An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your [REDACTED].

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as at the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business performance and prospects depend on our ability to continue to innovate, improve our technological capabilities and our products.

We operate in a fast-changing industry, and we have to continuously adapt to the evolving demand of our customers. Our business performance and future success depends on our ability to continue to innovate and improve our technological capabilities and our products. Product design, development, innovation and iteration of IC substrate is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. There can be no assurance that we will be able to develop new and improved products in a timely or efficient manner or that our new products will gain market acceptance and achieve commercial success. In addition, our customers and users of our IC substrates generally impose very high quality and reliability standards on our products, which may be difficult or costly to satisfy. Any inability to satisfy and maintain the quality and reliability standards of our customers or comply with industry standards and technical requirements may materially and adversely affect demand for our products, results of operations and business prospects.

Our growth is also dependent on our ability to attract new customers and expand into new sectors for applications of our IC substrates which may require significant investments, resources and technological advancements, and there can be no assurance that we will be successful in this respect.

We have invested and expect to continue to invest in the design and R&D for new and existing products and technologies, to timely respond to technological developments in the IC substrate market. These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect our margins and operating results and that such investments may not generate sufficient revenue to offset liabilities assumed and expenses associated with these new investments. We believe that we must continue to invest a significant amount of time and resources in our design and R&D efforts, including retaining sufficient and experienced R&D talents, to maintain and improve our competitive position. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our revenue and operating results may be adversely affected.

In addition, if we are unable to respond quickly and successfully to technological developments, we may lose our competitive position, and our products or technologies may become obsolete and fall behind on technologies. We cannot guarantee that we will be successful in keeping pace with all, or any, of the above, or that our IC substrates will maintain their competitiveness.

Our performance is subject to demands from our downstream industries that use our products. Slowdown in the growth of the downstream industries could adversely affect our business, financial condition and results of operations. The changing demand from our customers for different types of IC substrates also affect the composition of our sales by product categories, which could in turn affect our profit margin and results of operations.

Our performance is subject to the fluctuations of demands from downstream industries. During the Track Record Period, we sell our IC substrates principally to IC packaging companies and, to a lesser extent, to IC design companies in the Chinese Mainland, which offered their products to downstream customers across various application sectors, including AI servers, high-speed computing, data centres, smart devices, automotive electronics and industrial control. Demand for our products largely depends on growth and competition in the markets for the end products, which depend on factors beyond our control. If the downstream product markets cannot maintain robust growth or are embroiled in fierce competitions, our sales and our business and profitability may be adversely affected. As various types of the IC substrates may have various downstream applications, the changing demand from our downstream customers will also affect the composition of our sales by product categories, which could in turn affect our profit margin and results of operations.

The factors that may impact the growth within downstream product markets include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of downstream industries;
- a downturn in general economic conditions in the PRC or worldwide, resulting in reduced demand for our products, excess inventory and pressure on pricing;
- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of products from the PRC;
- the inability of our customers or their downstream customers to dedicate necessary resources to promote and commercialise their products;
- the inability of our customers to adapt to the cyclical fluctuations of the global semiconductor market, primarily driven by technology upgrades, capacity investments and inventory changes, resulting in their products becoming obsolete;
- the failure of the end products in which our products are used to meet evolving industry requirements or achieve market acceptance;
- delays and project cancellations as a result of design flaws in the products developed by our customers or their downstream customers;
- increased costs associated with potential disruptions to our customers' supply chain and other manufacturing and production operations;
- the deterioration of our customers' financial condition; and
- the effects of catastrophic and other disruptive events affecting our customers or their downstream customers' facilities, including natural disasters, telecommunications failures, cyber-attacks, terrorist attacks, pandemics, epidemics or other outbreaks of infectious disease, breaches of security or loss of critical data.

In the event that any of the above events occur, the end product markets may not maintain robust growth and the demand for our products may be reduced. Therefore, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We derive a significant portion of our revenue from our major customers, and any decrease or termination of our sales to any one of them may have a material adverse effect on our business and financial condition.

Revenue attributable to our five largest customers, which comprised the Remaining Unimicron Taiwan Group and IC packaging companies, represented 84.5%, 81.5% and 74.3% of our revenue for FY2023, FY2024 and FY2025, respectively, and sales to our largest customer for FY2023, FY2024 and FY2025 represented 30.0%, 33.0% and 32.7% of our revenue for the corresponding periods. These customers are expected to continue to account for a significant portion of our revenue in the near future.

We cannot assure you that we will be able to maintain or improve our relationships with our major customers, and we cannot assure you that we will be able to continue to supply products to them at current levels on similar terms, or at all. In addition, our business is materially affected by the businesses of our major customers, which depend to a significant extent on their continuing ability to sell to their downstream customers.

