You should carefully read all of the information in this document including the risks and uncertainties described below before making an investment in our H Shares. Our business, financial position or results of operations could be materially and adversely affected by any of the risks mentioned in this section. The [**REDACTED**] *price of our H Shares could decline due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *You should pay particular attention to the fact that we are a company incorporated in the PRC, our business is primarily located in mainland China, Hong Kong and Japan and we are governed by a legal and regulatory environment that may differ from that prevails in other countries and jurisdictions. For more information concerning mainland China, Hong Kong and Japan and certain related matters discussed below, see "Regulatory Overview" and "Appendix IV — Summary of Articles of Association" for further details.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to design or deliver high quality and innovative products that address the evolving customer preferences and achieve market acceptance in a timely and cost-effective manner, our business may be materially and adversely affected.

Our products are primarily based on the design of DRAM chips, and our future success depends on the successful expansion of our DRAM products and AI memory-computing portfolio and customer base. Our customers are constantly seeking new products with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and innovative products and improvements of existing products at favourable prices. In order to gain market share and remain at the forefront of the DRAM industry, we must constantly introduce new and innovative products and respond to new and evolving customer demands.

The success of a new product depends on a variety of specific implementation factors, including: (1) timely development of new technologies and adaption to changes in existing technologies; (2) successful tape-out and validation of new designs to ensure performance, functionality, and manufacturability before mass production; (3) timely and cost-effective processing and mass production to accommodate new product designs, while ensuring functionality, performance and reliability; (4) effective marketing, sales and services to gain market share; and (5) strong and sustainable market demand.

Product design, development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. During the Track Record Period, our R&D expenses amounted to RMB77.2 million, RMB95.8 million and RMB102.1 million, respectively, representing 13.3%, 14.8% and 9.2% of our revenue in the respective periods. Meanwhile, the market in which we operate is highly competitive, characterized by rapidly changing technologies and technological obsolescence. There can be no assurance that we will be able to develop and introduce new and enhanced products in a timely or efficient manner.

Moreover, if we fail to anticipate the next-generation technology roadmap, particularly as we focus on the high-bandwidth memory technology, our revenue and market share may decrease. High-bandwidth memory is a highly specialized product, requiring breakthroughs in design, performance, and cost-effectiveness. Any delays or failures in achieving these technological milestones could hinder our ability to offer competitive products that meet the stringent performance expectations of high-performance computing and artificial intelligence markets. Additionally, the global high-bandwidth memory market is already dominated by a few well-established international players. Competing with these industry giants presents a major hurdle, as they have greater resources for R&D, stronger supply chain infrastructures, and deep relationships with key customers in the high-performance computing and artificial intelligence sectors. If we fail to develop competitive high-bandwidth memory products, we may not be able to gain traction in the market.

The markets for our products are highly and increasingly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

The industry in which we operate is highly competitive worldwide and increasingly characterized by frequent introduction of new designs, short product life cycles, quick response to customers' preference and increasing demand for quality products and price sensitivity. Some of our competitors may have longer track records and greater financial and other resources to invest in research, development and marketing of their products to increase their competitiveness. The selling price of our products and revenues generated by our products may also be driven down due to intense competition. There can be no assurance that we can continue to compete successfully in the future or sustain our market share. If we are not able to design or introduce to the market DRAM products and AI memory-computing solutions with the design and specifications which are compatible with end-market applications as quickly as other market players, or if we fail to expand our product portfolio and maintain competitive prices, or if the number of competitors increases substantially, or if the service quality of other market players improves significantly, or the commercial terms that our competitors could offer are more competitive, we may lose our competitive position, and our operating results, financial condition, profitability and prospects will be materially and adversely affected.

We depend on growth in the end markets that adopt our products. Any slowdown in the growth of these end markets could adversely affect our business, financial condition and results of operations.

Our products and solutions are adopted in the product offerings of our customers operating across various industries, including consumer electronics, network communications, auto-motive electronics, energy and industrial control systems. Demand for our products depends on growth within the markets for the end products, which is impacted by factors beyond our control. Factors affecting these markets include: (1) the inability of customers to dedicate the resources necessary to promote and commercialize their products; (2) the inability of our customers to adapt to changing technological demands resulting in their products becoming obsolete; (3) the failure of our customers' products to meet evolving industry requirements; (4) the failure of our customers' products to achieve market success and gain broad market acceptance; (5) delays and project cancellations as a result of design flaws in the products developed by our customers; (6) increased costs associated with potential disruptions to our customers' supply chain and other manufacturing and production operations; (7) the deterioration of our customers' financial condition; and (8) the effects of catastrophic and other disruptive events at our customers' offices or facilities including, but not limited to, natural disasters, telecommunications failures, cyber-attacks, terrorist attacks, pandemics, epidemics or other outbreaks of infectious disease, breaches of security or loss of critical data.

Furthermore, we are developing a range of AI memory-computing solutions, including (1) high-bandwidth 3D stacked DRAM chip, (2) high-bandwidth memory-centric DRAM chip for AI applications and (3) silicon interposer for advanced packaging, which are expected to address storage bottlenecks in data-intensive AI applications. While these solutions hold significant potential, their market penetration may not meet projected growth targets due to multiple challenges, such as weaker-than-expected market demand, where adoption of these solutions may be slower due to cost concerns, evolving industry standards, or shifts in technology preferences. The commercialization process faces additional headwinds from intense sector competition, unresolved technical hurdles, elevated manufacturing expenses, and persistent supply chain complexities. In addition, if we fail to effectively differentiate our product portfolio and align our market strategy, the introduction of our AI memory-computing solutions could lead to internal competition, affecting overall profitability and market positioning.

The markets in which we compete have historically been cyclical and have experienced downturns with declines in average selling prices that could adversely affect our business, results of operations and financial condition.

