You should carefully consider all of the information in this document including the risks and uncertainties described below before making an* [REDACTED] *in the* [REDACTED]. *Our operations involve certain risks, many of which are beyond our control. You should pay particular attention to the fact that our business is located in the PRC and we are governed by a legal and regulatory environment which in some respects may differ from that which prevails in other countries. Our business, financial condition and operating results could be materially and adversely affected by any of these risks. The* [REDACTED] *of our* [REDACTED] *could decline due to any of these risks, and you may lose all or part of your* [REDACTED]. *Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we deem to be immaterial, could also have a material adverse effect on our business, financial condition and operating results.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We have been and intend to continue investing significantly in R&D, and to the extent our R&D efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected.

We have been investing heavily in our R&D efforts. Our R&D expenses were RMB76.6 million, RMB93.8 million, and RMB86.2 million in 2023, 2024 and 2025. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources in R&D to make technological advances in order to expand our offerings and make our products innovative and competitive in the market. However, we cannot guarantee that all of our efforts on R&D can deliver benefits that we anticipate. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified R&D personnel. It is possible that our R&D efforts on advanced semiconductor packaging products may not work. Despite our R&D expenditures, new technologies in the semiconductor packaging and testing market could render our products that we develop or expect to develop in the future obsolete or commercially nonviable, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenues, profitability and market share. In addition, our customers generally impose very high quality and reliability standards on products we provide, and may thus be difficult or costly to satisfy. Any inability to satisfy the quality and reliability standards of our customers or comply with industry standards and technical requirements may adversely affect demand for our products, services and our results of operations.

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

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. Although as of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in the PRC, there is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary. We may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property rights holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may, in the PRC or other jurisdictions, bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. We may also be subject to liability due to the misconduct of our employees in relation to third party IP rights. Our use of trademarks relating to our technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following: (a) cease to sell products that are involved in the challenged intellectual property rights owned by others; (b) pay damages to the rights holders or the customers who purchased our products; (c) redesign our products; or (d) establish and maintain alternative branding for our products.

We have incurred gross loss and had net current liabilities and total deficit during the Track Record Period

Our results of operations have been, and may continue to be, influenced by the expansion of our product and service offerings. We incurred substantial expenses, such as raw material costs, labor expenses and power expenses. In 2023, 2024 and 2025, we recorded gross losses of RMB195.6 million, RMB166.6 million, and RMB182.5 million, respectively, primarily because we were at the early stage of overall business development. See "Financial Information — Period-to-Period Comparisons of Results of Operations". As of December 31, 2023, 2024 and 2025, we recorded net current liabilities of RMB309.8 million, RMB601.0 million and RMB871.0 million, respectively. In addition, we had total deficit of RMB750.6 million, RMB915.7 million and RMB1,232.1 million as of December 31, 2023, 2024 and 2025, respectively. Our deficit may limit our ability to obtain additional financing on favorable terms, expand our operations or respond to competitive pressures. The deficit may also restrict our ability to allocate funds towards essential operational activities, such as research and development, marketing, and talent acquisition. We remain committed to actively expanding our product offerings. Such expansion may not be consistently successful and may incur losses if the revenue from the provision of our packaging products and testing service fails to offset our costs, which may materially and adversely affect our financial condition, results of operations and prospects.

We have incurred net losses during the Track Record Period and net operating cash outflows in 2023, and we may incur net losses and net operating cash outflows in the future.

In 2023, 2024 and 2025, we recorded net losses of RMB358.9 million, RMB376.6 million, and RMB483.1 million, respectively. Additionally, in 2023, we recorded net operating cash outflows of RMB70.7 million, respectively. Those net losses and net operating cash outflows incurred were primarily attributable to (i) the significant amount of R&D expenses recognized during the Track Record Period; (ii) the increasing amount of administrative expenses during the Track Record Period; and (iii) the increasing finance costs during the Track Record Period. Meanwhile, while we recorded net operating cash inflow 2024 and 2025, there is no assurance that we will not experience periods of net operating cash outflow in the future. If we continue to record net operating cash outflow in the future, our working capital may be constrained which may adversely affect our business and financial condition. We plan to improve our profitability through various ways. See "Business — Path to Profitability". However, our future profitability will depend on a variety of factors, including the expansion and performances of our existing business, competitive landscape, customer preference and macroeconomic and regulatory environment. Our revenues may not grow at the rate we expect and it may not increase sufficiently to offset the increase in our costs and expenses. We may continue to incur net losses in the future and we cannot assure you that we will eventually achieve our intended profitability. In addition, we may still record negative cash flow in the future and need to seek external financing to support our operations, such as available equity financing or bank facilities.

Our business, financial condition and results of operations may be materially and adversely affected by international trade policies, sanctions and export controls, all of which are fast evolving in the current geopolitical landscape.