It generally takes more than one year for us to obtain validation of our production facilities by our major customers. Any deterioration in the businesses of our major customers could lead to a decline in their purchase from us and any loss of major customers would materially and adversely affect our sales, results of operations and prospects. Our use of resources and management attention to continue our business relationships with our major customers and meet their purchase orders may also reduce resources devoted to our other customers or develop relationship with new customers. Even if we manage to secure other customers, it would take significant time and resources for us to develop our relationship with new customers, e.g. adapting the systems and procedures to meet the requirements of new customers and obtain the customer's validation of our production facilities and we may not be able to obtain orders from other existing customers or new customers to timely replace such lost sales on comparable terms, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our production processes are complex. Disruptions and suspension of our production lines can significantly impact our production volume, and in turn affect our business, financial condition and results of operations.

During the Track Record Period, we produced all of our products at our production bases in the Chinese Mainland. Our production operations involve the coordination of raw materials, inventory management and production processes. We may experience difficulties, in terms of management resources or IT or other systems, in coordinating various aspects of our production processes, thereby causing downtime and delays. Any disruption or suspension of production caused by adverse weather, natural disaster or other unanticipated catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and operate our business. Our machineries and equipment housed in our production facilities would be difficult to replace and could require substantial replacement lead-time and cost. Catastrophic events may also destroy any inventory stored in our facilities. Any suspension in production, even if temporary, or delay in delivery to our customers could adversely affect our business, financial condition and results of operations.

We have received significant amount of deposit under the production capacity commitment agreements we entered into with certain downstream customers in the past. If we are unable to fulfill our commitments under such agreements, we will be required to refund these deposits and/ or pay compensation, which would materially and adversely affect our financial positions and results of operations.

As demand for FCBGA Substrates outpaced the available supply, certain downstream customers have entered into production capacity commitment agreements with us and pay us deposit to secure our production capacity which is in line with the industry norm. These downstream customers typically procure our products through our direct customer.

Furthermore, during the Track Record Period, we recognised capacity commitment from our customers to secure production capacity for the production of FCBGA Substrates as revenue. See "Business — Sales and marketing — Major sales terms" and "Financial Information — Description of Selected Items in Consolidated Statements of Profit or Loss — Revenue — By products — (B) Capacity commitment" for details. Our revenue from capacity commitment were RMB89.2 million, RMB84.8 million and RMB92.1 million in FY2023, FY2024 and FY2025, respectively. Our contract liabilities for capacity commitment amounted to RMB639.0 million, RMB541.1 million and RMB444.6 million as at 31 December 2023, 2024 and 2025, respectively. Under the relevant arrangement, we are required to supply an agreed quantity of our products to the customers, subject to the customers' purchase orders, and failure to meet this agreed supply level will lead to an increase in our obligation to repay the prepaid amount to the relevant customer as compensation. If we are unable to fulfil our capacity commitment in accordance with the relevant agreements, our results of operations and financial position may be material and adversely affected.

If we experience operational bottlenecks, labour shortages, disruption or failures of production facility, supply chain delays, or regulatory interruptions that prevent us from fulfilling our obligations for any relevant period or at all under the production capacity commitment agreements, we will be required to pay substantial refunds to our customers. In such event, the payment of the significant amount of refund may materially and adversely affect our cashflow, working capital and financial positions. We may not have sufficient cash or current assets to satisfy an amount of refund demands. Any inability to satisfy any refund obligations in a timely manner may also cause damage to our reputation and relationship with our customers.

We recorded net current liabilities as at 31 December 2025. If we do not generate sufficient cash flow from our operations to meet our present and future financial needs as anticipated, we may be forced to delay or abandon our expansion plans, and our business, financial conditions and results of operations may be adversely affected.

As at 31 December 2025, we recorded net current liabilities of RMB447.2 million, mainly attributable to our dividend payable in FY2025. Please see "Financial Information — Net Current Assets/Liabilities" for details. Our future liquidity, the payment of accruals dividends and other payables and the repayment of our outstanding debts when they become due will primarily depend on future operating and financial performance, including our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate financing.

Our future performance will be impacted by prevailing economic conditions and a range of other business and competitive factors which are beyond our control. We may record net current liabilities again in the future, and if we do not generate sufficient cash flow from our operations to meet our present and future financial needs as anticipated, we may need to rely on additional borrowings for funding.

Our continued ability to obtain sufficient external financing is subject to a variety of uncertainties, including but not limited to, our future financial condition, results of operations and cash flow, general market conditions for financing activities, market conditions for financing activities of semiconductor companies, and social, economic, financial, political and other conditions in the PRC and elsewhere. Sufficient external financing may not be available to us on a timely basis, on reasonable market terms, or at all. As a result, we may be forced to curtail our expansion and modification plans or delay the deployment of new or expanded product lines until we obtain such financing.

Our results of operations fluctuated during the Track Record Period. We may experience price fluctuation of IC substrates and fluctuation of the demand for different types of our products in the future. In addition, if we are unable to manage our growth or execute our business strategies effectively, our results of operations and business prospects may be materially and adversely affected.