Historically, the DRAM market has been cyclical and has experienced downturns. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and decreasing selling prices and inventory values. For example, the market size of the global DRAM industry was RMB612.4 billion in 2021, which dropped to RMB365.4 billion in 2023, and rebounded to RMB697.9 billion in 2024 and RMB984.1 billion in 2025. Additionally, due to changing conditions, our customers have experienced and may in the future experience periods of excess inventory that could have a significant adverse impact on our sales. During an industry downturn, there is also a higher risk that some of our trade receivables become delinquent or even uncollectible and that our inventory would decrease in value. We cannot predict the timing or the severity of the cycles within our industry. In particular, it is difficult to predict how long and to what levels any industry upturn or downturn, or general economic strength or weakness, will last or develop.

According to Frost & Sullivan, the pricing of memory chips, including DRAM chips, is driven by the balance between supply and demand in a cyclical manner, with periods of price drops when supply exceeds demand and price increases when supply falls short. The niche DRAM market has historically experienced declines in average selling prices during the Track Record Period. Our average selling prices may decline due to several factors, including general declines in demand for our products and excess supply of components as a result of overcapacity. During periods of overcapacity, our net sales may decline if we fail to increase sales volume of existing products or to introduce and sell new products in quantities sufficient to offset declines in selling prices. Our efforts to increase sales or to introduce new products to offset the impact of declines in average selling prices may not be successful.

The fluctuations and declines in average selling prices in the niche DRAM market have in the past had, and may again in the future have, a material adverse effect on our business, results of operations and financial condition. During the Track Record Period, the revenue contributed by the sales of DRAM chips amounted to RMB484.2 million, RMB454.4 million and RMB607.8 million, respectively. Our revenue may continue to fluctuate subject to the fluctuation of prices of DRAM chips in the niche market in the future. In addition, declines in prices could also affect the valuation of our inventory, which could result in inventory write-downs.

We rely on a limited number of third party production partners for wafer fabrication and packaging, testing and assembly services for our DRAM products.

As a fabless chip design company, we do not own any fabrication facilities. During the Track Record Period, PSMC was our main third-party foundry supplier. For the three years ended December 31, 2025, the cost of sales attributable to PSMC (including the cost of sales attributable to the purchase from PSMC through AP Memory) accounted for 63.5%, 46.0% and 25.8%, respectively, of our total cost of sales for the respective periods. In addition, we procure packaging, testing and assembly services from a limited number of OSAT companies, including FATC and ChipMOS.

We depend on our foundry suppliers, including PSMC, to allocate an appropriate portion of their production capacity to meet our needs, to produce products of acceptable quality at acceptable final test yields, and to deliver those products on a timely basis. If our foundry suppliers raise prices or are unable to provide us with the required capacity for any reason, such as shortages, or delays in the shipment of semiconductor equipment or raw materials, or if our business relationships with foundry suppliers deteriorate, we may not be able to obtain the required capacity and would have to seek alternative foundry suppliers, which may not be immediately available on commercially reasonable terms, or at all. In addition, if our foundry suppliers suffer any damage to their facilities, experience power outages, encounter financial difficulties, or suffer any other disruption or reduction in efficiency, we may encounter supply delays or disruptions. See "Our operations and those of our production partners are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our suppliers and on our facilities, personnel and results of operations" in this section. Furthermore, the production of our DRAM chips and other products requires advanced fabrication technologies, and foundries other than PSMC might not have sufficient production capacity for such technologies, if at all, to meet our requirement.

The engagement of packaging, testing and assembly service providers exposes us to risks associated with non-performance, delayed performance or substandard performance by our production partners. In such case, we will have to replace service providers and additional costs will be incurred. We may also be subject to liability due to defects in the works of our production partners. See "The complexity of our products may lead to undetected defects, failures or reliability issues in our products, which could reduce the market adoption of our products, damage our reputation or expose us to product liability, warranty claims and other claims" in this section. If we are unable to engage qualified packaging, testing and assembly service providers, or if we are unable to monitor the performance of our production partners, our business and results of operations may be materially and adversely affected.

We incurred net loss during the Track Record Period.

In the three years ended December 31, 2025, we had net loss of RMB244.3 million, RMB108.9 million and RMB10.5 million, respectively. Our net loss in 2023 was primarily attributable to the substantial share-based payment expenses incurred during the year. Our adjusted net loss (non-IFRS measure) in the years ended December 31, 2023 and 2024 were RMB93.2 million and RMB52.8 million, respectively. We had adjusted net profit (non-IFRS measure) of RMB26.1 million for the year ended December 31, 2025. We may continue to incur net loss in the short term, as we are in the stage of expanding our business and operations in the highly competitive DRAM market, and are continuously investing heavily in R&D. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully and develop new products and solutions. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations, and invest in R&D and business expansion. In addition, we expect to incur substantial costs and expenses as a result of becoming a [**REDACTED**] company. If we are unable to generate adequate revenue and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

We require a significant amount of capital to fund our operations. We recorded negative cash flows from operating activities during the Track Record Period. If we cannot obtain sufficient capital on acceptable terms to fund our operations, our business, financial condition and prospects may be adversely affected.

Significant and continuous investments are required for research and development as well as the design and production of our products. See "If we are unable to design or deliver high quality and innovative products that address the evolving customer preferences and achieve market acceptance in a timely and cost-effective manner, our business may be materially and adversely affected" in this section. During the Track Record Period, we recorded net cash used in operating activities of RMB62.9 million, RMB18.2 million and RMB192.1 million, respectively. However, our future capital requirements may be substantial as we seek to expand our operations, diversify our product offerings, and pursue acquisitions and equity investments.

Any indebtedness that we may incur in the future may contain operating and financing covenants that could restrict our business operations, ability to incur additional indebtedness or to distribute dividends. There can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, or at all. A large amount of bank borrowings and other debt may result in a significant increase in interest expenses while at the same time exposing us to increased interest rate risks. Any failure to raise funds on terms favorable to us, or at all, could severely restrict our liquidity and have an adverse effect on our business, financial condition and results of operations.

