An* [REDACTED] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [REDACTED] *in our H Shares. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The* [REDACTED] *of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [REDACTED]. *You should seek professional advice from your relevant advisers regarding your prospective* [REDACTED] *in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

New technological outcomes or trends could make our products uncompetitive and obsolete.

Our success depends on our ability to develop and integrate our technologies to support our products. To remain competitive, we must maintain and enhance our technologies to meet the latest downstream market needs, technological advancement and industry standards. The development activities related to our technologies may involve significant time, risks and uncertainties. For instance, our R&D team may not be able to coordinate and manage the development projects, the expenses associated with these investments may affect our margins and operating results and these investments may not generate sufficient revenue to offset related liabilities and expenses.

Moreover, our products are used in a variety of application sectors and downstream industries. Technological advancement and new industry standards in these downstream industries may affect the application requirements of our end customers and their products. If we fail to develop new products or refine our technologies to match the different or additional requirements of our end customers, the sale of our products may decrease, and our business, financial condition and results of operation may be adversely affected.

In addition, leading industry competitors continuously upgrade their product portfolios, which may render our products less attractive or even obsolete. Therefore, to mitigate this risk, we must continuously enhance our technologies, to meet the latest downstream market needs, technological advancement and industry standards. However, we cannot guarantee that we will be successful in matching all, or any, of the above, or that our technologies will maintain their competitiveness in the future compared to alternatives developed by our competitors.

The industries in which we operate are competitive. If we are unable to maintain or improve our competitive position, our business, financial condition and results of operations could be materially and adversely affected.

We primarily operate in the (i) intelligent sensors market, (ii) intelligent instruments market, and (iii) integrated intelligent solutions market in Chinese Mainland. We face intense competition across all aspects of our business, driven by rapid technological evolution, deepening vertical integration, and the convergence of sensing technologies with intelligent systems. Heightened policy support in Chinese Mainland across the sensing technology value chain has intensified competition, with emerging domestic providers attracting global attention and new entrants likely as the market grows. Accordingly, we face dual competitive pressures from established international players and emerging domestic competitors. Such competitive landscape demands continuous improvement in our technologies, products, production processes, production capacity, supply chain and pricing, and failure to compete successfully in such aspects may adversely affect our profitability and results of operations. We rely on our ability to maintain cooperative relationships with customers and respond rapidly to customer requirements. As we expand our product portfolio, customer base and geographical markets, we will need significant managerial, financial and human resources. However, some of our competitors may have greater financial, marketing, technical or other resources than us. There can be no assurance that we will be able to continue to compete successfully, and our failure to do so could have an adverse effect on our business, financial condition and results of operations.

If we fail to grow or retain our customer base, or if customer satisfaction declines, our business and operating results may be materially and adversely affected.

The size of our customer base and the level of satisfaction are critical to our success. Our business has been depending and will continue to significantly depend on our customers and their loyalty in and level of satisfaction with our products and solutions. If customers no longer view our products and solutions as useful and attractive as compared to competing offerings, we may not be able to increase or maintain our customer base and the level of satisfaction. Our customer growth, retention and satisfaction could be negatively affected by factors such as the following:

- we may be unable to identify and meet evolving customer demands, despite our continual research, monitoring and analysis of customer needs;
- we may not be able to timely develop and introduce new or updated products and solutions, or the new or updated products and solutions we introduce may not be favorably received by customers;
- we may fail to update existing technology or develop new technology in time to stay ahead or abreast of market advances;
- we may not be able to continue to successfully drive organic growth of customer base, which may require us to devote more additional resources to acquire customers;
- we may be unable to prevent or combat inappropriate use of our products and solutions, which may lead to negative public perception of us and damage our brand or reputation;
- we may encounter technical or other problems that prevent our products and solutions from operating in a smooth and reliable manner or otherwise adversely affect customer experience;
- our competitors may launch or develop similar or disruptive products and solutions with better customer experience, which may result in loss of existing customers or decline in new customers growth;
- we may fail to address customer concerns related to privacy and communication, data safety, security or other factors; and
- we may be compelled to modify our products and solutions to address requirements imposed by legislation, regulations, government policies or requests from government authorities in manners that may compromise user experience.

Our success depends on maintaining a strong brand image.

Our success depends on our ability to maintain and enhance our brand image and reputation, whose value depends on factors such as the quality, design, performance, functionality and durability of our products, product innovation and customer experience. However, we cannot assure you that our investments in these areas would be successful, and expenses related to maintaining our brand image and reputation may have an adverse impact on our business, financial condition and results of operations if they do not yield the expected results.

Our brands, reputation and sales could be harmed if, for example, our products fail to meet the expectations of our customers or contain defects. Negative publicity about regulatory or legal action against us could damage our reputation and brand image, undermine customer confidence and reduce demand for our products.