According to Frost & Sullivan, the semiconductor market may experience cyclical fluctuations, primarily driven by technology upgrades, capacity investments and inventory changes. These fluctuations may lead to periods of significant growth followed by downturns for IC substrates in general and/or for different types of our IC substrates.

The cyclical nature of the semiconductor industry has resulted in periods when demand for our products in general or certain types of our IC substrates has increased or decreased rapidly. The demand for our products is subject to the strength of major industries our downstream customers operate in, including AI servers, high-speed computing, data centres, smart devices, automotive electronics and industrial control. If we expand our business operations too rapidly and that demand does not materialise at the pace at which we expect, or declines, our operating results may be adversely affected as a result of increased operating expenses, reduced margins or under-utilisation of production capacity. Conversely, during periods of rapid increases in demand, our available capacity may not be sufficient to satisfy the demand. In addition, we may not be able to expand our workforce and operations in a sufficiently timely manner, procure adequate resources and raw materials, or respond effectively to changes in demand for our products, and our business could be materially and adversely affected.

During periods of downturn, we may face pressure on pricing for our IC substrates. A sustained downward price trend in IC substrates could negatively affect our revenue and profit margins, particularly if we are unable to offset lower prices with increased sales volume, cost reductions or product mix upgrade, which may adversely affect our financial performance and operational results. In addition, the changes in the demand for certain types of our IC substrates may also affect the composition of our sales by product categories, which may in term affect our profit margin and results of operation.

Our results of operations fluctuated during the Track Record Period. For FY2023, FY2024 and FY2025, our revenue amounted to RMB2,794.1 million, RMB3,659.0 million and RMB3,602.7 million, respectively. Our gross profit increased from RMB922.4 million for FY2023 to RMB1,406.8 million for FY2024, and decreased to RMB1,125.0 million for FY2025, while the gross profit margin was 33.0%, 38.4% and 31.2% for FY2023, FY2024 and FY2025, respectively. Our profit for the year increased from RMB686.1 million for FY2023 to RMB923.7 million for FY2024, and decreased to RMB646.5 million for FY2025. In particular, we recorded gross loss of RMB38.4 million from sales of CSP Substrates in FY2025 mainly due to the significant increase in the prevailing gold price in a short period of time in FY2025, which we were not able to shift such increase fully to our customers in time. We expect to continue to sell CSP Substrates, which may affect our gross profit margin. Besides, we anticipate that our cost of sales and operating expenses will further increase in the foreseeable future as we continue to grow our business, expand our production capacity and invest in our technology.

The average selling price of our products also fluctuated during the Track Record Period. The average selling price of our FCBGA Substrates increased from RMB98.4 per unit in FY2023 to RMB133.5 per unit in FY2024 and decreased to RMB113.5 per unit in FY2025; that of our FCCSP Substrates increased from RMB0.7 per unit for FY2023 to RMB0.8 per unit for FY2024 and further increased to RMB1.1 per unit for FY2025; and that of our CSP Substrates decreased from RMB0.7 per unit for FY2023 to RMB0.6 per unit for FY2024, and rebound to RMB0.8 per unit for FY2025. In the event that the supply of IC substrate exceeds the demand for such products, we may experience further price reduction, which could adversely affected our profitability and results of operations. We cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty of our continuous offering of quality products to attract our downstream customers, failure of our marketing strategies and intensified competition within the IC substrate industry in China.

Our revenue, expenses and operating results may vary from period to period due to various factors beyond our control, including the economic growth, development of the IC substrate industry, as well as changes in laws, regulations and rules applicable to the IC substrate industry in China. Any unfavorable change in the factors above may prevent us from maintaining our growth. As a result of these, and other factors, we cannot assure you that our future revenues will increase or that we will continue to be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

We face substantial competition that requires us to respond rapidly to product development and pricing pressures. If we cannot expand our production capacity as quickly and efficiently as our competitors, our market share and business prospects may be materially and adversely affected.

We face substantial technological and pricing competition in the IC substrate market. Certain competitors possess sufficient financial, technical and management resources to develop and market products that may compete favorably against our products. If we cannot expand our production capacity as quickly and efficiently as our competitors, our market share and business prospects may be materially and adversely affected. The price and product development pressures that result from competition may lead to reduced profit margins and lost business opportunities in the event that we are unable to match the price declines or cost efficiencies, or meet the technological, product, support, software or manufacturing advancements of our competitors.

Our business, financial condition and results of operations may be materially and adversely affected by international policies and international export controls and economic sanctions.

Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms (such as heavy tariffs or harsh trade conditions) against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. Export controls and economic sanctions laws or regulations could change in a way that could affect our business, exports or sales in other countries and/or could result in restrictions, penalties or fines.