Our ability to obtain additional capital in the future, however, is subject to a number of uncertainties, including those relating to our business development, financial condition and results of operations, general market conditions for financing activities in our industry. And macro-economic and other conditions in China and globally. If we cannot obtain sufficient capital to meet our capital needs, our business, financial condition and prospects may be adversely affected.

We recorded net current liabilities during the Track Record Period, which may expose us to certain liquidity risks.

We had net current liabilities of RMB59.2 million as of December 31, 2024. For reasons for our net current liabilities position during the Track Record Period, see paragraph headed "Financial Information — Indebtedness and Contingent Liabilities — Net Current Assets/Liabilities" in this document. We may continue to have net current liabilities in the future. The net current liabilities position may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek additional financing from offering and issuing our Shares, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could incur high inventory-related expenses or lose sales, which could negatively affect our financial condition and results of operations.

Our inventories include raw materials, work in progress and finished products. As of December 31, 2023, 2024 and 2025, we had inventories of RMB158.3 million, RMB152.8 million and RMB299.4 million, respectively. Our business model requires us to manage our inventories efficiently.

We depend on our demand forecasts to make purchase decisions for raw materials and to pace our production progress to manage our inventories. Such demand, however, can change significantly from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials, which will make it more challenging for us to manage our inventory and logistics effectively.

Our inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. During the Track Record Period, we had write-down of inventories to net realizable value of RMB29.7 million and RMB24.0 million in the years ended December 31, 2023 and 2024, respectively and reversal of impairment losses on inventories of RMB3.0 million in the year ended December 31, 2025. See "Financial Information

— Discussion of Certain Key Consolidated Statements of Financial Position Items — Inventories" in this document. If we continue to experience inventory write-down, our profitability, financial results and prospects will be negatively affected.

We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-offs. Any of the above may adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in delays in delivery of our products, a diminished customer base and loss of revenue, any of which could harm our business, financial condition and results of operations.

The complexity of our products may lead to undetected defects, failures or reliability issues in our products, which could reduce the market adoption of our products, damage our reputation or expose us to product liability, warranty claims and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design, our products may contain undetected defects or failures when first introduced or after commencement of operation, which might require product replacement or recall. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results. Additionally, such incidents could disrupt the development, production, and launch of new products, leading to further financial and operational setbacks.

We rely on third-party suppliers, including our production partners such as foundry and packaging and testing service providers, to provide quality products and services to customers. The production of our products by our production partners, including the fabrication of wafers, and the assembly and testing of products, involve highly complex processes. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a substantial portion of the components on a wafer to be nonfunctional. These problems may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. To the extent that third-party suppliers are unable to maintain their production facilities' efficiency, supply sufficient raw materials in a timely manner, or provide satisfactory services to our customers, which may be due to events that are beyond our or their control, such as manufacturing defects, we may suffer reputational damage and loss of credibility with our current and prospective customers, and our business, financial condition and results of operations may be materially and adversely affected.

We cannot assure you that the measures we have taken to ensure the quality of products and services provided by third-party suppliers could prevent any of the above incidents from occurring, which are beyond our control, or that to the third-party suppliers could maintain the quality of products and services they provide in the future. 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 third-party suppliers. If we engage in legal proceedings against our third-party suppliers, such proceedings may be time consuming and costly regardless of the outcomes. Any such issues may adversely affect our business, results of operations and financial condition.

In addition, the quality of our products and solutions depends on the effectiveness of our own quality control and quality assurance, which in turn depends on factors such as the quality and reliability of equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocol could render our products and solutions unsuitable for use, cause defects in our products and solutions that may result in damages to end users and harm our market reputation and relationship with business partners.

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

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 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. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, our future success depends, to a significant extent, on our ability to attract, recruit and train qualified employees and retain existing key personnel. 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 fulfill our current or future needs. We have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications in competition with other companies, particularly in the areas of design and product development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, 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 distributors may have unsatisfactory performance which is beyond our control and their improper conduct or any changes in their business relationships with us may adversely affect our business, financial conditions and results of operations.

In the three years ended December 31, 2025, approximately 69.4%, 65.2% and 58.1% of our revenue was generated from our distributors, respectively. As of December 31, 2023, 2024 and 2025, we had 36, 37 and 51 distributors, respectively. See "Business — Sales and Marketing — Distribution" for further details. We have limited control over the operations and actions of our distributors. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. We cannot assure you that our distributors will be successful in marketing and selling our products. Furthermore, we cannot assure you that our distributors will always be compliant with relevant laws, regulations or our distributorship agreements. If our distributors breach the agreements with us, fail to maintain the requisite licenses, permits or approvals or comply with applicable regulatory requirements when selling our products, improperly use our brands, products or intellectual property rights, it could damage our reputation and brand image, undermine customers' confidence in us and reduce their long-term demands for our products.

Our distributors may also subject us to lawsuits, potential liability and reputational harm if they misrepresent the functionality of our products and services to customers or violate laws or our corporate policies. In addition, it cannot be certain that we will retain our existing distributors or that we will be able to secure additional products or substitutes for them. Our distributors may also devote more resources to the marketing and sales of competitive products and services. All these could adversely affect our business, financial conditions and results of operations.

We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in sales to, one or more of our major customers would materially and adversely affect our business, results of operations and financial condition.