In addition, negative publicity concerning our Group, including our shareholders, directors, officers, employees, business partners and other third parties, as well as the broader industry, can have detrimental effects. Such publicity, regardless of its accuracy, can tarnish our reputation, resulting in loss of customer trust, decreased sales and challenges in maintaining or establishing business relationships with our customers. It can also result in heightened scrutiny from regulators and stakeholders, potentially leading to increased compliance costs or legal challenges, subsequently affecting our business, financial condition and results of operations.

We have been and intend to continue investing significantly in R&D activities, which may not generate the results we expect to achieve and adversely affect our business, results of operations and financial condition.

Our future growth depends on penetrating new markets, adapting existing products to new applications and customer requirements, and introducing new products that achieve market acceptance. We invest in R&D activities to develop and introduce new and enhanced products. For the years ended December 31, 2023, 2024 and 2025, our R&D expenses from continuing operations amounted to RMB181.5 million, RMB201.4 million and RMB225.8 million, respectively, accounting for 9.1%, 10.4% and 10.6% of our total revenue from continuing operations for the respective periods. The industry in which we operate is subject to technological innovations. To expand our product and solution portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future.

However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. R&D activities are inherently uncertain. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support the R&D of new or enhanced products. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D outcomes. R&D activities are time-consuming and by the time our products and solution are due for commercialization, new technologies could render our products obsolete, in which case we may not be able to recover related R&D costs, which could result in a decline in our revenue, profitability and market share.

Even if our R&D efforts successfully result in the development and commercialization of new products, these efforts may not contribute to our future results of operations within our expected timeframe, or at all. The success and profitability of our new products are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the contributions from our R&D efforts may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

Our business relies heavily on the skills and commitment of our management and core staff. Difficulties in attracting or retaining these individuals could hinder our innovation and future development.

Our future performance depends on the service and contribution of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations. From time to time, there may be changes in our management team, resulting from the departure of personnel, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may affect our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfil our current or future needs. In addition, job candidates and existing employees often consider the value of the incentives and awards they receive in connection with their employment. If such incentives or awards decline, it may adversely affect our ability to retain highly skilled employees. 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 sales and operations in international markets outside of Chinese Mainland expose us to operational, financial and regulatory risks.

Our overseas sales from continuing operations accounted for 6.3%, 6.9% and 5.9% of our revenues from continuing operations for the years ended December 31, 2023, 2024 and 2025, respectively. We expect to continue expanding our global footprint as part of our long-term strategy, which may subject us to a range of risks associated with diverse macroeconomic, political, regulatory and social environments. In each of these jurisdictions, we may face challenges such as navigating differing legal systems, adapting to regulatory and industry standards, and complying with complex and evolving local requirements. In particular, fluctuations in exchange rates, customs regulations, trade policies, labor laws, and changes in foreign investment controls could adversely affect our operational efficiency and cost structure.

Additionally, managing geographically dispersed teams across different time zones, languages and cultures increases the complexity of coordinating our operations and maintaining consistent quality and compliance standards. Political instability, geopolitical tensions, or other disruptions, such as labor unrest or supply chain interruptions, in any of the regions where we operate could also impair our ability to manufacture, distribute or deliver products in a timely and cost-effective manner. If we are unable to effectively address and manage these international operational risks, our business, financial condition, and results of operations could be materially and adversely affected.

We may be subject to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers.

Our production process depends on a stable supply chain of high-quality raw materials on a timely basis. The raw materials used in our production of our products include chips, PCBs, resistors, capacitors, inductors, and other electric components, among others.

During the Track Record Period, prices of certain raw materials such as copper and aluminum fluctuated, which impacted the costs of components including PCBs and wires, although our overall procurement costs remained relatively stable. We may in the future experience component shortages and price fluctuations of certain key components and materials, and the predictability of the availability and pricing of these components may be limited. Component shortages or pricing fluctuations could be material in the future. In the event of a component shortage, supply interruption or material pricing increase by suppliers of these components, we may not be able to develop alternative sources in a timely manner or at all in the case of limited sources. Developing alternative sources of supply for these components may be time-consuming, difficult, and costly, and we may not be able to source these components on terms that are acceptable to us, or at all, which may increase our production costs and undermine our ability to fill customer orders in a timely manner. The loss of any supplier for any reason could lead to design changes, production delays and potential loss of access to important technologies, any of which could result in quality issues, delays and disruptions in deliveries, negative publicity and damage to our brand. In addition, our suppliers may fail to comply with applicable laws and regulations, or they may be involved in product liability claims or incidents of negative publicity. This could cause delays in shipment of our products and could adversely affect our relationships with customers.