During the Track Record Period, we sold our products to a number of customers and/or end-customer(s) (the "**Relevant Customers**") that are listed on the Entity List under the Export Administration Regulations (the "**EAR**") administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**Transactions**"). As advised by our International Sanctions Legal Advisers, no persons listed on the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control ("**SDNs**"), or on any sanctions lists maintained by the UN, EU, UK, or Australia, were identified among our customers, nor any of our suppliers are listed on the Entity List or identified as SDNs. As advised by our International Sanctions Legal Advisers, considering, amongst others, the nature of the products sold under these Transactions and the nexus of the Transactions, no breach of International Sanctions Law by our Group was identified during the Track Record Period (including any Primary Sanctioned Activity and Secondary Sanctioned Activity as defined in Chapter 4.4 of Guide for New Listing Applicants issued by the Stock Exchange).

The trade tensions between the two countries have been rising and there is a possibility that the extent and scale of trade restrictions between the two countries be escalated if the U.S. and China fail to reach any agreement to settle the issues. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be being subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

During the Track Record Period, our products are mainly sold to our customers in the Chinese Mainland. There is, however, no assurance that our downstream customers will not engage in export sale of their semiconductor products into the U.S. or other countries and that the export sale of the semiconductor products of our downstream customers into the U.S. or other countries will not be subject to the restrictions introduced by the U.S. Furthermore, if we export our products to other countries which are subject to sanctions or export controls in the future and/or if the scope of the export controls or sanctions are expanded, our business, financial condition and results of operations may be materially and adversely affected.

Further, we have no control over the countries to which the downstream customers will sell and/or export their end products. If the export sales of the downstream customers' end products are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions, the downstream customers' demand in our products may drop significantly and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

U.S. outbound investment restrictions and evolving related regulatory requirements may negatively impact our business operations and our ability to secure funding.

In October 2024, the U.S. Department of the Treasury issued a final rule ("**Final Rule**") to implement the Executive Order 14105 of 9 August 2023, restricting certain outbound investments by U.S. persons in companies of the PRC (including Hong Kong and Macau) engaged in specified technology related activities, including semiconductors and microelectronics, quantum information technologies and artificial intelligence, which took effect on 2 January 2025. The rule imposes additional diligence, reporting and record-keeping requirements on U.S. investors and may prohibit or restrict certain investments depending on the nature of the investee's activities, and its scope may be further expanded under subsequent policy initiatives. "Prohibited transactions" refer to the prohibition on certain U.S. investments in a covered foreign person engaged in covered activities pertaining to specified categories of advanced technologies and products. A U.S. person may not engage in such transaction unless an exemption for that transaction has been granted. For instance, investments by U.S. persons in covered foreign persons engaged in the following activities in the semiconductor industry reach the threshold for "prohibited transactions" under the Final Rule:

- developing or producing any electronic design automation software for the design of integrated circuits or advanced packaging;

- developing or producing specified front-end semiconductor fabrication equipment, equipment for performing volume advanced packaging, or commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment;

- designing integrated circuits that meet or exceed the performance parameters listed in Export Control Classification Number 3A090.a (under the EAR), or integrated circuits for operation at or below 4.5 Kelvin;

- fabricating certain advanced integrated circuits with specified parameters; or

- packaging any integrated circuit using advanced packaging techniques.

"Notifiable transactions" refer to the transactions where the business activities conducted by a covered foreign person do not reach the threshold for prohibited transactions but still require notification by a U.S. person of their transactions to the Department of the Treasury. For instance, transactions are notifiable if the covered foreign person in the semiconductor sector is engaged in the design, fabrication and packaging of ICs that do not meet the specific threshold mentioned above. A U.S. person shall file a notification of their covered transactions with the Department of the Treasury.

As advised by our International Sanctions Legal Advisers, our business activities do not fall under the scope of "prohibited transactions" or "notifiable transactions", and accordingly, we are not a "covered foreign person" as defined under the Final Rule. Although U.S. persons are generally permitted to invest in our H Shares following the **[REDACTED]** under the publicly traded securities exception, the outbound vestment regime may still increase transaction complexity, compliance costs and regulatory uncertainty for U.S. investors. As a result, certain U.S. investors may refrain from participating in our equity offerings or other financing activities, delay investment decisions or require additional conditions. In addition, the scope of the Final Rule may be expanded or further tightened in the future. Any reduction in foreign investor participation or increased difficulty in accessing international capital markets could materially and adversely affect our ability to raise funds, and in turn our business, financial condition and prospects.

Our operations may be subject to transfer pricing adjustment.

During the Track Record Period, we conducted related party transactions as set out in the section "Business — Transfer pricing arrangement". According to regulations concerning transfer pricing between associated enterprises, related party transactions should comply with the arm's length principle. If the related party transactions fail to comply with the arm's length principle, the relevant tax authority has the power to make an adjustment following certain procedures. There is no assurance that the relevant regulations or standards governing such arrangement will not be subject to future changes. If a competent tax authority later determines that the transfer prices and terms that we have applied are not in compliance with the applicable transfer pricing rules and regulations, such authority may require us to re-assess the transfer prices, re-allocate the income, and/or adjust the taxable income. Any such reallocation or adjustment may result in a higher overall tax liability for us and may adversely affect our business, operation and financial results.