Revenue generated from our largest customer in each year or period during the Track Record Period accounted for 30.0%, 13.5% and 15.4%, respectively, of our total revenue for the respective year or period. Revenue generated from our five largest customers in each year or period during the Track Record Period accounted for 66.8%, 52.0% and 43.4%, respectively, of our total revenue for the respective year or period. Our business, results of operations and financial condition for the foreseeable future may continue to depend on sales to a relatively small number of customers. In the future, our current major customers may decide not to purchase our products or solutions, may purchase fewer of our products or solutions than they did in the past, or may alter their purchasing patterns, including as a result of a transition to solutions provided by our competitors, or their individual or aggregate production levels may decline due to a number of factors, including supply chain challenges and macroeconomic conditions. Further, the amount of revenue attributable to any single major customer, or our major customer concentration generally, may fluctuate in any given period. If our major customers scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition and results of operations may be adversely affected.

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

Our policy allows products with defects to be returned and exchanged by our customers in certain circumstances within the warranty period. As we continue to grow our operations and support our customer base, we need to be able to continue to provide efficient customer support that meets our customers' needs at scale. We may not be able to recruit or retain sufficient qualified support personnel with experience in supporting customers of our products and solutions. As a result, we may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support or maintenance assistance. Also, we may not be able to modify the future scope and delivery of our maintenance services and technical support to compete with changes in the technical services provided by our competitors.

If we experience increased customer demand for technical support and maintenance, we may face increased costs that may harm our results of operations. If we are unable to provide efficient customer maintenance and support, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality maintenance and support services or a market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

If we experience any deterioration in the quality of our products, we will incur higher costs associated with returns, exchanges and warranties. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customers, they also subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot assure you that our return, exchange and warranty policies will not be misused by our customers, which may significantly increase our costs and may adversely affect our business and results of operations. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new users at a desirable pace, which may adversely affect our results of operations.

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 maintaining and enhancing our well-recognized "Zentel" brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products and services, and the constant emergence of new industry standards and practices. In addition, the successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and adversely affect our business, financial condition and results of operations.

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

Our trade receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB99.6 million, RMB112.7 million and RMB152.9 million respectively. The credit period granted to our customers was generally one month from the date of billing. See "Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position Items — Trade Receivables" in this document. We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstances. Our trade receivables turnover days increased from 46 days in 2023 to 60 days in 2024, primarily due to the increase in our trade receivables further due to our business growth in 2024. Our trade receivables turnover days decreased to 44 days in 2025 mainly due to our collection efforts. While we did not incur any material impairment loss on trade receivables during the Track Record Period, we may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would adversely affect our financial condition and results of operations.

We may be exposed to liquidity risk due to a long cash conversion cycle.

We had recorded relatively long inventory turnover days and accounts receivable turnover days, which may lead to delays in converting our revenue into cash. Our cash conversion cycle, a metric to measure how efficiently we manage its working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales, was 108 days, 97 days and 90 days in 2023, 2024 and 2025, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade receivables turnover days, then subtracting trade payables turnover days. Our cash conversion cycle improved since 2023 as we enhanced cash flow efficiency through strengthened supply chain coordination and more effective inventory management. However, there can be no assurance that similar performance can be sustained in future periods, particularly in light of potential fluctuations in customer payment patterns, supply chain volatility, and broader macroeconomic conditions. A long cash conversion cycle may increase our reliance on working capital or external financing to support our operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

We rely on third-party logistics service providers to deliver our products. Disruption in logistics may prevent us from meeting customer demand and our business, financial condition and results of operations may suffer as a result.

We engage independent third party logistics service providers to deliver finished goods facilities to locations specified by our customers. Disputes with or termination in our contractual relationships with one or more of our logistics service providers could result in delayed delivery of products or increased costs. There can be no assurance that we can continue or extend relationships with our current logistics service providers on terms acceptable to us, or that we will be able to establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with our preferred logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis or at prices acceptable to our consumers. If there is any breakdown in our relationships with our preferred logistics service providers, we cannot assure you that no interruptions would occur or that they would not adversely affect our business, prospects and results of operations.

As we do not have any direct control over these logistics service providers, we cannot guarantee the quality of their services. In addition, services provided by these logistics service providers could be interrupted by unforeseen events beyond our control, such as poor handling provided by these logistics service providers, natural disasters, pandemics, adverse weather conditions, riots and labor strikes. If there is any delay in delivery, damage to products or any other issue, we may lose customers and sales and our brand image may be tarnished.

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

We may be subject to disputes or claims of various types brought by various external or internal parties. While we were not subject to any labor disputes during the Track Record Period, any future labor disputes and adverse employee relations could result in legal proceedings and lead to reputational harm, monetary damages, interruptions of our operation or diversion of managerial attention.

We may also be subject to disputes with our competitors, suppliers, business partners or governmental entities relating to contractual disputes, IP right infringements or legal compliance. Such claims and disputes may evolve into litigations or law enforcement actions. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Legal proceedings are distractive and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert managerial attention from our day-to-day operations, any of which could harm our business. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Our business may be adversely affected by inadequate protection of intellectual property rights and/or claims by third parties for possible infringement of their rights.

We believe that our intellectual property rights are crucial to our success. We depend, to a significant extent, on intellectual property laws to protect our trademarks, patents or other intellectual property rights. There is no assurance that third parties will not infringe our intellectual property rights such as through the production and sale of counterfeit products. There is no assurance that we will always be able to identify cases of infringement or potential infringement of our intellectual property rights. If there are counterfeits of our branded products on the market, the image of our brands and our reputation as to quality may be adversely affected. Further, our efforts in enforcing or defending our intellectual property rights may not be adequate, and enforcing or defending such rights may require significant attention from our management team and may be costly. The outcome of any legal action to protect or safeguard our intellectual property rights may adversely affect our business, financial condition, results of operations and prospects.

Third parties, including our competitors, may believe that our products have infringed their intellectual property rights and initiate legal proceedings against us. If any legal proceeding against us for infringement of intellectual property rights is successful, we may be ordered to cease carrying on such infringing behavior. Intellectual property litigation against us may have an adverse impact on our business and results of operations. Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable judgment in all legal cases, in which case we may need to pay damages or be forced to cease using certain technologies or content that are critical to our products. Any resulting liabilities or expenses or any changes to our products that we have to make to limit future liabilities may have an adverse effect on our business, results of operations and prospects.

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 third parties to conduct R&D on certain technologies and shared certain R&D results. For example, we partnered with PSMC in April 2025 in respect of the development of DRAM products based on 19nm and below nodes. See "Business — Research and Development — Our R&D Cooperation with Third Parties" for details. We may enter into similar arrangements with other third parties in the future. Should the arrangements not be clearly articulated, they could lead to limited use of relevant shared R&D results, and the ownership of such shared R&D results may be unclear. There is no assurance that our relevant counterparties would not advertently or inadvertently misuse the R&D results that we collaboratively form, or advertently or inadvertently misappropriate the R&D results owned solely by us and that are incidentally shared during our collaboration with them. Our business, financial condition and results of operations may be adversely impacted if any of the aforementioned incidents occur.

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

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See "Business — Licenses, Approvals and Permits" in this document. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity are relatively new and continuously evolving. See "Cybersecurity breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer" in this section. 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 adversely affect our business, financial condition and results of operations.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive plans including share-based compensation for the benefit of our Directors and employees to incentivize and reward the eligible persons who have contributed to our success. In the three years ended December 31, 2025, we incurred share-based payment expenses of RMB151.1 million, RMB56.1 million and RMB17.3 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based compensation expenses would potentially dilute the shareholding of our existing Shareholders. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive plan from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this offering.

Any failure to fully comply with present or future labor, environmental, safety and occupational health laws and regulations in the jurisdictions that we operate in may have an adverse effect on our business, financial condition and results of operations.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters in the jurisdictions that we operate in, including mainland China, Hong Kong and Japan. Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our business in the future.

In addition, pursuant to the Interpretation II of the Supreme People's Court of 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）》) (the "**Interpretation II**"), where an employer and a worker agree or a worker undertakes to an employer that there is no need to pay social insurance premiums, the people's court shall determine that such an agreement or undertaking is void. If the employer fails to pay social insurance premiums in accordance with the law, and the worker files a claim for rescission of the labor contract and payment of economic compensation by the employer in accordance with Article 38(3) of the Labor Contract Law, the people's court shall support such a claim in accordance with the law. Given that (i) our Company and its domestic subsidiaries have paid social insurance and housing provident fund for all employees in accordance with the relevant laws and regulations during the Track Record Period; and (ii) there has been no dispute between us and our employees arising from social insurance and housing provident fund during the Track Record Period and as of the Latest Practicable Date, as advised by our PRC Legal Advisor, the Interpretation II has no impact over our compliance status with social insurance and housing provident funds. However, changes in labour-related government regulations, as well as changes or evolutions in court interpretation of those regulations, could adversely affect us since this may impact (i) the laws, rules and regulations which are applicable to us, (ii) whether we have complied with all applicable laws, rules and regulations and (ii) our legal exposure, penalties and/or fines as a result of any non-compliances with applicable laws, rules and regulations. If government priorities shift and we are unable to adapt to changing labour-related regulations or to court interpretations of those regulations, this could have a material and adverse effect on our business and results of operations.

In addition, we are subject to various ESG rules and regulations by governing bodies, including the Stock Exchange and the SFC once we become a [**REDACTED**] company, as well as regulatory authorities in China. We must also adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks imposed by regulatory authorities and stakeholders (if any). See "Business — Environmental, Social and Governance" in this document. Our efforts to comply with new and changing laws, regulations and social trends may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities, which may adversely affect our business, financial condition or results of operations.

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

Misconduct could include violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures, bribery of foreign government officials, import-export controls, lobbying or similar activities, and any other applicable laws or regulations. 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 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 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 we believe are customary for businesses of our size and type and in line with standard commercial practice in China. As of the Latest Practicable Date, we had not maintained product liability insurance, and do not carry any business interruption or litigation insurance. See "Business — Insurance" in this document. We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial conditions, results of operations and prospects may be adversely affected.

Our operations and those of our production partners are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our suppliers and on our facilities, personnel and results of operations.

Our business operations are faced with numerous risks and dangers, including capacity constraints, labor strikes, fire, natural disasters (e.g. earthquakes, typhoons), environmental or occupational disasters. Any of these events could have a material and adverse effect on our business.

As of the Latest Practicable Date, we had (a) one purchased property and six leased properties in the PRC, (b) one leased property in Hong Kong and (c) three leased properties in Japan which could suffer significant business disruption due to earthquakes or other natural disasters. See "Business — Our Properties" in this document. We are currently not covered by insurance against such business disruption. Similarly, the manufacturing facilities of our production partners are principally located in regions susceptible to earthquake and typhoon risks and their production capacity may be reduced or eliminated due to natural disasters. The risk of earthquakes in these geographic regions is significant due to the proximity of major earthquake fault lines, and Taiwan in particular, where our main foundry supplier is located, is also subject to typhoons and other Pacific storms.

Our business could also be adversely affected by epidemics or outbreaks. An outbreak of epidemic in the human population, or another similar health crisis, could adversely affect the economies and financial markets of entire regions, particularly in Asia. Moreover, any related disruptions to transportation or the free movement of persons could hamper our operations and force us to close our offices temporarily. The occurrence of any of the foregoing or other natural or man-made disasters could cause damage or disruption to us, our employees, operations, markets, and customers, which could result in significant delays in deliveries or substantial shortages of our products and could adversely affect our business, financial condition, results of operations or prospects.

We may engage in acquisitions or strategic alliances that could disrupt our business result in increased expenses, reduce our financial resources and cause dilution to our Shareholders. We cannot assure you that such acquisition or strategic alliances may be successfully implemented.

We have engaged in, and we may continue to actively seek acquisitions or strategic alliances to expand our business. However, we may not be able to find suitable acquisition candidates, complete acquisitions on favorable terms, if at all, or integrate any acquired business, products or technologies into our operations. If we do complete acquisitions, they may be viewed negatively by customers or investors and they may not enable us to strengthen our competitive position or achieve our goals. In addition, any acquisitions that we make could lead to difficulties in integrating personnel, technologies and operations from the acquired businesses and in retaining and motivating key personnel from these businesses. Moreover, acquisitions may disrupt our ongoing operations, divert the management from day-to-day responsibilities, and increase our expenses. Future acquisitions may reduce our cash available for operations and other uses, and could result in increases in amortization expenses related to identifiable intangible assets acquired, potentially dilutive issuances of equity securities or the incurrence of debt. We cannot predict the number, timing or size of future acquisitions, or the effect that any such acquisitions might have on our operating results.

We will incur increased costs as a result of operating as a publicly traded company, and our management will be required to devote substantial time to new compliance initiatives.

As a publicly traded company, we will incur additional legal, accounting and other expenses that we did not previously incur. Although we are currently unable to estimate these costs with any degree of certainty, they may be material in amount. Our management and other personnel will need to devote a substantial amount of time to compliance initiatives as well as investor relations. Moreover, applicable rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

RISKS RELATING TO DOING BUSINESS IN THE MARKETS IN WHICH WE OPERATE

Changes in China's economic, political or social conditions or government policies could have an adverse effect on our business and operations.

We are a company incorporated in and operated under the laws of PRC, and a substantial part of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy has experienced significant growth over the past decades, and the Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, but may not have the same effect on us. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities, and our business, financial condition and results of operations could be adversely affected.

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

In addition to sanctions measures, the United States has imposed export controls measures that directly or indirectly affect China-based technology companies. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets. In this regard, various trade, export controls, and economic sanctions laws and regulations may affect our businesses. In recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the United States Department of Commerce (the "**BIS**"). For instance, in October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is "knowledge" that the item is destined for end use in the development or production of ICs at a fab in China that fabricates ICs meeting certain criteria. On December 2, 2024, BIS issued an interim final rule (the "**BIS December 2024 IFR**") and a final rule (the "**BIS December 2024 FR**"), which expanded controls in the EAR on advanced computing and semiconductor manufacturing items. These types of restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products. Moreover, in August 2022, the United States enacted the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the "**CHIPS Act**"). The CHIPS Act aims to strengthen U.S. domestic semiconductor manufacturing, design and research, fortify the economy and national security, and to help the United States compete economically against China.

In addition to the restrictions introduced by the BIS rules, BIS maintains lists of persons that are subject to enhanced export controls restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

As the Entity List and other sanctions and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, or some of our customers and suppliers may be listed on the Entity List in the future, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us. These export controls could adversely affect us and/or our supply chain, business partners, or customers, and our business, financial condition, and results of operations may be significantly affected by the continued international trade and political tensions.

If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers' demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the EAR or other applicable regulations. As our products become more technologically advanced, there is also a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China.

During the Track Record Period, we sold DRAM chips and DRAM KGD wafers to non-sanctioned customers based in the Relevant Region. We have engaged certain Taiwan-based non-sanctioned foundry and packaging firms to manufacture certain items which are classified as EAR99. Most of the items that fall within the scope of the EAR but are not specifically controlled for export, are given the classification of EAR99. EAR99 items generally consist of low-technology consumer goods and do not require a license in most situations. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, our activities with the Relevant Region and our procurement of EAR99 items did not represent a Primary

Sanctioned Activity or implicate the applicable U.S. Export Controls on the basis that (i) we are not a Sanctioned Target; (ii) the Relevant Region is not subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction; and (iii) our customers based in the Relevant Regions are not sanctioned, thus our procurement and corresponding sales of such items in the Relevant Regions did not represent a violation to the export controls applicable such items.

During the Track Record Period, we have also sold certain DRAM module incorporated with DRAM die that are non-U.S. origin and are not subject to the EAR to two customers which have been designated by the BIS to the Entity List. We have reviewed the compliance of the transactions before proceeding with the in-country transfer to the said Entity List customers, and have received confirmation from our supplier that such DRAM die are not subject to the EAR. As advised by our International Sanctions Legal Advisors, as such DRAM die are non-U.S. origin and are not subject to the EAR, such export did not implicate the U.S. Export Controls applicable to the said Entity List customers, and hence did not represent a Primary Sanctioned Activity or a violation of the U.S. Export Controls.

As advised by our International Sanctions Legal Advisors, on the basis that we did not engage in any activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions, the prohibitions and wider restrictions under EU, UK and UK Overseas Territories sanctions measures as applicable during the Track Record Period, are not implicated by the Group's business activities in the Relevant Region. Sanctions and export controls laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or export controls. We cannot provide any 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 U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a sanctions designation of us.

Recent increases in U.S. tariffs and heightened global trade tensions may adversely affect our international expansion and business performance.

Recently, the United States government announced a series of tariff increases on imports from China. Beginning in February 2025, a baseline 10% tariff was imposed on all imports from China, followed by successive adjustments in March and April 2025. As of April 11, 2025, the tariff rate on imports from China introduced by the U.S. government had increased to 145%. In response to the tariff tensions initiated by the United States, China implemented a series of measures, including raising additional tariffs on U.S. goods to as high as 125%. On May 12, 2025, the U.S. and China governments jointly announced a significant reduction in tariffs, with U.S. tariff rate on imports from China falling from 145% to 30%, and Chinese tariff rate on imports from U.S. falling from 125% to 10%. This agreement will be in effect for 90 days, during which both sides will continue talks to establish a more permanent trade arrangement. In November 2025, the United States government announced that the U.S. will maintain the suspension of heightened tariffs on Chinese imports until November 10, 2026. In November 2025, the PRC government approved the adjustment of the additional tariff measures, effective from November 10, 2025, which stipulated that the 10% additional tariff rate on imports from U.S. will be retained for one more year. As of the Latest Practicable Date, it remained uncertain how the Sino-U.S. and the global trade tension will develop. In the event that our customers reduce their orders, be such due to a decrease in overall demand of our products, replacing us with other suppliers, downturn of the macro-economy or other reasons, our business, financial conditions and results of operation will be adversely affected. Also, in the event that we are required to adjust our pricing strategies due to the changes of competition dynamics, our business, financial conditions and results of operation will be adversely affected. For the three years ended December 31, 2025, our sales generated by customers located in the United

States accounted for approximately 0.1%, 0.1% and 0.2% of our total revenue, respectively. We cannot assure you that our sales to the U.S. in the future will remain unaffected or how our sales will be affected in light of the uncertainties relating to the geopolitical landscape and the development of the trade tension and tariff imposition. Any trade restrictions imposed by the U.S. on our products may increase our U.S. customers' purchase costs of our products and hence lower our competitiveness.

Expanding our global footprint and growing overseas sales may expose us to operational, financial and regulatory risks.

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: (1) foreign exchange control and exchange rate fluctuations; (2) increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries; (3) difficulties and costs related to providing after-sales services and customer support in these markets; (4) difficulties with staffing and managing overseas operations; (5) failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations; (6) difficulties and costs relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our products; (7) failure to obtain or maintain permits for our products or services in these markets; (8) inability to obtain, maintain or enforce intellectual property rights; (9) stringent consumer protection and product compliance regulations on our customers' products; (10) unanticipated changes in prevailing economic conditions and regulatory requirements; and (11) 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.

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

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, additional tax deduction is allowed for qualified R&D costs during the Track Record Period. 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.

During the Track Record Period, we recorded government grants in our statements of profit and loss, which mainly consist of specific subsidies and other subsidies. See "Financial Information — Period-to-Period Comparison of Results of Operations — Other Income and Gains" in this document. We cannot assure you that we will continue to receive and benefit from such grants in the future.

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

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

We are subject to the laws and regulations relating to cybersecurity and data privacy in the markets in which we operate. For instance, we are subject to various PRC regulatory requirements relating to cybersecurity and data privacy, including the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and Regulations on Network Data Security Management 《網絡數據安全管理條例》. Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

We have not obtained real property ownership certificate for the property we purchased as at the Latest Practicable Date and our rights to the relevant facility may be limited or challenged by relevant competent authorities.

As of the Latest Practicable Date, we had not been registered as the right holder for real property ownership certificate of one property that we purchased. Such property is located in Jinhua, Zhejiang, with a total gross floor area of approximately 8,286.8 sq.m. See "Business — Our Properties" in this document. As advised by our PRC Legal Advisor, our rights to the relevant property may be limited or challenged by relevant competent authorities. We cannot assure you that our rights to or uses of the relevant property will not be limited or challenged in the future or that we will be registered as the right holder for the relevant real property ownership certificate. Any of these would materially and adversely affect our business operations, divert management attention and other resources and incur significant costs.

We may be subject to potential material and adverse effects in respect of defects in our leased properties.

As of the Latest Practicable Date, we leased six properties in the PRC with an aggregate gross floor area of approximately 2,896 sq.m as our offices and laboratories. As of the Latest Practicable Date, we completed the registration of three lease agreements for these leased properties with the relevant competent authorities in accordance with applicable laws and regulations in China. See "Business — Our Properties" in this document. As advised by our PRC Legal Advisor, if we or the lessor fail to register such lease agreements for our leased properties 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. There can be no assurance that the relevant competent authorities would not impose administrative penalties on us as a result of the non-registration of these lease agreements.

In addition, the lessor of one of our leased properties with an aggregate gross floor area of 1,689.6 sq.m. was unable to provide a valid title certificate as of the Latest Practicable Date. We may not be able to continue to use such property if the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. As of the Latest Practicable Date, we were not aware of any challenge by third parties or government authority of such title defect. We cannot assure you that in the future, we may not encounter such challenges. In addition, in the event of relocation, the additional costs could adversely affect our daily operation and cause an impact on our financial condition.

Our financial results may be subject to tax risks relating to our intra-group transactions.

During the Track Record Period, there were intra-group transactions between our Company and Zentel Japan. We cannot assure you that the relevant tax authorities in the PRC and Japan would not challenge the transfer pricing arrangement of our Group. During the Track Record Period, we had not received any regulatory inquiries or penalties by tax authorities in relation to transfer pricing. However, if any regulatory tax authority determines that our transfer pricing arrangements do not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences, such as the payment of outstanding tax, statutory interest or tax penalty. Tax authorities may require us to adjust income and expenses for local tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by increasing our tax liabilities, which could further result in late payment fees and other penalties or limit our ability to obtain preferential tax treatments and other financial incentives.

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

We are a company incorporated under the laws of the PRC and substantially all of our business, assets and operations are located in China. In addition, the majority of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this [**REDACTED**] or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [**REDACTED**] from the [**REDACTED**] into the PRC or take other actions to restrict our financing activities, which could have an adverse effect on our business.

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the Chinese current foreign exchange administration system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be adversely affected and could subject us to administrative penalties and fines.

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

The exchange rate of Renminbi against the Hong Kong dollar, U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future.

Moreover, as we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. Our sales settled in U.S. dollar represented 97%, 89% and 63% of our total revenues in the three years ended December 31, 2025, respectively. We recorded net foreign exchange loss of RMB1.6 million and RMB2.9 million in 2023 and 2025, respectively, net foreign exchange gain of RMB7.5 million in 2024.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could adversely 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.

Foreign holders of our H Shares may be subject to PRC income tax.

Under current PRC tax laws, regulations and rules, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to our dividends paid to them and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate under Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》). Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, a withholding tax rate of 10% shall apply to the dividends paid by a company [**REDACTED**] in Hong Kong to foreign individuals according to the treaties. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the applicable tax rate if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no double taxation treaty is applicable.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those which have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to PRC enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations may be amended from time to time, and all non-PRC resident individual holders may be subject to PRC individual income tax at a flat rate of 20%.

In addition, the PRC's tax authorities may amend the interpretation and application of applicable PRC tax laws and regulations, including the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends paid to non-PRC resident shareholders holding our H Shares, and on gains realized on the sale or other disposition of our H Shares. The PRC's tax laws and regulations may also change. If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. The initial [**REDACTED**] for our H Shares to the public will be agreed by us and the [**REDACTED**] (for itself and on behalf of the other [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the H Shares following this [**REDACTED**]. We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for the H Shares will develop or, if it does develop, that it will be sustained following the [**REDACTED**] or that the [**REDACTED**] of our H Shares will not decline following the [**REDACTED**]. In addition, the [**REDACTED**] price and [**REDACTED**] volume of the H Shares may be subject to significant volatility as a result of various factors, including but not limited to: (1) variations in our operating results or differences between our operating results and those anticipated by investors and analysts; (2) changes in securities analysts' estimates of our financial performance; (3) announcements made by us or our competitors; (4) regulatory or market changes in the PRC affecting us or the industries in which we participate; (5) any business interruptions resulting from natural disasters or accidents; (6) investors' perception of us and of the investment environment in Asia, including Hong Kong and the PRC; (7) announcements of or completions of acquisitions, strategic alliances or joint ventures by us or our competitors; (8) additions to, or departure of, our key personnel; (9) release or expiration of lock-up or other transfer restrictions on our Shares or sales or perceived sales of additional Shares by us or other Shareholders.; (10) liability claims brought against us; (11) potential litigation or regulatory investigation; and (12) general political, economic, financial, social development and stock market conditions and other factors.

Moreover, the securities market has from time to time experienced significant price and trading volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the [**REDACTED**] and [**REDACTED**] of our H Shares.

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

The market prices and trading volume of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performances of and fluctuations in the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatilities in the [**REDACTED**] and [**REDACTED**] of our H Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and volatility of our Shares, regardless of our actual operating performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. See Appendix II to this document for details. In addition, holders of our H Shares may experience further dilution of their interest if the [**REDACTED**] exercise the [**REDACTED**] or if we issue additional H Shares in the future to raise additional capital. In addition, holders of our H Shares may experience further dilution of their interests if the [**REDACTED**] exercise the [**REDACTED**] or if we obtain additional capital in the future through equity offerings.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. See "Future Plans and Use of [**REDACTED**]" in this document. However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the net [**REDACTED**] from this [**REDACTED**].

Future sales or perceived sales of a substantial number of H Shares in the [REDACTED] could materially and adversely affect the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The future sale of a significant number of our H Shares in the [**REDACTED**] after the [**REDACTED**], or the perception or anticipation of such sales, by any one of our Shareholders could materially and adversely affect the [**REDACTED**] of our H Shares and could impair our future ability to raise capital in the future at a time and price that we deem appropriate. Although the Controlling Shareholders have agreed to a lock-up of its Shares, any major disposal of our Shares by the Controlling Shareholders upon expiry of the relevant lock-up periods or the perception that these disposals may occur may cause the [**REDACTED**] of our H Shares to fall which could negatively impact our ability to raise equity capital in the future.

We may not be able to pay any dividends on our H Shares.

No dividend had been paid or declared by our Company since our inception. We cannot guarantee when and in what form dividends will be paid on our H Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our results of operations, cash flows and financial conditions, capital adequacy levels, operating and capital expenditure requirements, distributable profits as determined under the PRC GAAP, the IFRSs, our Articles of Association, the PRC Company Law, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividend" in this document for details.

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [**REDACTED**] market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [**REDACTED**] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] of our H Shares to decline.

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," "can," "continue," "could," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would," and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and senior 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 result, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance, and 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.

The industry data, forecasts and statistics in this document are derived from various government publications or third-party sources and may not be accurate, complete or up to date.

This document includes industry fact, forecasts and statistics relating to our industry. Such facts, forecasts and statistics are derived from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official governmental publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of the [**REDACTED**] or any other party involved in the [**REDACTED**] and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the industry facts, forecasts, statistics or information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your [**REDACTED**] in our H Shares.

We may need additional capital, and the sale and issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [**REDACTED**] from the [**REDACTED**], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell and issue additional equity securities, which could result in additional dilution to our Shareholders.

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

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us, our business, our industries and the [**REDACTED**], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

Our Controlling Shareholders may exert substantial influence over our operation and may not act in the best interests of our public Shareholders.

Immediately following completion of the [**REDACTED**], our Controlling Shareholders will be entitled to exercise approximately [**REDACTED**]% of the voting rights of the Company. See "Relationship with Our Controlling Shareholders — Our Controlling Shareholders" in this document. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of the Group that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our Company or the interest of our Shareholders as a whole. If the interests of our Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

We have a dispersed shareholder base and there is a lack of agreement among our Shareholders or their respective shareholders regarding the arrangement on the disposal of our Shares.

We have a dispersed shareholder base with 26 corporate Shareholders and two individual Shareholders. There is no shareholder agreement among these Shareholders or their respective shareholders regarding the arrangement or restrictions on the disposal of our Shares. The Shares held by Controlling Shareholders are subject to lock-up undertakings commencing from the [**REDACTED**]. See " [**REDACTED**]" in this document. In the event that any of these Shareholders dispose of the Shares after the expiry of the relevant lock-up periods, it could negatively impact the [**REDACTED**] of our Shares or lead to volatility in the [**REDACTED**] or [**REDACTED**] volume of our Shares, affecting the value of your investment.