Further, we may not be able to avoid raw material shortage and there can be no assurance that we will be able to identify all of the quality issues of the raw materials we purchase. In the event that our suppliers fail to cater to our growing demands, we may be unable to meet market demand for our products, which may have an adverse impact on our reputation and profitability. Additionally, factors that are beyond our control, including natural disasters, public health hazards, civil unrest, wars, strikes or trade sanctions or restrictions, may impact the supply and market price of raw materials. Any such factor could disrupt our procurement of raw materials and could have a material adverse effect on our production capacity utilization, which, in turn, will adversely affect our business, financial condition and results of operations.

If we are unable to maintain high utilization of our production facilities, particularly if there is industry overcapacity, our profitability may be adversely affected.

Maintaining a high level of utilization of our production facilities is essential for allocating fixed costs across a greater volume of products. As such, our gross profit margin is largely dependent on our ability to sustain or enhance the utilization rates of our production capacity. However, various adverse factors, such as excess capacity, equipment malfunction, interruptions in utility availability and quality control deficiencies, could negatively affect our facility utilization.

There exists a risk of overcapacity if demand for our products does not grow as expected. This could exacerbate the challenges of maintaining high utilization rates. Furthermore, the increase in global production capacity, driven by anticipated demand for more sensing products and solutions, may be higher than actual market demand increase. If the industries do not grow as expected, or if our production capacity significantly exceeds this growth trajectory, we may face periods of industry-wide oversupply and the consequent price drop. Further, it can be challenging to adjust production levels swiftly due to capacity expansion projects that were previously planned.

If customer demand declines significantly, parts of our production facilities may become idle. This could lead to obsolescence of our facilities over time. Any downturns resulting from production overcapacity or other market demand factors could materially and adversely affect our business, financial condition and results of operations.

We are subject to strict regulatory requirements in labor-related laws and regulations of the PRC.

We are subject to various regulatory requirements in terms of entering into labor contracts with our employees, minimum wages, paying remuneration, determining the term of employees' probation, paying various statutory employee benefits, engaging dispatched workers and terminating labor contracts. In the event that we decide to terminate some of our employees, engage dispatched workers or otherwise change our employment or labor practices, the labor-related laws and regulations and their implementation rules may limit our ability to effect those changes in a desirable or cost effective manner, which could adversely affect our business and results of operations. As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practice could inadvertently violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be subject to penalties and/or be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

During the Track Record Period, our subsidiaries engaged dispatched workers through labor dispatch arrangements for temporary, auxiliary or substitute positions. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the "**Interim Provisions**"), the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). Pursuant to relevant PRC laws and regulations, if an employer violates regulations related to labor dispatch, the labor administration department will order it to make corrections within a specified period. Failure to make corrections within the given period may lead to a fine ranging from RMB5,000 to RMB10,000 per person. As of the Latest Practicable Date, the percentage of dispatched workers engaged by our subsidiaries did not exceed 10% of the respective total number of employees and dispatched workers of these subsidiaries, which complies with the relevant provisions of the Interim Provisions. We had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from relevant PRC authorities during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that the relevant PRC authorities will not take actions retrospectively against us for our past practice, which may adversely affect our business, results of operations and reputation.

We may be subject to additional contributions of social insurance and housing provident funds, and late payments and fines imposed by relevant governmental authorities.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), we are required to make contributions to social insurance and housing provident funds for our employees. During the Track Record Period, we did not fully contribute to social insurance and housing provident funds for certain of our employees, and we engaged third-party human resource agencies to pay social insurance and housing provident funds for some of our employees. As advised by our PRC Legal Advisor, according to the relevant PRC laws and regulations, if we fail to make contributions to social insurance funds on time and in full, the relevant government authority can require us to rectify the shortfall in our contributions within a prescribed period, and we may be liable for a late payment fee equal to 0.05% of the shortfall in our contributions for each day of delay. If we fail to make the payments within the prescribed period, we may be liable for a penalty of one to three times the amount of the shortfall in our contributions. As of the Latest Practicable Date, we had not received any order to settle any shortfall from the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, the likelihood that we would be required by relevant authorities to pay any shortfall for social insurance and housing provident fund contributions or become subject to material administrative penalties by relevant authorities is remote. During the Track Record Period and up to the Latest Practicable Date, we did not receive any administrative penalty regarding the payment of contributions through a third-party human resources agency or any notice from the regulatory authorities requiring us to rectify this practice. We cannot assure you that the relevant government authorities will not require us to rectify such incidents or impose late payment fines or other penalties on us. If we are required to rectify the shortfall in our contributions or are imposed severe penalties, our business, financial condition and results of operations may be adversely affected.

We may be exposed to risks associated with engaging third parties for services in connection with our business, such as logistics and warehousing services.