Certain foreign jurisdictions have imposed or may impose sanctions, export controls, or other trade-related restrictions in various forms against certain countries, individuals and legal entities, prohibiting or restricting certain business dealings and activities. Sanctions and export control laws or regulations could change in a way that could affect our business, exports or sales activities and/or could result in investigations, penalties or fines. Semiconductors are among the types of items subject to extensive export controls by the U.S.. As the U.S.-China trade tensions may escalate, the scope of the trade restrictions imposed may also be broadened. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or any other new trade controls introduced by the two countries. We cannot predict the direction of travel of the ongoing U.S.-China trade tensions and the potential implications of the same on our industry and the global economy. During the Track Record Period, our packaging products and testing service were offered to our customers, primarily customers of semiconductor design companies, in the PRC, and to a lesser extent, customers in other jurisdictions in Asia. It is possible that (i) more of our customers' products may become subject to export controls, (ii) our customers may become sanctioned, (iii) the raw materials, tools and technology needed for our own business operations may become subject to export controls, import controls, or other trade restrictions, or (iv) our suppliers may become subject to sanctions, thereby affecting our ability to source our inputs, service our customers' products, or otherwise serve our customers in accordance with applicable laws and regulations. Furthermore, while we are looking to expand our business in the PRC, Taiwan, South Korea, Japan, Southeast Asia, the U.S. and Germany, our ability to do so would also depend on the scope and applicability of any relevant trade controls. To the extent that our customers' ability to export or otherwise sell the products (as serviced by us) is affected by sanctions, export controls or other trade restrictions, their trading conditions may deteriorate, which may in turn affect their demand for our services. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to risks relating to litigation and disputes with employees, suppliers, competitors, business partners or other parties, which could adversely affect our business, prospects, results of operations and financial condition.

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

Risk of Litigation Relating to Employees' Non-Compete Obligations.

Certain of our employees were previously employed by our competitors, some of whom may have entered into non-compete agreements with their former employers. While these employees joined our company after their respective non-compete periods had lapsed, there can be no assurance that their former employers will not initiate legal proceedings against these employees or our company. Such litigation could result in injunctive relief, damages, or other remedies, which may disrupt our operations and impose significant legal costs, potentially adversely affecting our business, financial condition, and reputation.

Confidentiality agreements and non-compete covenants with employees may not adequately protect our proprietary rights.

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our key employees, there can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual properties will not otherwise become known to third parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary rights could adversely affect our business, financial condition, results of operations and competitive position.

Decreases in customers' demand for our packaging products and testing service may lead to lower service prices, resulting in reduced revenue, margins, and earnings.

During the Track Record Period, our revenue was mainly from providing packaging products and testing service. Any deterioration or slowdown in these end markets could substantially decrease demand and prices for our products and services, adversely affecting revenue. Decreased demand may also lead to pricing pressure, negatively impacting revenue, margins, and earnings. Moreover, our products and services are mainly offered to customers of the consumer electronics industry ("the **Major Industry**") in the PRC. Factors adversely affecting the Major Industry in the PRC could materially and adversely affect our business, financial condition, results of operations, and prospects. These factors include, among others: (a) a decline in demand for, or negative perception of, or publicity about, products of the Major Industry in the PRC; (b) a downturn in general economic conditions in the PRC or major countries/regions that import products of the Major Industry from the PRC; (c) increasing level of competition from manufacturers of the Major Industry in other countries/regions; (d) the reduction or elimination of preferential tax treatments and economic incentives for manufacturers of the Major Industry in the PRC; (e) regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of the Major Industry from the PRC; (f) appreciation in the value of RMB against the currencies of other countries and regions that import products of the Major Industry from the PRC; and (g) rising material and labor costs in the PRC relating to manufacturing in the Major Industry.

We do not have long-term cooperation agreements or exclusive arrangements with some of our customers, who may choose to engage our competitors for business on short notice.

Our business depends on the quality of our packaging products and testing service and our sales and after-sales customer services. We do not have long-term agreements or exclusive arrangements with some of our customers. If we fail to expand or retain our business relationships with our major customers, or if our customers choose to end their business relationship with us for strategic, financial, or other reasons, we may lose these customers. While we plan to continue attracting new customers and cultivating ongoing relationships with existing ones, there is no guarantee that we will be able to expand and secure lasting business relationships with our customers, or prevent existing customers from ending their business relationships with us, which could further impact our financial performance.

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

Our future performance depends on the services and contribution of our management to oversee and execute our business plans and identify and pursue new opportunities and innovations. Any loss of services of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our sales and marketing department and R&D department. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

Our business is highly dependent on the cyclical semiconductor industry, and our packaging products and testing service are used in volatile industries, so industry downturns and declines in global economic and financial conditions could harm our performance.

Our business is impacted by market conditions in the semiconductor industry, which is cyclical by nature and impacted by broad economic factors, such as worldwide gross domestic product and consumer spending. Since our business is, and will continue to be, dependent on the requirements of semiconductor companies for packaging products and testing service, any downturn in the semiconductor industry or any other industry that uses a significant number of semiconductor devices, such as consumer electronics and other application scenarios, could have a material adverse effect on our business and operating results. It is difficult to predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, which, in turn, makes it more challenging for us to forecast our operating results, make business decisions, and identify risks that may affect our business, sources and uses of cash, financial condition and results of operations. Additionally, if industry conditions deteriorate, we could suffer significant losses, which could materially impact our business, liquidity, results of operations, financial condition and cash flows.

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

The cyclical nature of the semiconductor industry has resulted in periods when demand for our products and services has increased or decreased rapidly. The demand for our products and services is subject to the strength of major industries our downstream customers operate in. We experienced an increase in our revenue during the Track Record Period. The increase in our revenue during the Track Record Period was partly attributable to the destocking cycle of semiconductor industry in PRC as there was a significant shift in demand from 2023 to 2025 as a result of global chip shortage due to the heightened demand for semiconductor devices. We cannot assure you that we are able to further improve and sustain upon our historical growth rate. In addition, we plan to invest substantial financial, management and operational resources to sustain our growth. However, we cannot assure you that we will be able to continually obtain these resources in the future. If we expand our business operations too rapidly and that demand does not materialize at the pace at which we expect, or declines, our operating results may be adversely affected as a result of increased operating expenses, reduced margins or underutilization of capacity. In addition, we may not be able to expand our workforce and operations in a sufficiently timely manner, procure adequate resources and raw materials, locate suitable third party suppliers, or respond effectively to changes in demand for our new products and services requested by our downstream customers, and our current or future business could be materially and adversely affected. Our revenue, expenses and operating results may vary from period to period due to various factors beyond our control. Any unfavorable change in the factors above may prevent us from maintaining our historical growth rate.

Our business substantially depends on the ability of our sales and marketing department to market our products and services directly to, and maintain ongoing and close relationships with, our customers.

We principally leverage a direct sales approach to market our products and services. This approach enables us to foster close relationships with our customers and have personalized interactions and deeper understanding of their specific needs. The effectiveness of our sales and marketing department in marketing and selling our products and services may be affected by a number of factors, including: (a) the skills, knowledge and expertise of our marketing and sales personnel in clearly understanding and pin-pointing the specific needs of customers; (b) the ability of our marketing and sales personnel in communicating and collaborating with our R&D departments, particularly in presenting high technical aspects of our products and services to our customers in more accessible terms; and (c) the manpower and resources available to our sales and marketing department in reaching out to potential customers and managing existing relationships. Our sales and marketing department may not be able to effectively expand our customer network or maintain good relationships with existing customers or commercialize customer relationships for the Company. Failure of our sales and marketing department to do so could adversely affect our business and prospects. Failure in effectively managing knowledge transfers and confidentiality and non-competition risks in respect of our outgoing sales and marketing employees may adversely impact our business and prospects.

Our business is concentrated in the PRC and is susceptible to any policy changes affecting the semiconductor industry which may materially and adversely affect our business.

During the Track Record Period, almost all of our business operations were based in the PRC and almost all of our revenue was derived from our sales in the PRC. As such, we are dependent on policies affecting the semiconductor industry in China. In recent years, China has been promoting and reshaping its domestic semiconductor industry through policy changes, leading to its semiconductor industry growing at a fast pace over the past few years. As such, our future prospects, success and continuous growth depend and will continue to depend on the strong support of the PRC government to the semiconductor industry in the foreseeable years. We cannot assure you that the PRC government will continue to promote and implement favorable policies for the semiconductor industry, or maintain the policies currently in effect to the semiconductor industry, and in turn, favorable to us. As a result, if such policies change or discontinue in the future, our financial performance and future business growth could be materially and adversely affected.

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

During the Track Record Period, our trade and bills receivables primarily represent receivables from customers for sales of packaging products and testing service. As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to approximately RMB146.2 million, RMB168.2 million and RMB205.9 million, respectively. The credit period granted to our customers was generally one to two months from the date of invoice. During the Track Record Period, our average trade receivable turnover days were approximately 68.5 days, 65.8 days and 61.7 days for the years ended December 31, 2023, 2024 and 2025, respectively. We have made impairment of approximately RMB4.3 million, RMB8.1 million and RMB6.5 million to our trade and bills receivables as of December 31, 2023, 2024 and 2025, respectively. We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. We may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

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

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a high-technology enterprise can be reduced to a preferential rate of 15%. In addition, under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified R&D costs from January 1, 2021 to December 31, 2023. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations. We recorded government grants of approximately RMB60.7 million, RMB97.0 million and RMB61.9

million for the years ended December 31, 2023 and 2024 and 2025, respectively, which mainly consist of subsidies received from government in support of our capital and operating expenditure. In addition, we benefited from preferential tax treatments from the PRC government during the Track Record Period.

We are party to various material contracts and breach of any such contract could expose us to significant legal and financial liabilities.

We are party to various material contracts that are essential to our business operations, financial performance, and strategic development, including agreements with key customers, suppliers, business partners, shareholders, and other stakeholders. A breach of any such contract could expose us to significant legal and financial liabilities. Such a breach may also result in operational disruptions. In addition, it could lead to disputes with counterparties, loss of trust and confidence among customers, suppliers, and employees, and reputational harm that may affect our brand image and market standing. Regulatory consequences may also arise if the breached contract involves compliance obligations or government-related approvals. Furthermore, a breach could hinder our ability to secure future commercial arrangements, attract investment, or maintain favorable credit terms. Any of these outcomes could materially and adversely affect our business, results of operations, financial condition, and future growth prospects.

