansion occurs, our ability to secure critical supplies could be severely constrained.

If we are unable to procure the necessary raw materials and equipment components from our existing suppliers, we may seek alternative suppliers. Identifying suitable replacements could be time-consuming, costly and may result in production delays. Moreover, even if we are able to secure alternative sources, we may be required to obtain new or additional registrations or approvals for our IVD products, which may result in lengthy approval processes. Any delay or failure in obtaining the required approvals could disrupt our business operations, and the performance of our IVD products may be materially affected if alternative raw materials or equipment components do not meet our existing product specifications or quality standards, resulting in reputational harm, lost sales or liability claims, all of which could have a material adverse effect on our business, financial condition and results of operations. See "Business — Our Suppliers and Raw Materials."

Governmental policies, such as centralized procurement and healthcare reimbursement programs, and scientific research support, may affect our pricing and sales strategies, thereby affecting our profitability and future growth.

The pricing and market preference for our clinical sequencing solutions are significantly influenced by medical insurance reimbursement policies and centralized procurement programs. Our IVD products are not covered by China's national healthcare reimbursement programs. The exclusion or persistently low reimbursement rates may lead potential test takers to choose cheaper alternatives, undermining their demand for our solutions.

We are subject to provincial centralized procurement programs in China. For example, Jiangsu province imposed a price ceiling on NIPT services, under which hospitals and ICLs offering NIPT services at prices below the price ceiling may be permitted to provide in-house NIPT services. As a result, we may be required to lower the prices of kits when providing the testing services, which may reduce the profitability of NIPT kits. In addition, if hospitals or ICLs that use our NIPT kits are not selected by this program, our market share in the NIPT market may decline. We cannot guarantee that other provinces will not follow suit or that our other IVD products will not be affected by similar programs in the future.

The pricing and demand for our scientific research sequencing solutions are closely linked to the level of funding provided by local governments and public institutions. If they reduce or cease funding for scientific research projects involving genetic sequencing, demand for our solutions may decline. We may be required to offer discounts or lower prices, further compressing our profitability. These factors could materially and adversely affect our business, financial condition and results of operations.

Our relationships with business partners may deteriorate.

Our business operation relies heavily on our relationships with key business partners, including hospitals, ICLs, academic institutions, research organizations, third-party service providers such as CROs and SMOs, and distributors. However, these parties may terminate their relationships with us. If key partners decide to end their collaboration, we may face significant challenges in product development, clinical trials and sales and marketing. Finding suitable

replacements for these partnerships may be time-consuming and costly, with no guarantee of forming equally valuable relationships. Additionally, there is a risk that our partners may develop and commercialize solutions that directly compete with ours. If our relationships with third-party clinical trial partners deteriorate, our R&D efforts could be delayed. Furthermore, without the sales and marketing support of our partners, our market presence would weaken, and our ability to achieve future growth could be constrained. Consequently, any deterioration of our relationships with business partners may materially and adversely affect our business, financial condition, and results of operations.

Our production may be disrupted by various reasons, causing us to fail to meet customer demand.

Our manufacturing processes are vulnerable to disruptions caused by disasters and man-made events. A major disruption may prevent us from quickly replacing damaged equipment, restoring operations, or relocating production to other facilities or third-party manufacturers in a timely and cost-effective manner. Efforts to expand or modify our production facilities could introduce further challenges. Such events may impair our ability to meet contractual obligations or satisfy market demand.

Production of our IVD products involves quality risks that cannot be eliminated. For instance, equipment malfunctions can cause defects in the production line, and manufacturing errors can result in substandard products. Additionally, human error can lead to lapses in oversight. Any issues with raw material quality can compromise product integrity. If our products or manufacturing processes fail to meet required quality standards, poor-quality products can cause misdiagnoses, leading to product liability claims. Defending against such claims is costly, time-consuming, and diverts resources from core operations. Quality issues may also damage our reputation and erode customer trust. Regulatory authorities may further impose sanctions or penalties, including product recalls, fines or suspension of manufacturing licenses, disrupting operations and causing material adverse effects on our business, financial condition and results of operations.

Any factors affecting our products' accuracy and reliability may harm our reputation and adversely affect our operational results.

The market acceptance of our clinical sequencing solutions depends on the solutions' ability to consistently deliver accurate and reliable testing results. Errors or misinterpretations during the testing process can result in significant misdiagnoses or clinical crises. For example, contaminated or improperly handled samples by clinicians can produce misleading testing results. Personnel at hospitals or ICLs may also misuse sequencing equipment or misinterpret data generated by our bioinformatics software, introducing errors into the diagnostic process. Additionally, test takers rely on clinicians' interpretations and diagnoses, which can sometimes be incomplete or inaccurate. Test takers may attribute these errors to our solutions, resulting in product liability claims. These claims can incur significant legal costs and consume management resources.

Publicized incidents of inaccurate results can damage our brand image and erode consumer trust, leading to a decline in sales, a reduction in market share and long-term harm to our competitive position. Such incidents may also trigger regulatory scrutiny or sanctions, further compounding the negative impacts. As a result of the inaccurate testing results, our business, financial condition and results of operations may suffer from material and adverse effects.

If we fail to provide satisfactory services for customers in clinical diagnostics or life sciences research, we may lose customers, which may adversely our operational results.