During the Track Record Period, we engaged certain third-party service providers for logistics services in connection with our business. However, the services delivered by third-party providers may not always be timely or meet satisfactory quality standards. For example, delivery delays and poor handling by third-party logistics providers and courier companies, disruptions in the transportation network or interruption in the operation of the third-party warehouse facilities may adversely affect our business, financial condition, results of operations and prospects. If the third-party service providers fail to perform satisfactorily, substantially reduce the amount and scope of services provided to us, or substantially increase the prices of their services or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions, which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in the provision of services without relevant qualifications, or fail to comply with our requirements or those of our customers or applicable laws and regulations, our reputation in the industry may be adversely affected. This, in turn, may materially and adversely affect our business, financial condition and results of operations.

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

Significant changes in the markets in which our suppliers purchase materials, components and supplies for the production of our products may adversely affect our profitability. As a result of the global inflationary pressures, we may in the future experience increases in the cost of our products. We price our products based on a variety of factors, including costs, gross margin and market conditions. Given the competitive nature and pressure of the market in which we operate, we may not be able to pass on the cost increase to our customers by increasing the price of our products. Therefore, any significant increase in the cost of our products may have an adverse impact on our gross margin, business, results of operations and financial condition. In addition, as our prices vary across our products, our products have different margin profiles depending on the amount, number, and type of components that we deliver. If we fail to maintain our products mix or maintain our gross margin and operating margin, our business, results of operations and financial condition would be adversely affected.

We may not be able to fully maintain quality control over our products.

The quality of our products depends on the effectiveness of our quality control and quality assurance protocol, which in turn depend on factors such as the quality and reliability of equipment used, the quality of related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, our quality control and quality assurance protocol may not be effective in preventing and resolving deviations from our quality standards. Any failure to execute our quality control and quality assurance protocol could render our products unsuitable for use or adversely impact our market reputation and relationship with business partners.

In addition, the quality of our products or services provided by our suppliers is beyond our control. We cannot assure you that the products or services provided by our suppliers are safe and free of defects or can meet the relevant quality standards. We depend on the quality control procedures of our suppliers. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcome. Any such issues may materially and adversely affect our business, results of operations and financial condition.

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

For the years ended December 31, 2023, 2024 and 2025, our revenue from continuing operations was RMB1,984.5 million, RMB1,927.8 million and RMB2,140.2 million, respectively. Our results of operations during the Track Record Period should not be considered indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors. Our revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control. These factors can include general economic conditions, special events, government regulations and policies and/or our ability to control costs and operating expenses. Our business, results of operations, and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. We intend to grow by expanding our business, increasing market penetration of our existing products, and developing new ones. The management of our growth may place significant demands on our managerial, administrative, operational, financial, and other resources. Moreover, our growth depends on the ability to maintain stable production capacity and offer reliable products to our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications, delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors' perceptions of our business and prospects may be adversely affected, and the market price of our Shares could decline.

We may be subject to credit risk related to delay in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

Our trade debtors arise from contracts with customers. The credit terms we grant customers are generally within twelve months. The balance of our trade debtors was RMB1,442.9 million, RMB1,675.4 million, and RMB1,690.9 million, as of December 31, 2023, 2024 and 2025, respectively. We recognized loss allowance of trade debtors and bills receivables of RMB161.8 million, RMB250.4 million and RMB220.0 million as of December 31, 2023, 2024 and 2025, respectively. The collection of amounts due from our customers may not be timely. This might result in slow turnover of our trade debtors and bills receivable and restrict our working capital resources. The turnover days of our trade and bills receivables attributable to continuing operations were 211 days, 273 days and 278 days in 2023, 2024 and 2025, respectively. If we fail to receive payments from our customers on a timely basis, our cash flow and financial position could be adversely affected. In addition, disputes that arise due to default in payment by customers may also be time-consuming and costly for us in the event we decide to claim such payments, and we may not be successful, in which case our liquidity, results of operations and financial performance may be adversely affected.

Our business benefits from certain government grants, financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our business, financial condition, results of operation and prospects.

During the Track Record Period, we received government grants, mainly represent government subsidies for encouragement of research and development and talent recruitment. For the years ended December 31, 2023, 2024 and 2025, we recorded RMB30.7 million, RMB22.9 million and RMB43.6 million of government grants from continuing operations as other income, respectively. However, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives in the future to adapt to a constantly developing society. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or consolidated affiliated entities. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

We may be subject to inventory obsolescence risk.

Our inventories and other contract cost were RMB414.8 million, RMB470.4 million and RMB562.3 million as of December 31, 2023, 2024 and 2025, respectively. For the same periods, our inventory and other contract cost turnover days attributable to continuing operations were 124 days, 129 days and 134 days, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories and our inventory turnover days. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials, outsourced processing materials and finished products. We maintain our inventory levels based on our internal forecasts of customer 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. Excess inventory may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, 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.