Failure to comply with PRC labor laws and regulations including regulations in relation to social insurance and housing fund contributions for our employees, could subject us to fines and other legal or administrative sanctions.

We are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in China. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain of our employees as required by relevant PRC laws and regulations. In 2023, 2024 and 2025, our shortfall in social insurance and housing provident fund contribution amounted to approximately RMB14.1 million, RMB15.4 million and RMB18.6 million, respectively. According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), a PRC enterprise is required to set up housing provident fund accounts (住房公積金賬戶) and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a PRC enterprise is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. Although we had not been subject to any administrative penalties in connection with our contribution of social insurance plans during the Track Record Period, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans will at all times be deemed in full compliance with relevant PRC laws and regulations by PRC government authorities mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any such non- compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant PRC labor laws and regulations, we may be exposed to penalties or be required to pay damages to employees. Compliance with the relevant PRC labor laws and regulations could substantially increase our labor costs. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition and results of operations. In particular, an increase in labor costs in China could increase our production costs in the future and we might not be able to pass these increases on to our consumers due to competitive pricing pressure. Furthermore, according to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people's court shall determine that such agreement or promise is invalid. See "Regulatory Overview".

Grant of options under the [REDACTED] Share Option Scheme may affect our results of operations and dilute the Shareholders' percentage of ownership of our Company.

Our Company has approved, and may grant after the [**REDACTED**], the [**REDACTED**] Share Option Scheme for the purpose of recognizing the contribution of certain eligible participants and incentivizing them in the future. The fair value of the options at the date on which they are granted will be charged as share-based compensation, which may materially and adversely affect our results of operations. The exercise of options approved under the [**REDACTED**] Share Option Scheme and options that may be granted under the [**REDACTED**] Share Option Scheme will result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. See "Appendix VI Statutory and General Information — 4. Other Information — [**REDACTED**] Share Option Scheme".

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

We depend on the third party suppliers who providing us with raw materials for our packaging products and testing service. The raw materials sourced for the packaging products and testing processes of our products and services are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and governmental regulations and policies. We cannot assure that we can timely obtain the raw materials in a reasonable price and to avoid delaying delivery of our products and services to customers in the future, and our operation and financial position may be adversely affected should there be increase in prices of raw materials or shortage in supply.

Our business may suffer if the cost, quality or supply of materials changes adversely.

We source our materials from a limited group of suppliers. A disruption to the operations of some of our suppliers could have a negative impact on our business. In addition, we purchase the majority of our materials on a purchase order basis. Our business may be harmed if we cannot obtain materials and other supplies from our vendors in a timely manner, in sufficient quantities, at acceptable quality or at competitive prices. In addition, we may be unable to source qualified suppliers to meet the specific and customized needs of our customers. Our regular monitor and quality checks on the performance of our suppliers may not be effective or sufficient to ensure their service quality. We are exposed to legal liabilities if we are not able to monitor the performance of our suppliers, or if our suppliers violate any laws, rules or regulations in connection to matters such as environmental protection, and health and safety. The engagement of such suppliers also exposes us to risks associated with any non-performance, delayed performance or substandard performance by our suppliers. In such case, we will have to replace suppliers and additional costs will be incurred. We may also incur additional costs or be subject to liability due to delay in schedule or defect in the works of our suppliers. These events may impact our profitability, financial results and reputation, as well as result in litigation or damages claims.

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

We believe that promoting, maintaining and enhancing our brand is critical to maintaining and expanding our business. Maintaining and enhancing our brand depends largely on our ability to continually and consistently provide quality products and services, which we cannot assure you we will be able achieve successfully. Quality issues, products and service performance, reliability and stability of our products and services as well as pricing may harm our reputation and brand, and we may introduce services or products which might be poorly received by our downstream customers. Additionally, if downstream customers have a negative experience using our products and services, such an encounter may affect our brand and reputation within the industry. Furthermore, we may incur additional expenses in promoting brand. We cannot assure you that our marketing spends will lead to increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

Packaging and testing processes are complex and our production yields and customer relationships may suffer from defects in the products and services we provide.

Semiconductor packaging and testing has complex processes that require significant technological and process expertise. Defects primarily result from: (a) contaminants in the manufacturing environment; (b) human error; (c) equipment malfunction; (d) changing processes to address environmental requirements; (e) defective raw materials; or (f) defective plating services. Testing also involves sophisticated equipment and software. Similar to many software programs, these software programs are complex and may contain programming errors or "bugs." The testing equipment is also subject to malfunction. In addition, the testing process is subject to operator error. These and other factors have, from time to time, contributed to lower production yields. In addition, we must continue to expand our offering of packaging products to be competitive. Our production yields on new packaging products may lower than our production yields on our more established packaging products. Our failure to maintain high standards or acceptable production yields, if significant and prolonged, could result in loss of customers, increased costs of production, delays, substantial amounts of returned goods and claims by customers relating thereto. Any of these problems could have a material adverse effect on our business, liquidity, results of operations, financial condition and cash flows. In addition, new customers usually require us to pass a lengthy and rigorous qualification process that may take several months. If we fail to qualify packaging products with potential customers or existing customers, such failure could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We face substantial competition that requires us to respond rapidly to products and services development and pricing pressures, and our products and services may fail to meet new industry standards or requirements that may arise from time to time and the efforts to meet such industry standards or requirements could be costly.

We face intense technological and pricing competition in the markets in which we operate. We expect this competition will continue to increase from large competitors and from small competitors serving niche markets, and also from emerging companies that providing products and services into the same markets in which we operate. Certain competitors possess sufficient financial, technical and management resources to develop and market products and services that may compete favorably against our products and services, and business integration among our competitors may allow them to compete more effectively. The price and technology development pressures that result from competition may lead to reduced profit margins and lost business opportunities. Moreover, our products and services are based on industry standards that are continually evolving. The emergence of new industry standards could render our products and services incompatible with products and services designed and developed by other competitors. If our products and services are not in compliance with prevailing industry standards or requirements, we could miss opportunities to achieve crucial design wins which in turn could have a material adverse effect on our business, operations and financial results.

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

Our inventories consist of raw materials, work in progress products and finished products pending delivery. We have taken measures to optimize our inventory levels and conduct regular check to reduce the risk of inventory obsolescence. As of December 31, 2023, 2024 and 2025, we had inventories of approximately RMB164.3 million, RMB176.4 million and RMB205.5 million, respectively. Our inventory levels may increase as our business expands and the risk of inventory obsolescence may also increase accordingly. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials. We maintain our inventory levels based on our internal forecasts of customers' demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.

The fair value loss from financial assets at fair value through profit or loss may face uncertainties and be subject to fluctuations as the valuation of its fair value involves the use of unobservable inputs.

During the Track Record Period, we made investments on wealth management products issued by banks in the PRC. We recorded fair value loss from financial assets at fair value through profit or loss of approximately RMB0.9 million and RMB4.6 million for the years ended December 31, 2023 and 2024, respectively. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. Details of the fair value measurement of financial assets at fair value through profit or loss are disclosed in Note 2 to the Accountants' Report in Appendix I to this Document. The fair value of our financial assets measured at fair value through profit or loss is subject to potential fluctuations. The valuation of these assets involves the use of observable inputs, which can be inherently subjective and may not accurately reflect market conditions. Changes in assumptions or methodologies used in the valuation process could lead to substantial variations in the reported fair value of these financial assets. Consequently, any adverse changes in the fair value of these assets could materially and adversely affect our financial condition and results of operations.

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

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we obtained and maintained insurance policies that are customary for businesses of our size and type and in line with standard commercial practice in China. As such, we may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

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

As of the Latest Practicable Date, we leased five properties with an aggregate gross floor area of approximately 84,000.95 sq.m from third parties as premises of office spaces, production, R&D activities and staff dormitory. As of the Latest Practicable Date, five lease agreements had not been registered with the relevant competent authorities in accordance with applicable law and regulations in China. As advised by our PRC Legal Advisor, if we or the landlords fail to register such lease agreements for our leased buildings as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreement. See "Business — Properties". There can be no assurance that the relevant government authorities would not impose administrative penalties on us as a result of the non-registration of these lease agreements which may adversely affect our business operations and financial condition. In addition, potential title defects might exist in the leasehold interest of our properties and our rights to some of the leased properties could face challenges from property owners or other external parties. As of the Latest Practicable Date, the lessor of one of our leased properties failed to provide us with the real estate ownership certificates. Part of a leased property, covering approximately 8,294.12 sq.m., is primarily used for our offices, production and R&D activities. According to the written confirmation issued by the authorized representative dated October 10, 2025, the lessor has not yet obtained the ownership certificates for the leased properties. There is a risk that such landlords may not have the right to lease or sublease such parts of the property to us, in which case we may be forced to vacate these properties and relocate. Moreover, if our lease agreements are challenged by third parties, it could result in diversion of management attention and cause us to incur costs associated with defending such actions, even if such challenges are ultimately determined in our favor.

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

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

Our business expansion plan may not be successfully implemented or achieve the intended economic results or business objectives.

Our future success depends to a certain extent on our ability to expand our production capacity. In this connection, we plan to allocate approximately [**REDACTED**]% of the [**REDACTED**] of the [**REDACTED**] for the construction of production base and new production lines and procurement of production-related equipment to enhance our production capacity, respectively. Our expansion plans may involve the following risks: (i) our actual production volume is affected by the demand and purchase orders for our products, which in turn may be affected by market trends, customers' preferences or other factors which are beyond our control; (ii) the demand for our products and revenue to be generated from the sale of our products may not increase in line with the increase in our production capacity; (iii) the direct labour costs, costs for raw materials and depreciation expenses to be incurred; and (iv) the entire expansion plan as set out in "Business — Strategy" fails to be implemented in full. Our expansion plans could also be adversely affected by other unexpected factors. There is no assurance that our business plans will materialise in accordance with the implementation plan as set out in "Future plans and [**REDACTED**]". In the event that we fail to accomplish our business plans or to do so in a timely manner, we may not be able to achieve our planned future business growth and our operating results may be materially and adversely affected. Furthermore, our future business plans may result in significant capital expenditures, which may or may not be recoverable. Our business, results of operations and financial condition may be materially and adversely affected if our business objectives are not achieved.

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

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

We may not be able to obtain additional funding on acceptable terms or at all, which may affect our ability to expand our business or meet unforeseen contingencies.

In addition, we cannot assure you that we will be able to obtain bank loans or renew existing credit facilities in the future on terms acceptable to us or at all. Our ability to do so will depend on a number of factors, many of which are beyond our control. In addition, we cannot assure you that we will have adequate cash flow to service our financing obligations. 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 sell additional equity securities. The sale 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.

If we are unable to manage fluctuations in cash flow, our business and financial condition may be adversely affected.

Our working capital requirements and cash flows are subject to changes due to certain factors, including: (a) fluctuations in the revenue from our operating activities; (b) fluctuations in the collection of receivables; (c) timing and the size of payables; (d) timing and size of capital expenditures; and (e) 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.

We are restricted by covenants in our financing agreements.

During the Track Record Period, we relied in part on external sources of funding, including bank borrowings and other sources to finance our business activities. As of December 31, 2023, 2024 and 2025, our Group's interest-bearing bank and other borrowings were RMB575.9 million, RMB614.5 million and RMB961.8 million, respectively. See "Financial Information — Indebtedness". Our loan agreements typically include material covenants such as requirements to promptly notify the lending banks in the event of material adverse changes in our operations and financial condition as well as restrictions on the [**REDACTED**] from the bank borrowings. We are typically required to obtain the prior written consent from the lending banks before we conduct reorganizations, mergers, demergers, joint ventures, capital reductions, equity transfers, transfers of major assets or creditor's rights, material investments, or other actions that may adversely affect our ability to repay the loans. We cannot assure you that we will be able to obtain the relevant consent from the lending banks for any of the activities restricted by the covenants in a timely manner or at all. If we engage in such activities and fail to obtain such consent, our business may be impeded. Some of our loan agreements also contain cross-default clauses, which could enable creditors under our loan agreements to declare an event of default should there be an event of default under our other loan agreements. Any event of default or cross-default could lead to an acceleration of our indebtedness or require us to compensate the lending banks for their losses, and as a consequence, our business, financial condition results of operations and prospects could be materially and adversely affected. Although during the Track Record Period, we had been complied with the financial covenants, in the event that we fail to comply with the financial covenants, the lending banks have the right to, among other things, (i) require us to immediately repay the loans and the accrued interest and indemnify them for any loss they may suffer therefrom and (ii) terminate our loan agreements. Furthermore, we may be required to provide additional guarantees to the lending banks.

An increase in interest rates may increase our finance costs and compromise our profitability.

We expect to continue utilizing bank and other loans to finance our business activities. For the years ended December 31, 2023, 2024 and 2025, we recorded finance costs of RMB88.5 million, RMB129.4 million and RMB153.7 million, respectively. As a number of our loans have floating interest rates linked to, among others, the benchmark rates of PBOC. In the PRC, the PBOC regulates the lending rates and reserve requirement ratios for commercial banks. Between 2012 and the Latest Practicable Date, the PBOC revised the benchmark one-year lending rate and adjusted the reserve requirement ratio for commercial banks several times. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Increases in the bank reserve requirement ratios may negatively impact the amount of funds available to commercial banks in the PRC to lend to businesses including our Company. Accordingly, changes in the interest rate and reserve requirement ratios for banks have affected, and will continue to affect, our finance costs and profitability. We cannot assure that the PBOC will not raise lending rates or reserve requirement ratios in the future. If there is a material increase in the reference rates, including those set by the PBOC, during the term of our relevant loan facilities or when our current loan facilities become due, our finance costs may increase substantially and our liquidity, business, financial conditions, results of operations and prospects could be materially and adversely affected.

Our equity-settled share-based payment expenses may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted equity-settled share-based payment arrangements of share awards for the benefit of our Directors, officers and employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024 and 2025, we incurred equity-settled share-based payment expenses of RMB26.1 million, RMB35.7 million, and RMB74.5 million, respectively. Issuance of Shares with respect to such share-based compensation may dilute the shareholding to our existing Shareholders. Expenses associated with equity-settled share-based compensation may also increase substantially, which may have an adverse effect on our financial performance.

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

We collect and store business data and transaction data of our customers, suppliers and business partners. See "Business — Data Security and Privacy". As we only make transactions with enterprises, we do not collect or process personal data. We maintain a financial system, a human resource management system and a business management system. The secure maintenance of such information is critical. Our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

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

The semiconductor packaging processes generate by-products that are subject to extensive governmental regulations. We are subject to a variety of Chinese environmental, occupational or safety regulations relating to the use, discharge and disposal of toxic or otherwise hazardous materials used in our packaging products and testing processes. Any failure or any claim that we have failed to comply with these regulations could cause delays in providing our services and capacity expansion and affect our public image, which could harm our business. In addition, any failure of us to comply with these regulations could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations. We may become subject to legislation, regulation, or treaty obligations designed to address global climate change, air quality in the PRC, and other environmental concerns. Compliance with any new rules could be costly, causing us to incur additional energy and environmental costs, as well as costs for defending and resolving legal claims.