We may fail to meet customer expectations for service quality. For clinical sequencing solutions, our laboratory designs may not fully satisfy customers' internal requirements for clinical diagnostics, especially if they lack the necessary resources or facilities to install and operate sequencing equipment according to our specifications. For scientific research sequencing solutions, equipment malfunctions or human error may cause inaccuracies or delays in sequencing and analysis, prompting customers to seek alternatives.

After-sales customer support is critical to maintaining customer satisfaction. However, we may fail to meet their expectations. Any inability to provide satisfactory services may undermine the market acceptance of our solutions and weakens our competitive position. Dissatisfied customers may also share negative feedback, damaging our reputation and making it harder to acquire new customers or retain existing ones, thereby materially and adversely affecting our business, financial condition and results of operations.

Any disruption in the supply of raw materials may materially and adversely affect our business, financial condition and results of operations.

Failures in our procurement process or raw material quality control can result in substandard raw materials, compromising the quality of our finished products and damaging our reputation. Deterioration in our relationships with suppliers can also cause substantial supply chain disruptions, inadequate material quality or delays in raw material deliveries. Identifying suitable replacement suppliers is time-consuming, expensive, and requires rigorous testing and validation. Such delays may lead to late deliveries, unfulfilled orders and harm to customer relationships. Additionally, sourcing from alternative suppliers may involve higher costs, further undermining our profitability.

Our supply chain is also vulnerable to natural disasters, financial instability of suppliers, regulatory changes, geopolitical tensions, or operational failures at supplier facilities. If current suppliers fail to provide adequate raw materials, we may face reduced production capacity, delayed order fulfilment and damage to our reputation. These risks relating to the raw material supply may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Any significant price fluctuations of our raw materials may cause adverse effect on our profit margins and operational results.

Suppliers may raise raw material prices. Increased production costs may not be fully passed on to customers. Inability to raise prices of our solutions may force us to absorb these increased costs, eroding profit margins and negatively impacting financial results. We may also be unable to find suitable alternative suppliers for raw materials in a timely manner or at an acceptable cost. Replacing raw materials requires a costly and time-consuming validation process, causing interruptions to production schedules and further increasing production costs. Additionally, we rely on a limited number of suppliers for certain critical raw materials. If these key suppliers increase prices, we may have no choice but to absorb the additional costs, thereby suffering material and adverse effects to our business, financial condition and results of operations.

We provided LDT services during the Track Record Period through certain testing facilities that are not currently a part of our business. Any negativity relating to those testing facilities may incur public and regulatory scrutiny on our business.

During the Track Record Period, we provided LDT services through Annoroad Laboratory that is now divested from our operations. While Annoroad Laboratory is no longer part of our business, any adversity involving Annoroad Laboratory may still be perceived as linked to our brand due to our historical association.

To implement the Article 53, according to "Notice on the Pilot Project of Medical Institutions to Independently Develop and Use In Vitro Diagnostic Reagents" (Notice 101) issued by the General Office of the NMPA and the NHC in January 2023. As advised by our PRC Legal Advisor, Annoroad Laboratory complies with Article 53 in material aspects based on the consultations conducted by our PRC Legal Advisor and the PRC Legal Advisor to the Joint Sponsors with a department deputy director of the Beijing Municipal Medical Products Administration (the "**BMPA**"), since (i) Notice 101 is a non-public policy and is only applicable to the 6 hospitals designated by it and the other 4 hospitals designated under "Pilot Implementation Plan for the Self-Development and Use of In Vitro Diagnostic Reagents by Shanghai Medical Institutions" issued by SMPA and SMHC in March 2023 (collectively referred to as the "**pilot scope**"), and (ii) there is no in-vitro diagnostic reagent of the same type that has obtained medical device registration certificate in China for the in-vitro diagnostic reagents Annoroad Laboratory use in LDT services. The possibility of requiring Annoroad Laboratory to suspend the provision of LDT services is relatively low.

Not all of the testing services provided by Annoroad Laboratory fall within the Catalogue of Clinical Laboratory Items for Medical Institutions (2013) (the "**Testing Items Catalogue**"). To address clinical needs, medical institutions may provide clinical testing services not encompassed within the Testing Items Catalogue, provided such services are validated with clear clinical significance, relatively high specificity and sensitivity, and reasonable pricing in accordance with the Notice on Issues Related to the Management of Clinical Laboratory Items (《關於臨床檢驗項目管理有關問題的通知》) (the "**Circular 167**"), promulgated by the

NHFPC on February 25, 2016. As advised by our PRC Legal Advisor, based on the interview conducted by our PRC Legal Advisor and the PRC Legal Advisor to the Joint Sponsors on May 18, 2025 with the director of the Health Division ("**Health Division**") under the Social Affairs Bureau of the Beijing Economic-Technological Development Area Committee ("**Health Division consultation**"), (i) the Testing Items Catalogue is not meant to limit the permissible scope of testing carried out by clinical laboratories, (ii) testing services provided by Annoroad Laboratory fall, in principle, within the scope of Circular 167; (iii) no administrative penalties have been imposed on Annoroad Laboratory and the possibility of requiring Annoroad Laboratory to suspend the provision of such testing services is relatively low.