Our insurance may not sufficiently cover all losses or potential claims that could affect our business, results of operations, and financial condition.

We face various risks in connection with our business and maintain insurance policies to safeguard against these risks and unexpected events related to our operations. Our current insurance coverage complies with mandatory requirements under applicable laws and regulations and aligns with industry practice. However, there can be no assurance that our insurance coverage will be adequate to fully protect against all our risk exposures and prevent us from incurring losses. There is no guarantee that we will be able to successfully claim on our current insurance policies in a timely manner or at all, due to possible exclusions and limitations on coverage. If our insurance coverage is unavailable or insufficient, we may face substantial costs and resources diversion, which could materially and adversely affect our business, results of operations, and financial condition.

Our manufacturing processes are potentially vulnerable to disruptions that can increase our production costs. We may experience potential disruptions in operations due to manufacturing difficulties or potential accidents.

Our manufacturing processes are complex. From time to time, production difficulties may arise that could cause delivery delays or reduced output. There is no guarantee that we will not encounter manufacturing issues in achieving acceptable output or timely product delivery due to factors such as construction delays, challenges in upgrading or modifying existing production lines, building new plants, adapting to new manufacturing technologies or processes or delays in equipment deliveries. Any of these issues could constrain our production capacity and adversely affect our results of operations.

Furthermore, our manufacturing processes entail certain risks, such as industrial accidents, which could lead to significant property damage or personal injury. Any such incident, regardless of its location, could result in substantial production interruptions and delays, or claims for significant damages due to personal injuries or property damage, thereby adversely impacting our business, financial condition and operational results.

We may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions, and such efforts to defend and protect our intellectual property may be costly.

The success of our products and solutions and our business depends in part on our ability to obtain patents and other intellectual property rights and maintain adequate legal protection for our products and solutions in the jurisdictions where we operate. We rely on a combination of patent, trademark, trade secret and laws related to intellectual property in Chinese Mainland and other countries to establish and protect our proprietary rights, and yet all of which may provide only limited protection.

We cannot assure you that patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patent issued to us will not be challenged, invalidated or circumvented. Our currently issued patents and any patents that may be issued or registered in the future may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers. We cannot assure you that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. The confidentiality procedures and contractual restrictions implemented by us may not be sufficient or effective.

Protecting against the unauthorized use of our intellectual property and other proprietary technology is expensive and difficult, particularly internationally. Unauthorized parties may attempt to copy or reverse engineer our technologies or certain aspects of our solutions that we consider proprietary. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to prevent unauthorized parties from copying or reverse engineering our solutions, to determine the validity and scope of our proprietary rights or to block infringing products where we operate. Any such litigation, whether initiated by us or a third party, could result in substantial costs and diversion of management resources, either of which could adversely affect our business, operating results and financial condition. Even if we obtain favorable outcomes in litigation, we may not be able to obtain adequate remedies

In addition, we may be subject to allegations or legal claims from third parties asserting that our products or technologies infringe their intellectual property rights. We could be required to defend ourselves in litigation, pay damages, or cease the manufacture and sale of certain products. We may also be obligated to indemnify customers, business partners or other stakeholders in the event their use of our products results in infringement claims. We cannot guarantee that all third-party components or technologies we use are free from infringement issues. If any product provided by suppliers are found to infringe third-party rights, we may be exposed to litigation, reputational damage, or be unable to recover associated costs.

Our future strategic acquisitions or investments, if any, may not be successful, and we may not realize anticipated strategic benefits and financial returns from such transactions.

We may from time to time grow our business through strategic investments, partnerships or acquisitions by ourselves or in collaboration with external parties. These transactions are subject to various risks and uncertainties, and there can be no assurance that they will generate the expected benefits or returns.

The success of any such transaction depends on numerous factors, including the target's ability to meet performance expectations, integration of personnel, systems and operations, alignment of strategic goals, and realization of anticipated synergies. We may encounter difficulties in business integration, incur unanticipated costs, or fail to achieve the intended business objectives, such as accelerating innovation, improving market position, or securing supply chains. These challenges could divert management attention and resources from our existing business operations. In addition, many acquisitions or strategic investments may require regulatory approvals or compliance with applicable laws and regulations, including those in Chinese Mainland. These requirements may increase the complexity and cost of transactions and could result in delays or failure to consummate certain deals. We may also be exposed to unknown or contingent liabilities of acquired businesses, including those arising from historical legal proceedings, contractual obligations, or regulatory non-compliance, for which we may not be fully indemnified, if at all.