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

During the Track Record Period, our products and services were primarily sold in the PRC, from which our revenue for the years ended December 31, 2023, 2024 and 2025 amounted to RMB489.3 million, RMB807.2 million and RMB957.9 million, accounting for 96.1%, 97.6%, and 94.6% of our total revenue for the same period, respectively. We are looking to continue expanding our business overseas, in regions such as Taiwan, China, South Korea, Japan, Southeast Asia, the U.S. and Germany. Expanding our global footprint and growing overseas sales is an important part of our future growth, but these efforts may not be successful. Overseas operations are subject to a number of risks, including but not limited to: (a) foreign exchange control and exchange rate fluctuations; (b) increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various regions; (c) difficulties and costs related to providing after-sales services and customer support in these markets; (d) difficulty with staffing and managing overseas operations; (e) failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations; (f) difficulty and cost relating to compliance with different commercial and legal requirement of the overseas markets in which we offer or plan to offer our products and services; (g) failure to obtain or maintain permits for our products and services in these markets; (h) inability to obtain, maintain or enforce intellectual property rights; stringent consumer protection and product compliance regulations on our customers' products; (i) unanticipated changes in prevailing economic conditions and regulatory requirements; and (j) trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses. The occurrence of any of these risks could negatively impact our overseas expansion and consequently our business, financial condition and results of operating.

Our employees or other third parties may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, financial condition and results of operations.

We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, increasing both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in China, and to new and evolving regulatory measures under applicable laws. We may also be subject to the changing social trends on the concerns regarding environmental, social and governance risks. Our efforts to comply with new and changing laws, regulations and social trends have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. 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 penalties and our business may be harmed.

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

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any noncompliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity are relatively new and continuously evolving. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes and developments in this regard. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences. In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Decisions by our integrated device manufacturer customers to curtail outsourcing may adversely affect our business.

We have been dependent on the trend in outsourcing of packaging products and testing service by IDM. Our IDM customers continually evaluate the need for outsourcing their own in-house packaging products and testing service. As a result, at any time and for a variety of reasons, IDMs may decide to shift some or all of their outsourced packaging products and testing service to internally sourced capacity. The reasons IDMs may shift their internal capacity include: (a) their desire to realize higher utilization of their existing packaging and testing capacity, especially during downturns in the semiconductor industry; (b) their unwillingness to disclose proprietary technology; (c) their possession of more advanced packaging and testing technologies; and (d) the guaranteed availability of their own packaging and testing capacity. In addition, to the extent we limit capacity commitments for certain customers, these customers may increase their level of in-house packaging and testing capabilities, which could make it more difficult for us to regain their business when we have available capacity.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control, which could significantly disrupt our operations and those of our business partners.

Natural disasters, acts of war, terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of widespread health epidemic or pandemic outbreaks, floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or acts of terrorism. Our revenue and profitability could be materially reduced in the event that a natural disaster, health epidemic or pandemic or other outbreaks or war harm the global or PRC economy in general. Moreover, we conduct our packaging products and testing operations at a limited number of facilities. Significant damage or other impediments to any of these facilities, whether as a result of fire, flood, weather, the outbreak of infectious diseases, civil strife, industrial strikes, breakdowns of equipment, difficulties or delays in obtaining materials and equipment, natural disasters, terrorist incidents, industrial accidents or other causes could temporarily disrupt or even shut down our operations, which would have a material adverse effect on our business, financial condition and results of operations. While we maintain insurance policies for various types of property, casualty and other risks, we do not carry insurance for all the above referred risks and with regard to the insurance we do maintain, we cannot assure you that it would be sufficient to cover all of our potential losses. In addition, the packaging products and testing process requires a stable source of electricity. As our production capabilities increase and our business grows, our requirements for electricity will grow substantially. If there is an insufficient supply of electricity to satisfy our requirements, we may need to limit or delay our production, which could adversely affect our business and operating results.

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

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

RISKS RELATING TO THE LOCATION WHERE WE CONDUCT BUSINESS

Changes in the economic, political and social conditions in China could affect our business and prospects.

All of our business, assets and operations are located in China, and therefore, our business, financial condition, results of operations and prospects are affected to a large extent by the general political, economic and social developments in China. Similar to many other countries and regions, China regulates its economy through imposing and adjusting industrial, fiscal or monetary policies from time to time. Our business has been and would continue to be affected by China's economy, which in turn is increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence China's economic growth and may cause uncertainties in our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

We may be affected by currency exchange regimes and exchange rate fluctuation.

While our revenue, liabilities, and assets are substantially all denominated in Renminbi, the PRC Government regulates the convertibility of the Renminbi into foreign currencies. See "Regulatory Overview". The foreign exchange management policies could affect us in receiving sufficient foreign currency to meet our financial needs. Foreign currency shortages may limit our ability to pay dividends or other payments to our Shareholders or otherwise satisfy our foreign currency-denominated commitments. In accordance with the present PRC foreign exchange laws, certain recurring expenses may be paid for in foreign currency without prior approval from the local branch of SAFE provided that certain procedural conditions are met. However, government approval is necessary when Renminbi is to be converted into foreign currency and transmitted outside China to pay capital expenses such as the repayment of foreign currency-denominated debt. The restrictions on foreign exchange transactions imposed by capital accounts could also affect our ability to access foreign currency through debt or equity financing, such as loans or capital contributions from us. Moreover, such foreign exchange control measures may change in the future, should such change relates to the foreign currency control over our trading account, we may not be able to pay dividends in foreign currencies to Shareholders.