We may be exposed to risks relating to fluctuations of raw material costs.

Our raw material costs represent a substantial portion of our total cost of sales. For FY2023, FY2024 and FY2025, raw material costs accounted for 36.0%, 41.4% and 39.9% of our cost of sales for the respective periods. We may be subject to fluctuations in the prices of raw materials due to factors beyond our control. For example, our selling price and profit margin for CSP Substrates has been affected by the fluctuation in the price of gold during the Track Record Period, as one of the major materials used to produce CSP Substrates is gold salts.

We cannot assure you that the price of our raw materials will not increase significantly in the future. If that occurs, we may not be able to offset price increases by raising the prices of our products, in which case our profit margin will decrease. On the other hand, if the prices of our products increase significantly, we may lose our competitive advantage in the market. This in turn could result in loss of sales and customers. In either case, our business, financial condition and results of operations may be materially and adversely affected.

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 a material and adverse impact on our business, financial condition, liquidity and prospects.

During the Track Record Period, our trade receivables primarily represent receivables from customers for sales of IC substrates. As at 31 December 2023, 2024 and 2025, our trade receivables amounted to RMB898.8 million, RMB929.7 million and RMB967.4 million, respectively. The credit period granted to our customers was generally 30 days to 150 days.

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 circumstance. As a result, we may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We are also exposed to liquidity mismatch with our trade receivable turnover days being longer than our trade payable turnover days.

We are also exposed to liquidity mismatch with our trade receivable turnover days being longer than our trade payable turnover days. Our average turnover days of trade receivables were 138 days, 95 days and 100 days, for FY2023, FY2024 and FY2025, respectively. On the other hand, our typical credit period for trade payables generally ranges from 15 to 150 days, and our average turnover days of trade payables were 61 days, 63 days and 66 days, for FY2023, FY2024 and FY2025, respectively. Please see "Financial Information — Description of Certain Items of Consolidated Statements of Financial Position — Trade receivables" and "Financial Information — Description of Certain Items of Consolidated Statements of Financial Position — Trade payables" for details. The gap between our average turnover days of trade receivables and average turnover days of trade payable may result in liquidity mismatch. If we are unable to collect our trade receivables in a timely manner or if our suppliers grant us shorter credit period in the future, we may be forced to rely on short-term bank borrowings or internal cash reserves to bridge the liquidity gap. Any failure to obtain sufficient working capital could materially and adversely affect our business, financial condition, and results of operations.

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

In accordance with the laws and regulations in the PRC, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. Furthermore, the regulatory requirements, such as data security and cybersecurity, are relatively new and continuously evolving. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes and developments in this regard. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labour related regulations and rules may subject us to fines and other legal or administrative sanctions.

According to the relevant PRC labour laws, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated between the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. During the Track Record Period, we did not make full contributions to social insurance for our employees and did not make contributions to housing provident fund for some of our employees in the first quarter of 2023, as required by the relevant PRC laws and regulations. See "Business — Social Insurance and Housing Provident Funds."

During the Track Record Period, we have not received any notices from the relevant authorities regarding complaints by employees concerning the social insurance contributions or housing provident funds, nor have there been any penalties imposed by relevant authorities or orders to make retroactive payments. Given that the aggregate amount of the underpaid social insurance and housing provident fund contributions involved was not significant, no provision has been made in our financial statements for any potential additional contributions payable in relation to these instances of non-compliance. We have undertaken that, should the competent authority request rectification or order the payment of any shortfall, we will actively cooperate to complete the rectification and make the supplementary payment within the prescribed time limit. This may adversely affect our business, financial condition and results of operations. Our PRC legal adviser is of the opinion that, pursuant to the relevant laws, failure to pay social insurance contributions in full and on time would result in the social insurance collection agency ordering the payer to make the overdue payments within a prescribed period, and imposing a late fee of 0.05% per day on the overdue amount from the date the payment becomes due. Continued failure to pay after the prescribed period may lead to the imposition of a fine by the relevant administrative authority. If we fail to comply with the aforesaid commitments, we will also be subject to penalties. However, we cannot assure you that the competent authority will not require us to rectify any noncompliance by making contribution of overdue social insurance premium or to pay late payment penalty of one to three times the amount payable in the future.

Our IC substrates may be subject to warranty and product liability claims, which could result in significant costs and damage to our business, reputation and downstream customer relationships, market acceptance of our products, financial conditions, results of operations and prospects.

IC substrates are highly complex products and may contain defects that affect their quality or performance. Defects in or failure of our products could result in damage to our reputation and increase our legal or financial exposure to third parties. Our customers sell their products containing our IC substrates to downstream customers in industries such as AI servers, high-speed computing, data centres, smart devices, automotive electronics and industrial control, where failure of the systems in which our products are integrated could cause substantial losses. We may be subject to product liability claims from our direct customers and downstream customers if our products are defective or do not meet the specifications or standards agreed with our customers and cause system failures or other damages. If any of our products contain defects, we may be also required to incur additional development and remediation costs pursuant to warranty provisions in our contracts and purchase orders. These problems may divert our technical and other resources from our production and development efforts and could result in claims against us by our downstream customers, including liability for costs and expenses associated with product defects, including recalls, which may adversely impact our operating results.