Acquisitions and investments may also involve significant capital outlays, the issuance of equity securities that could dilute existing shareholders, or the assumption of debt, any of which could adversely impact our financial position. Any failure to realize the anticipated benefits from investments and acquisitions could materially and adversely affect our business, financial condition, and results of operations. In the event acquired assets or businesses underperform or market conditions deteriorate, we may be required to recognize impairment charges related to goodwill.

Investments, acquisitions and divestures may affect our financial results. We may not be able to achieve our anticipated benefits and synergistic effects from such investments and acquisitions.

Our financial results could be adversely affected by our investments or acquisitions. We have in the past acquired or invested in assets, technologies or businesses which complement our existing business. We expect to continue to consider other potential strategic transactions as part of our business strategy. The investments and acquired assets or businesses may not generate the financial results we expect. They could result in occurrence of significant investments and goodwill impairment charges. As of December 31, 2023, 2024 and 2025, we recorded goodwill of RMB130.1 million, RMB132.9 million and RMB90.3 million, respectively. There are inherent uncertainties relating to the factors in relation to the assessment of goodwill impairment that might adversely affect our business operation, or under circumstances where we might fail to sustain the growth as well as the gross profit margin we have estimated. In 2023, 2024 and 2025, we incurred impairment losses on goodwill of RMB16.5 million, RMB6.8 million and RMB10.5 million. We cannot assure you that we will not recognize impairment charges on goodwill in the future. If we need to recognize material impairment of goodwill, our net profit in the corresponding period might be substantially affected.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches. A breach in our cybersecurity, or failure to protect confidential information, may result in legal and financial exposures and reputational damages.

We rely on information technology networks and systems for electronic communications among our personnel, suppliers, customers and other business partners and for synchronization with our manufacturers and logistics providers on demand forecast, order placements and manufacturing and service status and capacity. Our business involves storage and transmission of data about our business, suppliers, customers and other business partners. Our information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. 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. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

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 jurisdictions 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.

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

As of the Latest Practicable Date, all 16 of our lease agreements with respect to major leased properties failed to be registered with the relevant PRC government authorities. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. See "Business — Properties" for details.

Misconduct, non-compliance and omissions by our employees or third parties could harm our business and reputation.

Misconduct and omissions by our employees could subject us to liability or negative publicity. Although we have implemented strict human resources risk management policies, and we have in place an employee handbook, which contains broad internal rules and guidelines and covers areas such as best commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance, there can be no assurance that our employees will not engage in misconducts or omissions that could materially and adversely affect our business, financial condition and results of operations.

Misconduct and omissions by our business partners, including our various suppliers, service providers and customers, as well as other third parties who have entered business relationships with our business partners, could subject us to liability or negative publicity. Although we have strict standards to choose our service providers, they may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether such third party has infringed or will infringe any other parties' legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation, which may in turn affect our results of operations.

We are subject to various risks relating to third-party payment. During the Track Record Period, certain of our customers settled their payments with us through the accounts of third parties designated by these customers.

During the Track Record Period, certain of our customers settled their payments with us through the accounts of third parties designated by these customers. These third parties mainly included customers' affiliated companies, customers' controlling individuals or employees, or third parties with business cooperation relationships with customers. As of the Latest Practicable Date, we had ceased such third-party payment practices. For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of payment from such designated third parties to us in each year accounted for 0.3%, 0.9% and 0.7% of our total revenue from continuing operations of the respective periods. No individual customer related to third-party payment had made material contribution to our revenue during the Track Record Period. As we have not entered into contractual relationships with such third-party payors, we were subject to various risks relating to such third-party payment arrangement during the Track Record Period, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or non-compliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided.

We, our Directors, management, employees and Shareholders and their affiliates may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations, and financial condition.

We may from time to time become a party to litigation, arbitration, administrative proceedings, or disputes in the ordinary course of our business. These may be brought against us by customers, suppliers, business partners, shareholders, employees, competitors, governmental authorities, or other third parties, and may involve a variety of matters, including product liability, intellectual property, labor and employment, securities liability, contract disputes, and property rights. There is no guarantee that we will be successful in defending ourselves in such proceedings or in asserting our rights. Even if we prevail, legal proceedings can be expensive, time-consuming, and disruptive to our operations, and enforcing our rights against other parties involved may prove difficult or ultimately futile. These proceedings could also divert our management's attention, result in negative publicity, and expense us to substantial legal costs, monetary damages, injunctive relief, and criminal, civil, or administrative fines and penalties. Any of these outcomes could materially and adversely affect our business, results of operations, and financial condition. In addition, our directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We are exposed to risks associated with our global presence and will continue to be subject to such risks as we continue to expand our business overseas. Changes to the global economic environment as well as diplomatic and trade relationships could result in fluctuations to the demand for our products.