For the Health Division consultation, our PRC Legal Advisor and the PRC Legal Advisor to the Joint Sponsors have conducted an interview with Beijing Municipal Health Commission (the "**BMHC**") on March 31, 2025, which suggests that for inquiries regarding the compliance of the Annoroad Laboratory's operations shall be further consulted with the local branch of the BMHC in the Beijing Economic-Technological Development Area where Annoroad Laboratory is located. As advised by our PRC Legal Advisor, the Health Division is the competent authority to regulate Annoroad Laboratory. Pursuant to the Health Division consultation, and as advised by our PRC Legal Advisor, Annoroad Laboratory has complied with the PRC laws and regulations applicable to the operations of Annoroad Laboratory prior to the disposal in all material aspects.

However, due to our historical association, penalties on Annoroad Laboratory and negativity surrounding it may damage our reputation, erode customer trust and discourage existing or prospective customers and business partners from engaging with us. Any reputational harm may further cause material adverse effects to our business, financial condition and results of operations.

Our success relies on attracting and retaining our senior management, key personnel in R&D team, sales and marketing team, and other valuable employees.

Our business operations and growth depend heavily on the leadership, expertise, and continued service of our senior executives and key personnel, including those in our R&D, production, and sales and marketing departments. Our measures to retain these key personnel may not always be sufficient, especially when facing more lucrative offers from competitors, and we cannot guarantee that these key employees will remain with us. The loss of multiple key personnel may severely disrupt daily operations, delay product launches and hinder the execution of long-term strategies. Replacing senior executives and key employees is especially challenging in our industry due to the limited talent pool with the required skills and experience. We may struggle to offer compensation packages or incentives that are sufficient to attract and retain the personnel we need. In addition, if any of them were to join a competitor or start a competing business, they could use their knowledge of our operations, strategies and proprietary information to undermine our competitive position. Any of such events could materially and adversely affect our business, financial condition and results of operations.

Any failure to maintain or expand our sales network will materially and adversely affect our business operation.

We rely on both the in-house sales and marketing team, who possesses industry knowledge and relevant professional background, and distributors with connections with our target customers. As we expand our product pipeline and increase sales volumes, our need for additional sales and marketing professionals will grow. However, we may fail to attract the necessary talent, or we may struggle to retain key members of our existing team. Any turnover in our sales and marketing team could disrupt customer relationships and hinder our ability to effectively promote our solutions, which could lead to a decline in sales.

We also engage distributors to sell our solutions. Distributors may fail to meet sales targets, comply with promotional requirements or follow our strict guidelines. Additionally, unauthorized sales by some distributors could harm our relationships with other distributors or cause channel cannibalization. Furthermore, distributors may fail to provide adequate customer support or technical assistance, leading to dissatisfaction among our customers. All these issues caused by our distributors may undermine our market presence and deteriorate our relationships with existing customers. As we plan to expand our distributor network to enhance market penetration, we may encounter additional challenges in managing distributors. If our distributors fail to perform as expected, or if our efforts to expand the network are unsuccessful, our sales growth and financial performance may be strained, resulting in material and adverse effects to our business, financial condition and results of operation.

We may not be able to protect our intellectual property rights or may be subject to infringement claims of third parties' intellectual property rights, which could harm our reputation and ability to compete.

Our intellectual property portfolio, including patents, copyrights, trademarks and trade secrets, is critical to our operations and growth. We face risks of third-party infringement and potential claims that our solutions infringe on others' intellectual property rights.

Unauthorized use or misappropriation of our intellectual property by employees, business partners or competitors could harm our competitiveness, diminish the value of our technologies and impact our operations. We cannot fully prevent infringement with our existing measures. On the other hand, we may inadvertently infringe on third-party intellectual property. Such claims could result in costly damages, licensing fees or cessation of product development, thereby adversely disrupting our R&D progress and negatively affecting our operations.

Intellectual property litigation, whether to enforce our rights or defend against claims, is costly and resource-intensive, diverting management's focus from operations and growth initiatives. In addition, negative outcomes could harm our reputation, market position and future product development, leading to material adverse effects to our business, financial condition and results of operations.

RISK FACTORS

We had net current liabilities and total deficits in the past, which we may continue to experience in the future.

We had net current liabilities of RMB811.1 million as of December 31, 2023, and we had total deficits of RMB630.5 million as of December 31, 2023. The major components of our current liabilities and total deficits in 2023 were liabilities from special shareholder rights, primarily arising from the special shareholder rights arrangements we entered into with certain of our pre-[REDACTED] investors. See Note 27 of Appendix I to this document. We cannot assure you that we will not record net current liabilities again in the future again. A net current liabilities and total deficits position exposes us to liquidity risks. Our future liquidity and payment of trade and other payables will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we experience a shortage in cash flow generated from operations, our liquidity position may be materially and adversely affected, which, in turn, may impact our ability to execute our business strategies. If such event occurs, our results of operations and financial position will be materially and adversely affected.

We recorded negative operating cash flow in the past. If we have negative operating cash flow again in the future, our liquidity and financial condition may be materially and adversely affected.

We recorded net operating cash outflows of RMB26.1 million and net operating cash outflows of RMB86.4 million for the year ended December 31, 2023 and 2025. For further information on our cash flow position during the Track Record Period, see "Financial Information — Liquidity and Capital Resources — Cash Flow." We cannot assure you that we will not record net operating cash outflow again in the future. Net operating cash outflows could impair our ability to make necessary capital expenditures, constrain our operational flexibility, adversely affect our ability to meet our liquidity requirements, and require us to obtain sufficient external financing to meet our financial needs and obligations. If we resort to external financing facilities to generate additional cash, we may incur additional financing costs. If we have net operating cash outflows again in the future and if we cannot obtain adequate fund from other resources on satisfactory terms or at all, our business, financial conditions and results of operations may be materially and adversely affected.

We use third-party logistics service providers for transporting testing samples, and any delays or mishandling by our logistics providers may affect our business operation.

We rely on third-party logistics providers to deliver our IVD products and transport biological samples for our sequencing solutions. The effectiveness of our IVD products and the quality of our sequencing services depend on proper handling and timely transportation, which can be disrupted by various factors beyond our control, such as long distances, natural disasters, policy changes, labor strikes, bad weather, or mislabelling and packaging errors. Any of such disruptions could delay deliveries, degrade biological samples and lead to customer dissatisfaction, lost opportunities and reputational harm. Additionally, rising logistics costs

could increase operational expenses, and if we cannot offset these costs through price adjustments, our profit margins may be impacted, thereby suffering from material adverse impacts on our financial performance and operational results.

Inventory obsolescence may materially and adversely affect our business, financial condition and results of operations.

We determine our inventory levels based on various factors, such as internal demand forecasts. If our forecasts underestimate actual demand, we may not have enough stock of critical medical devices or reagents, leading to lose potential sales opportunities to competitors. On the other hand, if we overestimate demand, we may accumulate excessive inventory, which may increase storage and handling costs, and it may also elevate the likelihood of product obsolescence or costly write-offs. If any of these happens, our financial performance may be negatively impacted. We cannot assure that our inventory management system will always function effectively. Any inefficiencies or failures in the system may further exacerbate inventory-related issues and adversely affect our business, financial condition and results of operation.

We have granted, and may continue to grant share-based payments, which may affect our financial condition and results of operations.

We have granted, and may continue to grant, share-based awards to our employees, Directors, and other eligible persons to incentivize their performance. We recognized share-based payment expenses of RMB29.3 million, RMB18.9 million and RMB9.6 million for the years ended December 31, 2023, and 2024, and 2025, respectively. Furthermore, the exercise of share options or the vesting of other awards will result in the issuance of new Shares. This will have a dilutive effect on the shareholding structure and may adversely affect the market price of our Shares. We expect to continue to grant share-based awards in the future. Any substantial increase in such expenses could materially and adversely affect our financial condition and results of operations.

Our insurance coverage may be insufficient to cover our business risks and satisfy potential claims.

We maintain limited insurance coverage. For more details, see "Business — Insurance." However, we do not carry insurance for certain risks, such as business interruptions caused by natural disasters, utility supply disruptions, or other unforeseeable events. Our operations also involve various risks and hazards related to research and manufacturing, which could potentially cause harm to individuals or damage property. There is no guarantee that our current insurance policies will be sufficient to cover all potential losses. If we face claims related to product liability, operational disruptions, or other events that are not fully covered by our insurance, the resulting financial and operational losses could have a material adverse effect on our business, financial condition and results of operations.

RISK FACTORS

Ethical, legal and social concerns related to the use of genetic information in China could adversely affect the demand for our solutions.

The use of genetic information, particularly in prenatal testing, is subject to ethical, legal and social concerns that could reduce demand for our solutions. Negative publicity regarding genetic sequencing, even if unrelated to our offerings, could erode public trust in the technology and reduce market acceptance of our products. Concerns about data privacy, discrimination, or unethical applications of genetic information may discourage hospitals, ICLs, and consumers from adopting or recommending our products.

Adverse publicity or controversies surrounding the safety, effectiveness, or ethical implications of genetic testing could damage the industry's reputation as a whole, limiting market acceptance of our products. If ethical or regulatory concerns reduce demand for IVD products or discourage stakeholders from recommending them, our business, financial condition and results of operations could be materially and adversely affected.

Our performance depends on our relationship with employees. Any material deterioration in labor relations, shortage of labor or material increase in labor costs may have a material adverse effect on our business, financial condition and results of operations.

Our R&D, production and sale processes are labor-intensive, and any deterioration in our relationships with employees could lead to labor disputes, which have the potential to disrupt production and other operations, consequently harming our business. As China's economy continues to grow, labor costs are expected to rise, further straining our operational expenses. Additionally, China faces challenges from an aging population and labor shortages, which may amplify the pressures of increasing labor costs. To remain competitive, we may be forced to offer higher wages and better compensation packages, which could significantly raise our labor expenses and negatively impact our profitability and financial performance. Prolonged labor shortages or sustained inflation in labor costs could exacerbate these challenges, making it more difficult for us to maintain or expand our operations efficiently. If we are unable to manage these labor-related pressures effectively, our business, financial condition and results of operation could be materially affected.

Failure to pay social insurance premiums and housing provident funds for and on behalf of our employees in accordance with applicable laws and regulations may subject us to penalties.

During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full based on their actual salaries of previous year in accordance with the relevant laws and regulations in the PRC. There is a risk that we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court.