Fluctuations in the value of the Renminbi may have an effect on our business.

The value of the Renminbi against the Hong Kong dollar, the U.S. dollar, and other currencies is subject to fluctuations and changes that result from various factors, including economic and political developments of the domestic and international societies, and supply and demand in the local market. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate gradually in value against the Hong Kong dollar, the U.S. dollar, or other foreign currencies in the long-term, depending on the fluctuation of the basket of currencies against which it is currently anchored. The Renminbi may also be allowed to be exchanged freely with U.S. dollar and/or other foreign currencies, which may also result in a significant appreciation or depreciation against the U.S. dollar or other foreign currencies. We cannot assure you that the Renminbi will not experience significant appreciation or depreciation against the U.S. dollar or other foreign currencies in the future. Our revenues, liabilities, and assets are mainly denominated in Renminbi, whereas the [**REDACTED**] from our [**REDACTED**] will be denominated in Hong Kong dollars. As a result, material variations in the Renminbi-Hong Kong dollar exchange rate may have a negative impact on the value and amount of any dividends payable on our Shares. All of these factors could materially affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

There may be changes regarding the interpretation and enforcement of laws, rules and regulations where we conduct business.

Our operations are in the PRC and are subject to the PRC laws and regulations. The Chinese legal system is a civil law system based on written statutes. Unlike the common law legal system, prior court decisions in a civil law system can only be used as a reference. Since the PRC Government started economic reforms, the PRC has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade. These laws and regulations are subject to changes in application and interpretation.

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

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident [**REDACTED**], the value of your [**REDACTED**] in our [**REDACTED**] may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in the PRC any judgments obtained from non-Mainland courts.

Substantially all of our assets and all of our Directors are located in the PRC. It may not be possible for [**REDACTED**] to serve those individuals or us in the PRC with legal documents. On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong Special Administrative Region Government 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 (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"), which was taken into effect on August 1, 2008. Pursuant to which a party with an enforceable final court judgment rendered by any designated Mainland court or any designated Hong Kong Special Administrative Region court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the relevant Mainland court or Hong Kong Special Administrative Region court. Similarly, a party with an enforceable final judgment rendered by a Mainland court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong Special Administrative Region court or a Mainland court is expressly identified as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a Hong Kong Special Administrative Region court's verdict in the PRC if the parties to the dispute did not agree to a written choice of court agreement. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong Department of Justice 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 (《關於內地與香港特別行政區法院相互認可和執行民商案件判決的安排》) (the "**New Arrangement**"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and PRC, based on criteria other than a written choice of court agreement. The Arrangement was superseded upon the effectiveness of the New Arrangement on January 29, 2024 but remained applicable to a "written choice of court agreement" entered into before the Arrangement taking effect. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant PRC court.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

There has been no prior [REDACTED] market for our Shares, and their liquidity and market price may be volatile.

There was no [**REDACTED**] market for our H Shares prior to the [**REDACTED**]. There can be no guarantee that a [**REDACTED**] market 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 itself 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**] market 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.

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

The price at which our H Shares will [**REDACTED**] after the [**REDACTED**] will be determined by the marketplace, which may be affected by various factors beyond our control, including: (a) our financial performance; (b) changes in securities analysts' estimates, if any, of our financial performance; (c) the history of, and the prospects for, ourselves and the industry in which we operate; (d) an assessment on the prospects for, and timing of, our future revenue and cost structures that independent research analysts may publish, if any; (e) the present state of our development; (f) the valuation of publicly traded companies that are engaged in business activities similar to ours; (g) general market sentiment regarding the industry we operate in; (h) changes in laws and regulations of China; (i) our actual or perceived failure to compete effectively in the market; and (j) political, economic, financial and social conditions. In addition, the Hong Kong Stock Exchange has from time to time experienced significant volatility in [**REDACTED**] prices and volumes that have affected the market prices of securities of companies quoted on the Hong Kong Stock Exchange. As a result, [**REDACTED**] in our H Shares may experience volatility in the [**REDACTED**] of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

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

Our Single Largest Group of Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (without taking into account of any shares which may be allotted and issued upon the exercise of the [**REDACTED**]), the Single Largest Group of Shareholders will be together entitled to control the exercise of approximately [**REDACTED**]% of the voting rights and thus remain as Single Largest Group of Shareholders of our Company. The interests of our Single Largest Group of Shareholders might differ from the interests of our other Shareholders. In the event that our Single Largest Group of Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Single Largest Group of Shareholders and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

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

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

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

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

Certain facts, forecast and statistics contained in this document are derived from publicly available official government sources and they may not be reliable.

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

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

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

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

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