Our business depends on our ability to protect our intellectual property rights. On the other hand, we may be subject to claims by third parties for intellectual property infringement.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees and those signed with third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely manner in the future, as such applications are time consuming. See "Business — Intellectual Property." In addition, our trade secrets may be leaked or otherwise become available to our competitors. Unauthorised parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks related to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. Accordingly, we may not be able to effectively protect or enforce our intellectual property rights in all relevant jurisdictions, which may have a material adverse effect on our business, financial condition and results of operations.

We also seek to protect our proprietary technology, including technology that may not be patented or patentable, in part by confidentiality agreements. We cannot assure you that these agreements will always be entered into or will not be breached or that we will have adequate remedies for any breach.

On the other hand, we may be subject to claims by third parties for intellectual property infringement. While we develop and maintain our intellectual property rights relating to our business, we cannot assure you that our competitors and other third parties will not bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights, whether such claims are valid or not. The intellectual property laws in the PRC, which cover the validity, enforceability and scope of protection of intellectual property rights, are evolving, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Given the foregoing and the increasing competition in the market, we are exposed to a higher litigation risk. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation. 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 reduce the risks of dispute with third parties may have a material adverse effect on our business, results of operations and prospects.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on information technology systems to conduct and monitor our daily operations, such as internal communication, customer data management, product development, project management and production process. In addition, we store various proprietary information in these systems. Please see "Business — Information Security and Data Privacy" for details. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems.

These information technology systems are subject to certain risks, such as malfunction, natural disasters and malware attacks. Our cybersecurity measures may not timely detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks that may disrupt the operation of the information technology systems.

Any breach of our cybersecurity measure, or malfunction, damages, disruptions or shut down of our information technology systems may result in unauthorised access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of malware attacks, we may also be asked to make a lump-sum payment in order to resume the operation of our systems. There is no assurance that we will not be subject to any of these cybersecurity issues in the future. If we cannot effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be adversely affected.

Furthermore, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. Any of the above may have an adverse impact on our business, financial condition and results of operations.

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 recorded government grants in other income of RMB24.2 million, RMB6.6 million and RMB9.1 million in FY2023, FY2024 and FY2025, respectively, which mainly consist of rewards of our contribution to technology innovation and regional economic development and subsidies for construction and equipment. In addition, we benefited from preferential tax treatments from the PRC government during the Track Record Period. Our Company has been accredited as "High and New Technology Enterprise" and was entitled to a preferential income tax rate of 15% for the Track Record Period. According to, among others, the Circular on Improving the Policy on Extra Super-deduction of R&D Expenses (《關於完善研究開發費用稅前加計扣除政策的通知》) promulgated by the STA, the MOF and the Ministry of Science and Technology, enterprises carrying out R&D activities are entitled to claim super-deduction of R&D expenses in determining its tax assessable profits for the year. According to the Announcement of the MOF and the STA on Further Improving the Pre-tax Deduction Policy for R&D Expenses (2023) (《財政部稅務總局關於進一步完善研發費用稅前加計扣除政策的公告(2023)》), where R&D expenses actually incurred by an enterprise when it conducts any R&D activity have not been included in the current profit and loss, from 1 January 2023 onwards, 100% of the amount of R&D expenses actually incurred in this year shall be deducted from the amount of taxable income in this year, and where intangible assets have been formed, 200% of the costs of the intangible assets shall be amortised before tax. We have claimed super-deduction of R&D expenses upon above mentioned regulations in ascertaining our tax assessable profits for the Track Record Period. We cannot assure that we will continue to receive government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatments, in which case our business, financial condition and result of operations may be adversely affected.

We depend on the continued services and performance of our directors, senior management and other key employees, including core R&D personnel and skilled engineers. If we are unable to retain or recruit any of them, our business, operating results and financial condition may be adversely affected.

Our future performance depends on the continued services and contributions of our directors, senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and innovations, perform effective product design, and R&D. We also rely on our experienced management team to ensure smooth business operations, including maintenance of customer and supplier relationships, and management of our operations. Any loss of service of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and affect our business, financial condition and operating results.

From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also require significant amounts of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the IC substrate sector. However, we cannot assure you that we will be able to develop or retain qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

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

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As at the Latest Practicable Date, we obtained and maintained insurance policies that we believe are customary for businesses of our size and type, and we had not maintained product liability insurance or litigation insurance. See "Business — Insurance." 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 condition, results of operations and prospects may be materially and adversely affected.

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

Our inventories consist of raw materials, work-in-progress and finished goods. We have taken measures to optimise our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. See "Business — Logistics and Inventory Management — Inventory Management."