Our international business may be affected by changes in political and economic relations between countries, sanctions and export controls imposed by government authorities and other geopolitical challenges, including but not limited to economic and labor conditions, increased tariffs, taxes, export restrictions and other trade protection measures. In 2023, 2024 and 2025, overseas revenue from continuing operations accounted for 6.3%, 6.9% and 5.9% of our total revenue from continuing operations, respectively.

The U.S. and other jurisdictions or organizations, have, through executive orders, legislation or other regulatory means, implemented measures that impose economic sanctions against certain countries, regions or against targeted industry sectors, companies, entities, persons, and/or organizations within such countries or regions. None of the members of our Group has been designated as a U.S. Sanctioned Target, nor is any Group entity located, incorporated, organized or resident in a Sanctioned Country. In addition, during the Track Record Period, our Group did not derive a material portion (10% or more) of its revenue from continuing operations from business activities with Sanctioned Country entities or Sanctioned Targets. Accordingly, our Group is unlikely to be viewed as a Sanctioned Target or Sanctioned Trader. During the Track Record Period, a limited number of our customers attributable to an immaterial portion (below 0.1%) of our revenue from continuing operations during the Track Record Period became designated on the Specially Designated Nationals and Blocked Persons (the "**SDN List**"), which is maintained by the U.S. Office of Foreign Assets Control of the U.S. Department of the Treasury. Transactions with such customers took place before their designation on the SDN List and we have not transacted with such customers since such designation. As advised by our U.S. Sanctions Legal Advisor, the aforementioned transactions and business activities would not constitute primary sanctioned activities under the sanctions regimes of the relevant jurisdictions, and we are unlikely to be viewed as engaging in secondary sanctionable activity or in any activity that would result in material U.S. sanctions risk to the Relevant Persons. While we have implemented relevant policies and procedures, there can be no assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of the U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the U.S. or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose.

The U.S. and other jurisdictions have also implemented export control laws and regulations, including the Export Administration Regulations ("**EAR**") administered by the Bureau of Industry and Security ("**BIS**") of the U.S. Department of Commerce, which regulate the export, re-export and transfer of certain products, software and technologies based on classification, destination, end-use and end-user. Certain non-U.S.- produced items may be subject to the EAR if they incorporate controlled U.S.-origin items above certain applicable thresholds or rely on certain U.S.-controlled software or technologies. BIS also maintains restricted party lists, including the entity list (the "**Entity List**"), which impose additional licensing requirements on transactions involving listed entities. In recent years, the U.S. has placed an increasing number of entities, including hundreds of entities in China, including certain of our customers, on the Entity List. None of the items we sold to Entity List-designated customers, which accounted for an immaterial portion (below 0.1%) of our total revenue from continuing operations during the Track Record Period involved any transfer, export or re-exports of items subject to the EAR. Based on consultation with our U.S. Sanctions Legal Advisor, our Group's overall export control risk is considered to be low.

On August 9, 2023, the U.S. government issued Executive Order 14105, and on October 28, 2024, the U.S. Department of the Treasury issued the final rule implementing such executive order (codified in 31 C.F.R. part 850 and effective January 2, 2025) (the "**Outbound Investment Rule**"), which establishes a framework under which certain covered transactions are prohibited and certain other covered transactions require notification by U.S. persons, in each case involving covered foreign persons connected to China (including Hong Kong and Macau) engaged in specified activities relating to semiconductors and microelectronics, quantum information technologies or artificial intelligence systems. We have not invested in, and do not operate in, any covered national security technologies or products regulated under the Outbound Investment Rule framework, and investments into our Group do not involve restricted or prohibited outbound investment activities. Accordingly, our Group is unlikely to be subject to restrictions under the U.S. Outbound Investment Rule.

Separately, other international trade policies, including tariffs imposed in the context of U.S.-China trade tensions, may indirectly affect our business. With minimal exposure to the U.S. market and our stable business operations in China during the Track Record Period, our overall business operation and financial performance have not been materially impaired by the U.S. tariff policies towards China as of the Latest Practicable Date.

Nevertheless, given the evolving nature of geopolitical tensions and regulatory regimes, future changes in sanctions, export controls, tariffs, outbound investment restrictions or other trade policies, could impose additional compliance costs on us, restrict our access to foreign capital, technologies and tools, disrupt our supply chain, adversely affect customer demand or lead to volatility in financial markets and result in economic downturns. Any of the foregoing could materially and adversely affect our business, financial condition and prospects.

Our business may be impacted by geopolitical tensions, war, terrorism, public health issues, natural disasters and other business interruptions.

Our business operations and financial performance are subject to risks arising from external events such as war, terrorism, geopolitical tensions, public health crises, natural disasters, and other unforeseen disruptions to international commerce and the global economy. These events could materially and adversely affect us, as well as our customers and suppliers.