During the Track Record Period, we engaged third-party human resources agencies to handle social insurance premiums and housing provident fund contributions for certain employees. However, PRC regulations require employers to make these contributions directly through their own accounts, not through third-party intermediaries. As a result, contributions made through third-party accounts may not be recognized as compliant by government authorities. Consequently, we could be required to make additional payments for any outstanding contributions and may also face late payment penalties or enforcement actions. There is also a risk that authorities may not accept this arrangement. In addition, if the third-party agencies fail to meet its obligations, we could be liable for additional payments, late fees and penalties. In addition, pursuant to the Interpretation on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (II) (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), promulgated by the PRC Supreme People's Court on July 31, 2025 and effective from September 1, 2025, if an employer fails to make social insurance contributions in accordance with law, an employee may terminate the labor contract and claim economic compensation, and such claim shall be supported by the people's courts.

Any perceived violations could lead to labor disputes, government investigations, or demands for additional employee compensation. Such outcomes could materially and adversely affect our business, financial condition, and operational results. For further information, please refer to the section "Business — Employees."

Any negative publicity and allegations involving us, our shareholders, directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

We, along with our shareholders, directors, officers, employees and business partners, may occasionally be subject to negative media coverage and publicity. Such negative attention could damage public perception of our reputation. Additionally, our former employees or business partners may post negative information about our brand, which may cause public's negative perception of us, even if the information is not substantiated. Addressing these issues may require substantial time and financial resources, and we may not be able to fully resolve the concerns of our investors or customers. This could have a material adverse impact on our business, financial condition and results of operation.

We may be subject to complaints, disputes and lawsuits in the ordinary course of our business, which could be costly and time-consuming to defend or settle.

From time to time, we may become involved in litigation, legal disputes, claims, investigations, or administrative proceedings that arise during the ordinary course of our business or as a result of regulatory enforcement actions. Any existing or future legal matters could lead to substantial costs and divert management's focus and resources. Additionally, legal disputes that initially seem minor could escalate and become more serious due to various factors, such as evolving circumstances, increased potential for loss, larger monetary stakes, or the involvement of key parties. If a court ruling is unfavorable or if we settle with opposing

parties, we may be required to pay substantial damages, take on additional liabilities, or even suspend or terminate certain business initiatives. Moreover, any negative publicity resulting from litigation, disputes, or investigations could harm our reputation and tarnish the image of our brands and products. Regulatory actions or legal proceedings could also lead to significant regulatory consequences, compounding the impact on our business. As a result, our financial condition, reputation and overall operations could be materially and adversely affected.

We may fail to timely collect our trade and bills receivables and prepayments, which will adversely affect our financial condition and results of operation.

Our trading terms with customers are mainly on credit, with the credit periods up to 180 days. As of December 31, 2023, 2024 and 2025, our trade and bills receivables were RMB177.5 million, RMB180.4 million and RMB326.3 million, respectively. We cannot guarantee that our customers or other parties could make payments to us in a timely manner, and delays in their material payments may cause an adverse effect on our liquidity position and working capital efficiency.

Our trade and bills receivables turnover days were 151.9 days, 124.4 days, 166.8 days in 2023, 2024 and 2025, respectively. With our business expansion, we cannot guarantee that our trade and bills receivables turnover days will not increase in the future, which will make it more challenging for us to manage our working capital effectively, and our results of operations, financial condition and liquidity may be materially and adversely affected.

In addition, our prepayments may involve significant uncertainties. As of December 31, 2023, 2024 and 2025, the balance of our prepayments was RMB10.9 million, RMB10.3 million and RMB14.0 million, respectively. However, we cannot assure you that suppliers and third-party service providers will perform their obligations in a timely manner, which may cause prepayment default and impairment loss risk in relation to the prepayments, causing material and adverse effects on our business and financial position.

We have experienced a prolonged cash conversion cycle, which may lead to cash flow mismatches and adversely affect our liquidity and financial position.

We have experienced a prolonged cash conversion cycle during the Track Record Period, as our inventory turnover days and trade and bills receivables turnover days exceeded our trade payables turnover days, resulting in a timing mismatch between cash outflows for purchases and inventory buildup and cash inflows from sales collections. This arises from our higher inventory levels to support rapid order fulfillment for clinical sequencing solutions, coupled with extended credit terms granted to key customers to foster long-term relationships. Such a cycle may strain our working capital, increase our reliance on internal cash reserves or external financing to fund operations, and expose us to liquidity risks, particularly if customer payments are delayed. If we are unable to effectively manage this prolonged cycle, it could lead to cash flow shortages, hinder our ability to invest in R&D, expand production, or meet financial obligations, thereby materially and adversely impacting our business operations, financial condition and results of operations.

To mitigate these risks and shorten our cash conversion cycle going forward, we plan to enhance our collection efforts for trade receivables, prioritize customers with reliable settlement patterns, and negotiating with suppliers to extend payment terms. However, there is no assurance that our working capital management measures will be effective in achieving the intended purposes, as their success depends on factors beyond our control, such as customer payment behaviors, supplier negotiations and broader market conditions. If these measures are ineffective, we may need to rely more on external financing, potentially increasing our interest expenses, debt levels and vulnerability to interest rate fluctuations, which could further adversely affect our financial position and growth prospects.

We may experience discontinuation, reduction or delay of any preferential tax treatments or government grants.

During the Track Record Period, we have received government grants of RMB5.2 million, RMB2.0 million and RMB2.4 million in 2023, 2024 and 2025, respectively. In addition, we also benefited from favorable government policies, such as preferential tax treatment, during the Track Record Period. However, the timing, amount and criteria for receiving government grants or other benefits are at the discretion of local government authorities or determined according to applicable laws. Our eligibility for government grants and favorable policies depends on various factors, including our technological advancements, the relevant government's funding availability and our research and development progress. Additionally, some grants and policies are project-specific and require us to meet certain conditions, such as fulfilling contractual obligations and completing specific projects. We cannot guarantee the continued availability of the grants or policies from which we have historically benefitted. Any reduction or discontinuation of such government support may have a material adverse impact on our business, financial condition and results of operation.

We may encounter risks related to our leased properties.

As of the Latest Practicable Date, we lease approximately 9,375 sq.m. of space in Beijing, Yiwu, Guangzhou, Jinan, Chongqing, Nanjing and Zhengzhou. When these leases expire, we will need to negotiate renewals, which may result in higher rental costs. Additionally, under PRC law, construction, expansion, or renovation of properties requires various permits, approvals and filings from multiple government authorities. We cannot guarantee that we will be able to renew our leases on favorable or acceptable terms, or that renewal will be possible at all. If we are unable to continue using any of our leased properties due to the failure to renew leases, termination of leases, or non-compliance with relevant laws and regulations, we may be forced to relocate. Relocation could result in significant expenses, and our operations may be disrupted or suspended if we are unable to complete the relocation, including the reconstruction of necessary facilities, in a timely manner.

Our business requires significant and continuous capital investment, and we may incur capital expenditures beyond current estimates or we may not be able to obtain adequate financing for our business.

Our businesses and operations are capital intensive. We have been undertaking, and may undertake in the future, capital intensive projects or businesses as part of our growth strategies, which could be delayed or otherwise adversely affected by a number of risks and uncertainties. Actual costs for these projects or businesses may exceed the initial budgets due to delays, changes in scope, increases in funding costs due to foreign exchange and interest rate volatility and increases in raw material, equipment or labor costs. In addition, these projects or businesses may not be able to achieve the anticipated economic results and commercial viability due to various factors. If any of these events occurs, our business, financial condition and results of operations could be materially and adversely affected.

Any natural disasters, health epidemics and other outbreaks could significantly disrupt our operations.

Our business may be materially and adversely affected by the occurrence or recurrence of force majeure events, natural disasters, or outbreaks of epidemics and contagious diseases. Such events, including but not limited to avian influenza, severe acute respiratory syndrome, swine flu, or the Ebola virus, could lead to temporary or permanent shutdowns of our laboratories, as well as disruptions to the operations of our customers and suppliers. Any such disruptions could significantly and negatively impact our business operations. Any future occurrence of severe natural disasters could further damage the broader economic landscape and have a direct negative impact on our operations. Any such disruptions could result in significant adverse effects on our business, financial condition, and overall performance.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Development and changes in the political and economic policies of the geographic markets in which we operate may pose challenges to our ability to maintain our current expansion plans and overall business performance and affect our business, financial condition and results of operations.

Our financial performance, growth prospects and overall business operations are heavily influenced by economic, political and legal developments in the country where we operate. Development and changes in government policies could significantly impact our business.

In recent years, the Chinese government has introduced a series of laws, regulations and policies that impose stricter standards on the life science sequencing solutions industry in which we operate our business, particularly regarding IVD product development. If the government continues to implement stricter regulations, we may face rising compliance costs, which could adversely affect our profitability. Additionally, our business is subject to the broader macroeconomic conditions in China, which affect consumer behavior, spending power and

consumption patterns. Any development and changes to the macroeconomic condition, shifts in disposable income, or changes in consumer preferences could negatively impact demand for our solutions, further affecting our financial results.

Development and changes in the interpretation and enforcement of PRC laws and regulations could affect our business.

Our business operations are subject to Chinese laws and regulations, which are primarily based on written statutes and their interpretation by legislative, judicial, and enforcement bodies. Unlike in common law jurisdictions where prior cases are held as controlling precedents, prior court decisions can only be referenced while holding limited precedential value in China's legal system. Chinese government has made significant efforts in recent years to strengthen legislation and regulations aimed at protecting foreign investments, as many of these laws are still relatively new, the number of published cases and judicial interpretations remain limited, uncertainties may persist concerning the application and enforcement of such laws in relation to our business operations. It could adversely affect our business and impede our ability to continue our operations.

You may have limited recourse in effecting service of legal process or enforcing foreign judgments against us, our Directors and our senior management.

We are a company incorporated under the laws of the PRC, with all of our business operations and assets located in China. Additionally, the majority of our Directors, Supervisors, and executive officers reside in China, and their assets are largely based in China as well. Consequently, it may be difficult for investors to initiate legal proceedings or serve process on us or our key personnel outside of China, including in the United States or other jurisdictions, particularly for matters related to U.S. federal or state securities laws.

China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned which came into effect on August 1, 2008 and was abolished on January 29, 2024, pursuant to which a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court. China and Hong Kong have concluded the Arrangement on Mutual Recognition and Enforcement of Civil and Commercial Judgments between the Mainland and the Hong Kong Special Administrative Region, which took effect on January 29, 2024. Accordingly, the scope of applicable cases for judicial assistance can be expanded. In principle, judgments made after January 29, 2024 are subject to the provisions of the new "Arrangement". However, for cases where the "written jurisdiction agreement" referred to in the old "Arrangement" was signed before January 29, 2024, the old "Arrangement" still applies regardless of when the judgment is made. Moreover, China has not entered into similar reciprocal treaties for the enforcement of court judgments with countries such as the United

States, the United Kingdom, Japan, or many other nations. Furthermore, Hong Kong lacks an arrangement with the United States for the reciprocal enforcement of court judgments. According to PRC Civil Procedure Law and other relevant regulations, a court judgment from the United States or other jurisdictions may only be recognized and enforced in China or Hong Kong if there is a relevant treaty or agreement between China and the country where the judgment was issued, which is currently not the case with many major jurisdictions.

Our payment of dividends is subject to restrictions under applicable laws and regulations

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits as determined under PRC GAAP or HKFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, the PRC government regulates the convertibility of Renminbi into foreign currencies. We received all of our revenue in Renminbi during the Track Record Period. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations. Shortages in the availability of foreign currency may affect our ability to remit sufficient foreign currency or otherwise satisfy our foreign currency-denominated obligations.

Under the existing PRC foreign exchange regulations, 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 China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Under the relevant laws and regulations, the government is eligible to take necessary measures to guarantee and regulate the international balance of payments when serious balance disequilibrium of payments occurs, or it is possible that it may occur, or other legal circumstances occur. If the foreign exchange administration 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.

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

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税法》) with respect to PRC source income or gains at a rate of 20%. 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. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Pursuant to the EIT Law and its implementing rules, 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 generally subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in such PRC companies, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897) (國税函[2008]897號), dated November 6, 2008, issued by the SAT, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares. Non-PRC resident enterprises that are entitled to be taxed at a reduced 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, and payment of any such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares. If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected.

RISK FACTORS

Fluctuations in foreign currency exchange rates may adversely affect our operational and financial results.

The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies is subject to fluctuations, which are influenced by various factors, including Chinese government policies, political and economic conditions in both China and globally, as well as supply and demand in the local currency market. We cannot assure you that we will have sufficient foreign exchange to meet our needs at a given exchange rate. In addition, we are unable to predict how market forces or government control might impact the exchange rate between the Renminbi and other currencies, such as the Hong Kong dollar or U.S. dollar, in the future.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars, and any appreciation of the Renminbi against the U.S. dollar, Hong Kong dollar, or other currencies could reduce the value of these [REDACTED]. Conversely, any depreciation of the Renminbi could negatively affect the value of our Shares and the dividends payable in foreign currencies. Furthermore, there are only limited hedging instruments available to us at reasonable costs to mitigate our exposure to foreign currency risks. These factors could have a material adverse effect on our business, financial condition and results of operation.

Changes in currency conversion policies may adversely affect the value of your investment.

We may need to convert a portion of our revenue into foreign currencies to meet obligations such as operating costs, expenses and any dividends declared on our H Shares. However, if there are shortages in the availability of foreign currency, our ability to remit sufficient funds to cover these obligations could be restricted, including our ability to pay dividends or meet other foreign currency-denominated commitments.

Under current PRC foreign exchange regulations, payments for current account items like profit distributions, interest payments and trade-related transactions can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (SAFE), provided that certain procedural requirements are met. However, when converting Renminbi into foreign currency to pay for capital expenses, such as the repayment of foreign currency-denominated loans, approval or registration with relevant government authorities is required. Additionally, if a significant imbalance in international payments arises, the PRC government may impose safeguards or other control measures. There is no guarantee that the regulations governing the remittance of Renminbi in and out of China will remain unchanged in the future, and any modifications could impact our ability to meet foreign currency obligations.

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and the price and [REDACTED] volume of our H Shares may be volatile, which could cause substantial losses to investors in the [REDACTED].

The [REDACTED] of our H Shares was determined through negotiations between us and the [REDACTED]. As a result, the [REDACTED] may differ substantially from the market price of the H Shares once [REDACTED] begins following the [REDACTED]. While we have applied to [REDACTED] our H Shares on the Stock Exchange, we cannot guarantee that the [REDACTED] will lead to the development of an active or liquid [REDACTED] market for the H Shares. Furthermore, the price and [REDACTED] of the H Shares may be volatile.

Several factors could influence the market price and [REDACTED] of our H Shares, including: (i) actual or anticipated fluctuations in our financial performance, such as revenue, earnings, and cash flow; (ii) changes in analyst recommendations or earnings estimates, as well as general market conditions or developments affecting us or our industry; (iii) potential litigation or regulatory investigations; (iv) the performance of other companies in our sector or other industries, as well as events beyond our control; and (v) the release of lock-up restrictions or sales (or perceived sales) of additional H Shares by us or other shareholders.

Moreover, the securities market has historically experienced periods of significant price and volume fluctuations that are not necessarily tied to the operational performance of specific companies. Such fluctuations — whether driven by market conditions, industry trends, or political factors — could adversely impact the market price and [REDACTED] of our H Shares. In particular, the market price and [REDACTED] of our H Shares could experience substantial volatility due to factors beyond our control, such as: (i) variations in our revenue, earnings, and cash flow; (ii) announcements of new investments, strategic partnerships, or acquisitions; (iii) unexpected business interruptions due to natural disasters or power outages; (iv) significant changes in our key personnel or senior management; (v) difficulties in obtaining or maintaining necessary regulatory approvals; (vi) challenges in competing effectively with our competitors; (vii) broader political, economic, financial, or social developments; (viii) fluctuations in market prices for our products or raw materials; or (ix) the lifting of restrictions on H share transactions.

Additionally, the Stock Exchange and other securities markets have, at times, experienced significant volatility in both price and [REDACTED] that may not be linked to the performance of any particular company. This broader market volatility could also have a material adverse effect on the market price of our H Shares.

RISK FACTORS

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material and adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The future sale of a significant number of our H Shares in the public market after the [REDACTED], or the possibility of such sales, by our Controlling Shareholders or Investors could materially and adversely affect the market price of our H Shares and could materially impair our future ability to raise capital through [REDACTED] of our H Shares. Although such Controlling Shareholders and Investors have agreed to a lock-up on their H Shares, any major disposal of our H Shares by any of such Controlling Shareholders and Investors upon expiry of the relevant lock-up periods (or the perception that these disposals may occur) may cause the prevailing market price of our H Shares to fall which could negatively impact our ability to raise equity capital in the future.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The initial [REDACTED] of our H Shares is higher than the net tangible asset value per Share of the outstanding H Shares issued to our existing Shareholders immediately prior to the [REDACTED]. Therefore, purchasers of our H Shares in the [REDACTED] will experience an immediate dilution in terms of the [REDACTED] net tangible asset value. In addition, we may consider [REDACTED] and issuing additional H Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our H Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional H Shares in the future at a price that is lower than the net tangible asset value per Share.

Any possible conversion of our [REDACTED] Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

Subject to the completion of the filing with the State Council securities regulatory authority, all of our [REDACTED] Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the converted Shares on an overseas stock exchange. However, the PRC Company Law provides that in relation to the [REDACTED] of a company, the shares of that company which are issued prior to the [REDACTED] shall not be transferred within one year from the date of the [REDACTED]. Therefore, upon completion the requisite filing, [REDACTED] Shares may be [REDACTED], after the conversion, in the form of H Shares on the Stock Exchange after one year following the [REDACTED], which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

RISK FACTORS

There can be no assurance whether and when we will pay dividends in the future.

We did not declare or pay dividends during the Track Record Period. However, there is no guarantee as to whether we will pay dividends in the future. Declaration and distribution of dividends shall be proposed and formulated by our Board of Directors at their discretion and will be subject to shareholder approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial condition, operating and capital expenditure requirements, distributable profits, future prospects and other factors that our Board of Directors may determine are important. Accordingly, our historical dividend distributions are not indicative of our future dividend distribution policy and potential investors should be aware that the amount of dividends paid previously should not be used as a reference or basis upon which future dividends are determined. See "Financial Information — Dividends."

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our H Shares and [REDACTED] could decline.

The market price and [REDACTED] of our H Shares are likely to be influenced by the opinions and research published by securities or industry analysts. If these analysts fail to regularly cover our business, or if they issue inaccurate, misleading, or unfavorable reports, it could significantly reduce investor interest in our H Shares. A lack of consistent analyst coverage may lead to decreased visibility within the financial markets, making it more difficult for potential investors to obtain independent evaluations of our business and growth prospects, which could, in turn, lower the demand for our H Shares.

Additionally, if one or more analysts downgrade their recommendations, lower their price targets, or publish negative assessments of our business, it could result in a sharp decline in the market price of our H Shares. Even if our operating results and financial performance meet or exceed expectations, negative media or analyst reports could still damage the market perception of our company.

Moreover, unfavorable comparisons to our competitors or pessimistic forecasts about our industry as a whole could also drive down the value of our H Shares. The impact of such reports could be amplified by high [REDACTED], resulting in more pronounced price movements. In some cases, inaccurate or overly critical reports may arise from misinterpretations of our business model or financials, which could cause unnecessary volatility in the market.

In the absence of adequate or favorable coverage, investors may be less inclined to purchase or hold our H Shares, leading to reduced liquidity, increased price volatility, and ultimately, a potential decline in the value of your investment. This could also affect our ability to raise capital or pursue strategic opportunities in the future, as a lower market valuation may limit our access to financing and other growth-related initiatives.

RISK FACTORS

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from official government sources contained in this document.

We have obtained certain facts, forecasts, and statistics presented in this document from various publications of government agencies. While we have made reasonable efforts to accurately reproduce this information, neither we nor any other parties involved in the [REDACTED] can guarantee the quality of reliability of this information. Additionally, the information from official government sources has not been independently verified by our Group, the Joint Sponsors or any other party involved in the [REDACTED] and no representation is given as to its accuracy or completeness. As a result, the data may not have been prepared on a comparable basis or may differ from other information compiled within or outside of China.

There may be inaccuracies due to flawed collection methods, inconsistent data between market practices and published information, or other potential issues. These discrepancies could make the statistics less reliable or incomparable to those from other economies. Therefore, we cannot guarantee the accuracy or reliability of the information sourced from government. Therefore, you should not place undue reliance on this data when making investment decisions related to our H Shares.

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

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

RISK FACTORS

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

Prior to the publication of this document, there has been press and media coverage regarding us and the [REDACTED], including but not limited to certain financial information, industry comparisons, and/or other information about the [REDACTED] and us. There may continue to be additional press and media coverage on us and this [REDACTED]. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. 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 appearing in publications other than this document is inconsistent with, or conflicts with, the information contained in this document, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our H Shares, you should rely only on the information included in this document.