As at 31 December 2023, 2024 and 2025, we had inventories of RMB225.4 million, RMB312.4 million and RMB364.0 million, respectively. We recorded the write down of inventories amounting to RMB63.0 million, RMB57.7 million and RMB51.8 million, respectively, as at 31 December 2023, 2024 and 2025. For the corresponding periods, our average inventory turnover days were 59 days, 53 days and 58 days, respectively. As our business expands, our inventory level may increase and our inventory obsolescence risk may also increase accordingly. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials and finished goods. We maintain our inventory levels based on our internal forecasts of customers' demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials or finished goods. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. If we are unable to optimise our inventory level, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our Controlling Shareholders have substantial influence over our Group and his interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders, namely Unimicron Taiwan, UniBest, Hemingway, UMTC, UniWonderful, UHL and Suzhou Qunye (蘇州群曄), have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatisations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the **[REDACTED]**, they will remain as Controlling Shareholders of our Group.

The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. To the extent the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed. Any conflict of interest between our Controlling Shareholders and our other Shareholders may also materially and adversely affect our operations such as the decision and implementation of our business plans, which may in turn affect our business and results of operations.

We enter into certain transactions with our connected persons which may give rise to potential conflicts of interest.

During the Track Record Period, we entered into a number of transactions with our connected person in the ordinary and usual course of business. Specifically, we supplied products to, and purchased certain products and equipment from, our connected persons. For details, see "Relationship with Controlling Shareholder — Historical Transactions with the Remaining Unimicron Taiwan Group". In view of our business need, we [have entered] into, and expect to continue after the **[REDACTED]**, certain transactions which would constitute continuing connected transactions of our Company under the **[REDACTED]** upon **[REDACTED]**. As the market keeps changing, if we are unable to continue procuring products from our connected persons on terms acceptable to us in a timely manner, our business operations and financial performance could be adversely affected. In addition, transactions with connected persons may give rise to potential conflicts of interest, and there can be no assurance that any such conflicts will always be resolved in our favour.

We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition.

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

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

We believe that maintaining, promoting and enhancing our brand is critical to maintaining and expanding our business. Maintaining and enhancing our brand depends largely on our ability to continue to provide quality products, which we cannot assure you we will do successfully. Quality issues, product performance, reliability and stability of our products may harm our reputation and brand. We believe the importance of brand recognition may increase as competition in our market increases.

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

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

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

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war, terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our selected property interest as at 31 March 2026 prepared by the Property Valuer, an independent property valuer, are set forth in the valuation report set out as Appendix III to this document. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realisable value or an estimation of their realisable value.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN THE PRINCIPAL PLACE OF OUR BUSINESS

Changes in global economic, political or social conditions, government policies or technology development in the countries and regions where we operate could have a material and adverse effect on our business and operations.

The global economic, political and social conditions and technology development are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

Our business operations are principally in the PRC. 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 and technology development in China as a whole.

The Chinese economy has experienced significant growth and rapid technological development over the past decades, and the Chinese government has implemented various measures to encourage economic growth. These measures may benefit the overall Chinese economy, but may not have the same effect on us. Any economic downturn, whether actual or perceived, decrease in economic growth rates, reduction in the investment of technological development 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.

Our business is principally based in the Chinese Mainland and is susceptible to any policy changes affecting the semiconductor industry which may materially and adversely affect our business.

During the Track Record Period, our business operations were principally based in the Chinese Mainland and our revenue was primarily derived from our sales in the Chinese Mainland. As such, we are dependent on policies affecting the semiconductor industry in the Chinese Mainland. In recent years, the Chinese Mainland has been promoting and reshaping its domestic semiconductor industry through policy support, such as the National Integrated Circuit Industry Development Promotion Outline and the Three-Year Action Plan for Advanced Packaging Industry (2025–2027), promoting the coordinated development of chip manufacturing, advanced packaging, assembly and testing and other industrial chain segments, leading to its semiconductor industry growing at a fast pace over the past few years. Many semiconductor companies, including us, have leveraged on such favorable policies. As such, our future prospects, success and continuous growth depend and will continue to depend on the strong support of the PRC government to the semiconductor industry. However, we cannot assure you that the PRC government will continue to promote and implement favorable policies for the semiconductor industry, or maintain the policies currently in effect to the semiconductor industry, and in turn, favorable to us. As a result, if such policies change or discontinue in the future, our financial performance and future business growth could be materially and adversely affected.

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

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) (國稅函[2008]897號), dated 6 November 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to **[REDACTED]** that are resident enterprises outside of the PRC, which do not have an establishment or a place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realised on the transfer of shares by such **[REDACTED]** is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual **[REDACTED]** who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated 28 June 2011, issued by the STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui [1998]NO.61) (財稅[1998]61號) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of **[REDACTED]** shares of enterprises may be exempt from individual income tax. In addition, on 31 December 2009, the MOF, the STA and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of **[REDACTED]** Shares Subject to Sales Limitation (《關於個人轉讓**[REDACTED]**限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) (財稅[2009]167號) which states that individuals' income from the transfer of **[REDACTED]** shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the **[REDACTED]** Subject to Sales Limitations (《關

於個人轉讓**[REDACTED]**限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) (財稅[2010]70號). As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises **[REDACTED]** on **[REDACTED]**.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident **[REDACTED]**, the value of your **[REDACTED]** in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

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

We are a company established under the laws of the PRC and the majority of our business, assets and operations are located in China. In addition, some of our Directors and executive officers reside 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 29 January 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 (《中華人民共和國民事訴訟法》) 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 recognised and enforced in Chinese Mainland 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.

Certain foreign exchange transactions may be subject to regulatory requirements relating to foreign currency conversion.

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 current Chinese foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, 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 materially and 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 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.

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 materially and 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.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with [REDACTED] and [REDACTED] issued by PRC government authorities.

On 17 February 2023, the CSRC issued the Trial Measures for the Administration on **[REDACTED]** and **[REDACTED]** by Domestic Companies (《境內企業**[REDACTED]**管理試行辦法》) and five supporting guidelines, which became effective on 31 March 2023 (the "**[REDACTED]**"). The **[REDACTED]** are applicable to **[REDACTED]** and **[REDACTED]** conducted by issuers who are (i) companies incorporated in the PRC ("PRC domestic companies") and (ii) companies incorporated overseas with substantial operations in the PRC. The **[REDACTED]** lay out the arrangements for regulatory filings for both direct and indirect **[REDACTED]**, and clarify the determination criteria for indirect **[REDACTED]** in overseas markets. For details, see "Regulatory Overview — Laws and Regulations Relating to **[REDACTED]**" in this document. The **[REDACTED]** Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the PRC.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Our Company is entitled to preferential tax treatment. See "Financial Information — Description of Selected Items in Consolidated Statements of Profit or Loss — Income Tax Expense" in this document. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our business, financial condition and results of operations.

We also have a subsidiary in Hong Kong. See "Financial Information — Description of Selected Items in Consolidated Statements of Profit or Loss — Income Tax Expense" in this document. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and an active trading market for our H Shares may not develop.

No public market currently exists for our H Shares. The initial **[REDACTED]** for our H Shares to the **[REDACTED]** will be the result of negotiations between our Company and the **[REDACTED]**, and the **[REDACTED]** may differ significantly from the **[REDACTED]** of our H Shares following the **[REDACTED]**. We have applied to the **[REDACTED]** for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares. A **[REDACTED]** on the **[REDACTED]**, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the market price of the H Shares will rise following the **[REDACTED]**.

The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for [REDACTED] who purchase our H Shares in the [REDACTED].

The market price and trading volume of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in market prices and changes in demand for our products may cause significant and sudden changes to the market price and trading volume of our H Shares. Furthermore, the market price of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. The **[REDACTED]** and other securities markets have, from time to time, experienced significant price and trading volume volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED].

Potential **[REDACTED]** will pay a price per H Share in the **[REDACTED]** that substantially exceeds the per H Share value of our tangible assets after subtracting our total liabilities as at 31 December 2025. Therefore, purchasers of our H Shares in the **[REDACTED]** will experience a substantial immediate dilution in **[REDACTED]** net tangible assets, and our existing Shareholders will receive an increase in the **[REDACTED]** adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the **[REDACTED]**, potential **[REDACTED]** would receive less than the amount they paid for their H Shares. For more information, see "Unaudited **[REDACTED]** Financial Information" in Appendix II to this document.

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

Certain facts, statistics and data contained in this document relating to the Chinese Mainland and the industries in which we operate have been derived from various official government publications, industry associations, independent research institutions, third party reports and/or other publicly available sources we generally believe to be reliable. Such information has not been prepared or independently verified by us, **[REDACTED]** or any of our or their respective affiliates or advisers, and we cannot guarantee the quality or reliability of such source materials.

Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of the Chinese Mainland. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced with respect to other economies and should not be relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should give due consideration as to how much weight or importance you should attach to or place on such facts, forecasts or statistics.

Our historical dividends is not indicative of our future dividend and there is no assurance that we will declare and distribute dividend in the future.

We have declared dividends in the past, however, there is no assurance as to whether and when we will pay dividends. Any historical declarations of dividends may not reflect our future declarations of dividends and will be at the absolute discretion of our Directors. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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

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

You should read this entire document carefully and should not consider or rely on any particular statements in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the **[REDACTED]**, there may have been or may be press and media coverage regarding us, our business, our industry 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 authorised the **[REDACTED]** of any such information contained in such press and media coverage.

Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the press or media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of such information is inconsistent or conflicts with the contents of this document, we expressly disclaim responsibility for them. Accordingly, prospective investors should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to invest in our **[REDACTED]**. By applying to purchase our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this document, the **[REDACTED]**, and any formal announcements made by us in Hong Kong in relation to our **[REDACTED]**.