Natural disasters, whether linked to climate change or other causes, as well as fires, power outages, industrial accidents, terrorist attacks, labor disputes, demonstrations, strikes, and other events beyond our control, could disrupt our operations and supply chain. Such disruptions may decrease demand for our products, hinder our ability to manufacture and deliver products to customers, or delay the receipt of materials from suppliers, causing inefficiencies in our supply chain.

In the event of a major natural disaster or public health crisis, our operations may be disrupted due to potential damage to our technology infrastructure or information technology systems, or adverse impacts on the productivity of our workforce. We require considerable expenditures and recovery time to resume operations. Any such interruptions could materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in Chinese Mainland could materially and adversely affect our business, financial condition, results of operations and prospects.

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

The legal systems of certain geographic markets where we operate vary significantly and could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Civil law systems comparatively may give limited precedential value to prior court decisions, while recent laws or regulations may be subject to reinterpretation. As a result, legal advice and risk assessment in one jurisdiction may not accurately predict outcomes in another. For example, enforcement of contractual obligations or intellectual property rights may be delayed, denied, or require additional compliance procedures. These legal uncertainties could complicate decision-making, expose us to unforeseen liabilities, or impede the timely execution of commercial agreements, materially and adversely affecting our operations, financial condition, results of operations, and prospects.

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

The conversion of Renminbi is subject to applicable laws and regulations in Chinese Mainland. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, results of operations and financial condition, may be affected.

Fluctuations in exchange rates may have a material and adverse effect on our results of operations and the value of your [REDACTED].

Most of our revenue and expenditures were denominated in Renminbi while we also have foreign currency sales, capital expenditure and cash and bank balances, which expose our Group to foreign currency risks primarily involving US dollar and Euro dollar. Any significant revaluation of the Renminbi or other relevant currencies may adversely affect our financial condition and results of operations. Additionally, the [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the [**REDACTED**] from the [**REDACTED**]. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us, thereby adversely affecting our business, financial condition and results of operations. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial condition or results of operations.

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

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and its implementation regulations, dividends paid by a PRC resident enterprise, such as our Company, to non-PRC resident enterprise investors are subject to a 10% withholding tax, unless a lower treaty rate applies. Pursuant to the PRC Individual Income Tax Law, dividends paid by a PRC company to non-PRC resident individual investors are subject to a 20% withholding tax. This rate may be reduced under an applicable tax treaty. To simplify tax administration for shares listed in Hong Kong, a withholding tax rate of 10% is generally applied to dividends paid to non-PRC resident individual investors. There remain uncertainties as to whether gains realized by non-PRC resident investors upon the sale or other disposition of our H Shares would be considered income derived from sources within the PRC and thus be subject to PRC income tax. If such gains are subject to PRC income tax, the applicable rate for non-resident enterprises would generally be 10%, and for non-resident individuals could be 20%, subject to any relief under applicable tax treaties. If you are a non-PRC resident [**REDACTED**], you should consult your own tax adviser regarding the tax implications of [**REDACTED**] in our H Shares.

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

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in Chinese Mainland. The majority of our Directors and senior management reside within Chinese Mainland. The assets of these Directors, Supervisors and senior management also may be located within Chinese Mainland. As a result, it may be complex and difficult to effect service of process upon or to enforce judgements against us, most our Directors and senior management outside Chinese Mainland.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in Chinese Mainland for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our executive officers and other employees who are PRC citizens or who reside in Chinese Mainland for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share [**REDACTED**] company upon the completion of the [**REDACTED**]. Failure to complete SAFE registrations may subject them to fines and legal sanctions. In light of the above, we cannot assure you that we will continuously adopt additional H shares incentive plans for our directors, executive officers and employees under PRC law. In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in Chinese Mainland who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

RISKS RELATING THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

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

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

Our A Shares are listed and traded on the ChiNext Board of the Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the ChiNext Board of the Shenzhen Stock Exchange and our H Shares will be [**REDACTED**] on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] in our H Shares.

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

Prior to the [**REDACTED**], there was no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate liquidity and trading 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, and may not be an indication of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares may be materially and adversely affected.

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

The [**REDACTED**] and [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the [**REDACTED**] and [**REDACTED**] of our Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance.

The interests of our Single Largest Group of Shareholders may not be aligned with the interests of other Shareholders.

Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, our Single Largest Group of Shareholders will hold approximately [**REDACTED**] of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Single Largest Group of Shareholders may differ from the interests of our other Shareholders. It is possible that our Single Largest Group of Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

The [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], especially by our Directors, executive officers and Single Largest Group of Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may [**REDACTED**] Shares pursuant to any future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Shares held by our Single Largest Group of Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they own now or may own in the future. [**REDACTED**] of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the [**REDACTED**] of our Shares.

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

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

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

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

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

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

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

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance.