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, as well as our financial statements and the related notes, and "Financial Information," before making an*** **[REDACTED]** ***in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial condition, results of operations or prospects. The market price of our H Shares may decline due to any of these risks and uncertainties, 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 of the Latest Practicable Date unless otherwise stated, and 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

The industries in which we operate are highly competitive. If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected.

Our industry requires long-term technical accumulation, and the global market remains largely dominated by overseas players who entered the field earlier than Chinese Mainland companies. The video processing chip market, timing-controller chip market, display driver chip market, and high-speed signal interconnect chip market each have approximately 50 participants and exhibit moderate fragmentation. In comparison, the AI interconnect chip market and video bridging chip market are more concentrated with 20 participants in each market. For more details see "Industry Overview — Industry Competition Analysis." The localisation rate of our products in China is still relatively low. Compared with leading international competitors, we currently lag behind in various aspects, including overall scale, R&D capability, marketing network, customer base, and access to financing channels. As a result, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors. At the same time, we face increasing competition from domestic chip design companies in certain markets. If we fail to accurately assess market dynamics and industry trends, or fail to upgrade our technologies, in a timely manner, our competitive market position may be adversely affected.

We may also face competition from new entrants offering competitive products at lower prices. We may need to make substantial additional investments in research, development, marketing and sales, talent retention, and technology acquisition to respond, and we cannot assure you that such measures will be effective. If we cannot compete successfully, or if competing successfully requires costly actions in response to our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Our inability to continuously advance our technological and R&D capabilities could render our products uncompetitive and obsolete.

We must continuously align our R&D with technological advancements and market demand, upgrade existing product lines, and develop new products. Our products address a variety of end markets, including intelligent vision terminals, smart vehicles, AR/VR, and AI & HPC, each subject to frequent changes in end-user demand and industry trends. We continue to invest in advancing existing products and the R&D of new technologies to respond promptly in these developments. These investments may involve significant time, risks and uncertainties. If we do not achieve the benefits anticipated from these investments, or if they are delayed, our revenue and operating results may be adversely affected. If we cannot respond quickly to technological developments, we may lose our competitive position, and our products or technologies may become obsolete. We cannot guarantee that we will keep pace with all technological developments, that the market will accept our new products, or that our proprietary technologies will remain competitive. Even if we succeed in our R&D efforts, we may still encounter practical difficulties in commercializing our R&D outcomes. New technologies could render our products obsolete, leading to a decline in our revenue, profitability and market share.

Our success depends on our ability to protect and enforce our intellectual property rights and to maintain freedom to operate in all jurisdictions where we conduct business.

We regard our patents, trademarks, copyrights, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on intellectual property laws and contractual arrangements, including confidentiality agreements with all of our employees, suppliers and distributors to protect our proprietary rights and to maintain freedom to operate in all jurisdictions where we conduct business. As of December 31, 2025, we had 122 granted patents in China, including 102 invention patents and 20 utility model patents, and 45 patents granted overseas, including in the U.S. and Japan. As of the same date, we had 160 software copyrights, 35 registered trademarks in China and 10 registered trademarks overseas. For more details, see "Business — Intellectual Property." Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated.

It may be difficult to maintain and enforce intellectual property rights in the jurisdictions where we conduct business. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Confidentiality, invention assignment and non-compete provisions may be breached by counterparties, and our employees or business partners may intentionally or inadvertently disclose our proprietary technology to competitors. Preventing unauthorized use of our intellectual property is difficult and costly, and we may not be able to enforce our rights effectively in all jurisdictions. Any litigation to enforce our intellectual property rights could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure to protect or enforce our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We partner with third-party wafer foundries and assembly and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.

We operate under a fabless business model. Our business operations depend on the continuous service of certain suppliers, mainly wafer foundries, and chip assembly and testing providers. In each of 2023, 2024 and 2025, our purchases from our five largest suppliers were RMB153.8 million, RMB235.9 million and RMB282.3 million, respectively, representing 83.2%, 93.1% and 90.6% of our total purchases for the corresponding year. Among them, purchases from our largest supplier in each of 2023, 2024 and 2025 were RMB63.3 million, RMB104.1 million and RMB121.4 million, respectively, representing 34.3%, 41.1% and 39.0% of our total purchases for the corresponding year. For more details, see "Business — Supply Chain Management — Our Suppliers — Our Major Suppliers." Therefore, our reliance on a limited number of suppliers remains relatively material.

We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. If any of our key suppliers experience production disruptions, capacity constraints, or deterioration in business relationships with us, or become unable to supply products as scheduled or in sufficient quantities, we may fail to find replacements with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. Any material adverse change to our major suppliers' operations could adversely impact our business. Moreover, we have limited control over the quality, availability and costs of these partners. We cannot assure you that their products and services are free of defects, meet quality standards, or can keep pace with our demand. Any shortage in the raw materials used by these partners may delay their production, assembly and testing of our products.

In addition, increased regulation or stakeholder expectations regarding responsible sourcing practices could increase our compliance costs. Any failure by our wafer foundry partners to comply with such regulations or meet such expectations could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our wafer foundry partners, we could be subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected.

Any decrease in sales from, or loss of, one or more of our major customers would have negative impacts on our results of operations.

During the Track Record Period, a significant proportion of our revenue was derived from sales to certain of our distributor customers. In particular, our sales to the five largest customers in each of 2023, 2024 and 2025 amounted to RMB159.5 million, RMB240.4 million and RMB296.9 million, respectively, representing 49.4%, 51.6% and 52.3% of our total revenue for the corresponding year. For more details, see "Business — Our Customers."

Given this customer concentration, our business and financial performance rely heavily on the continued purchases by, and relationships with, these major distributor customers. In particular, our customers may alter their purchasing volume or terminate their engagement with us due to internal procurement adjustments, changes in downstream-customer demand, intensified competition, product performance issues, or their own operational or financial challenges. There is no assurance that our major customers will continue to place orders at current levels. If our distributor customers fail to effectively sell our products, or prioritize competing products over ours, it could result in a significant decrease in our sales volume, which may materially and adversely affect our business, financial condition and results of operations.

Moreover, we cannot guarantee that we will renew existing customer agreements or enter into new ones on comparable terms, or that we will develop relationships with additional customers. Any disruption in our customer relationships could limit or reduce our sales volume and materially and adversely affect our business and results of operations. We are also exposed to the risk that customers may seek to impose unfavorable terms on us in the future, such as longer credit periods. Credit arrangements with our customers add pressure on our working capital and exposes us to the risks of default and bad debts.

Any failure to recruit, retain, or motivate our key personnel could materially and adversely affect our business, financial condition and results of operations.

Our future performance relies on the continued services and contributions of our Directors, senior management and other key employees, including core R&D personnel and skilled engineers, to execute our business plans, drive innovation, and manage key relationships. From time to time, changes in our senior management team could disrupt our business. Replacing and integrating new executives requires 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 high-speed mixed-signal transmission, video processing and interface protocol design. Any loss of our key personnel could significantly delay or prevent us from achieving our strategic objectives, and adversely affect our business, financial condition and operating results.

An increase in prices of materials and other components used in our products may disrupt our supply chain, increase our production costs, and delay deliveries of our products to customers, which would affect our business, financial condition and results of operations.

The semiconductor industry has experienced a very large expansion of fabrication capacity and production worldwide over time. Availability of certain basic materials and supplies has, from time to time, been in short supply. In addition, natural disasters can lead to a shortage of some of the above materials due to disruption of the manufacturer's production. Any shortage in supplies could affect the price of the above basic materials, and could reasonably affect our results of operations. For more details, see "Industry Overview — Price Analysis of Smart Video Chip and Interconnect Chip and Their Raw Materials." As at 31 December 2023, 2024 and 2025, the carrying amounts of the Group's raw material inventories were approximately RMB31.7 million, RMB59.0 million and RMB67.9 million, representing approximately 43.4%, 51.4% and 42.1% of the Group's total inventories, respectively. As raw materials constituted a substantial portion of the Group's inventories, any fluctuations in raw material prices could affect the carrying value of the Group's inventories, which could in turn adversely affect our financial condition. In addition, production constraints or disruptions at the foundries from which we procure manufacturing services could have a material adverse effect on our business and results of operations.

Our revenue and business growth may be subject to significant volatility, and the rapid growth we have historically achieved may not be sustainable.

We experienced fast growth in our revenue during the Track Record Period. Specifically, in 2023, 2024 and 2025, our revenues were RMB323.1 million, RMB466.0 million and RMB568.2 million, respectively, with a CAGR of 32.6% from 2023 to 2025. We cannot assure you that we will be able to sustain our historical growth rate. If our technological capabilities fail to keep pace with the industry, or if competition intensifies or market conditions deteriorate, we may experience pricing pressure, reduced sales, or delayed market adoption of our new products, which could materially and adversely affect our financial performance and business prospects.

Our gross profit margin may fluctuate significantly due to changes in market conditions, product mix, costs, and competitive pressures.

Our gross profit margin may be affected by changes in downstream demand, product pricing, product mix, costs of raw materials and assembly and testing services, our design capabilities, and the competitive landscape. For instance, any increase in input costs, or a shift in product mix toward lower-margin products, could negatively impact our profitability. For more details, see "Industry Overview — Price Analysis of Smart Video Chip and Interconnect Chip and Their Raw Materials." Moreover, maintaining or improving gross profit margin depends on our ability to enhance design efficiency, optimize product performance, and manage pricing in response to market competition. If we are unable to achieve these objectives, or if competition intensifies and exerts downward pressure on pricing, our profitability could 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, materials consigned for processing and finished goods. Our diverse product portfolio, wide application areas, and relatively long production cycles require us to maintain sufficient inventories. Changes in downstream demand or declines in raw material prices (including wafers and components) may require us to recognize inventory write-downs or provisions, adversely affecting our operating results.

Furthermore, as our business expands, our inventory obsolescence risk may increase. If our fail to maintain proper inventory levels, excess inventory of our raw materials, work in progress or finished goods may accumulate, which may increase our inventory holding costs, risk of inventory obsolescence or write-offs. In 2023, 2024, and 2025, our inventory turnover days were 192.3 days, 160.8 days and 188.4 days, respectively, which are in line with those of other companies in the industry according to Frost & Sullivan. See "Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Inventories." Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share. Any of the aforementioned situations may materially and adversely affect our business prospects, financial condition and results of operations.

Our business is susceptible to the cyclical nature of the semiconductor industry and changes in government policies affecting the sector.

The semiconductor industry is characterized by periods of rapidly increasing or decreasing demand, closely linked to macroeconomic conditions and downstream markets. During industry fluctuations, we may be unable to timely adjust our workforce or appropriately manage our supply chain to meet changing demands. Any significant volatility in the semiconductor industry cycle in the future could materially and adversely affect our operating performance. During the Track Record Period, substantially all of our business operations were based in China and a sizable portion of our revenue was derived from our sales in China. We benefit from the PRC government's supportive semiconductor policies. However, we cannot assure you that the PRC government will continue to maintain favorable policies for the semiconductor industry. Any reduction, discontinuation, or significant change in government support for the semiconductor industry could materially and adversely affect our business performance and growth prospects.

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.

During the Track Record Period, we were recognized as a high-tech enterprise and a key chip design company encouraged by the Chinese government, and accordingly we were entitled to a preferential corporate income tax rate of 15% or 10% for the Track Record Period. Since January 1, 2023, we have been entitled to an additional 15% input VAT deduction. In addition, we recorded government grants of RMB13.2 million, RMB14.8 million and RMB9.0 million in 2023, 2024 and 2025, respectively, which mainly consist of incentives provided by local government authorities as a reward for our support and contribution for the development of local economies. Any expiration, reduction, or discontinuation of these incentives, or our inability to maintain the requisite qualifications, may materially and adversely affect our profitability.

Under the Several Policies for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry in the New Era (《關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》, issued by the State Council on July 27, 2020, effective the same day), nationally encouraged key integrated circuit design enterprises and software enterprises are exempt from corporate income tax for the first to fifth years starting from the first profit-making year, and are subject to corporate income tax at a reduced rate of 10% in subsequent years. Under the Announcement on Increasing the Super-deduction Ratio of R&D Expenses for Integrated Circuit and Industrial Mother Machine Enterprises (《關於提高集成電路和工業母機企業研發費用稅前加計扣除比例的公告》) promulgated by the MOF, the STA, the NDRC and the MIIT, effective from September 12, 2023, we are entitled to claim a 120% super-deduction of eligible R&D expenses (or a 220% amortization for intangible assets) in determining our tax assessable profits. Since 2024, we have claimed super-deduction of R&D expenses under these policies in ascertaining our tax assessable profits for the Track Record Period. We cannot assure that we will continue to enjoy government grants and preferential tax treatments at the same level or at all, in which case our business, financial condition and results of operations may be materially and adversely affected.

Our performance is subject to fluctuations in foreign currencies.

We are exposed to fluctuations in the exchange rate between the Renminbi and the U.S. dollar. Any substantial appreciation or depreciation of the Renminbi against the U.S. dollar could materially affect our procurement costs and overseas revenue. Our U.S. dollar-denominated transactions may increase along with our business growth. Our hedging and other risk-mitigating strategies may not be fully effective, and such fluctuations could lead to significant foreign exchange gains or losses, cause volatility in our profit margins, and materially and adversely affect our financial condition and overall business performance.

We may be subject to claims by third parties for intellectual property infringement.

Our competitors or other third parties may bring legal claims against us for infringing on their intellectual property rights, whether valid or not. The intellectual property laws in the jurisdictions where we operate are evolving, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation. Defending against such claims is costly and can significantly divert our management resources. We may need to pay damages or be forced to cease using certain technologies 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 a material and adverse effect on our business, results of operations and prospects.

Our products may be subject to warranty, indemnity and/or product liability claims, which could significantly harm our business and reputation.

Our products are highly complex and may contain defects. If our products contain defects, we may be incur additional development and remediation costs under warranty and indemnification provisions in our contracts and purchase orders. Product defects, including recalls, could result in claims from downstream customers and adversely impact our operating results. Third parties may also seek indemnification from us, and such liability may be significant. Further, we offer our products in our target end markets, where failure of the systems in which our products are integrated could cause damage to property or persons. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business. Unresolved defects or quality issues could damage our reputation and adversely affect our results.

Our products may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly.

Our products are based on industry standards that continually evolve. We have established a rigorous and comprehensive quality assurance system in accordance with international standards for the semiconductor integrated circuit industry, and have obtained management system certification from SGS which is a globally recognized certification authority. Our future competitiveness depends on our ability to identify and ensure compliance with these evolving industry standards. New industry standards could render our products incompatible with other solution providers. Re-designing our products for compliance with relevant standards could be costly. Non-compliance with prevailing industry standards could cost us crucial design wins, which in turn could have a material adverse effect on our business, operations and financial results.

Future strategic acquisitions, alliances or investments may have a material effect on our results of operations, financial performance and business prospects.

We may enter into strategic acquisitions alliances, or investments with third parties to further our business purpose from time to time. Our ability to grow through acquisitions depends on our ability to identify, negotiate, complete and integrate suitable acquisitions. We may not be able to accurately assess the fair value of target businesses or assets, and may overpay for such acquisitions, which could adversely affect our financial condition and results of operations. Such acquisitions and investments may also require approval from the relevant government authorities, which can lead to compliance costs and increase uncertainty. In addition, investments and acquisitions could result in greater liabilities and expenses, unidentified issues not discovered in our due diligence, insufficient cash flow, or intangible assets and exposure to potential unknown liabilities of the acquired business. Further, our investments or acquisitions may not yield the results we expect. The integration process involves risks and uncertainties, including challenges in integrating acquired businesses and brands, such as aligning business operations, corporate culture, management systems and brand positioning, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or operational efficiencies. In the event that our investments and acquisitions are not successful, our results of operations, financial performance an business prospects may be materially and adversely affected.

The fair value of our financial investments at fair value through profit or loss may face uncertainties and be subject to fluctuations.

During the Track Record Period, we recorded financial investments at fair value through profit or loss ("**FVPL**"). We had financial investments at FVPL of RMB1,158.2 million, RMB867.9 million and RMB764.0 million, respectively, as of December 31, 2023, 2024 and 2025. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. Details of the fair value measurement of financial assets at FVPL, particularly the fair value hierarchy and the valuation techniques, are disclosed in Note 37 to the Accountants' Report in Appendix I to this document. Changes in assumptions or methodologies used in the valuation process could lead to substantial variations in the reported fair value of these financial assets. Consequently, any adverse changes in the fair value of these assets could materially and adversely affect our financial condition and results of operations.

Grants of equity incentives to our Directors, senior management, key employees and other employees potentially have a material and adverse effect on our financial performance.

We adopted and implemented the 2024 Restricted Shares Incentive Plan to attract and retain key personnel and align the interests of shareholders, the Company, and management in 2024. For more details, see "Statutory and General Information — D. 2024 Restricted Shares Incentive Plan". In 2024, we repurchased an aggregate of 867,474 Shares, for this equity incentive plan. While the repurchase was conducted in accordance with relevant laws, regulations, and internal approval procedures, the actual use and allocation of the repurchased shares are subject to future implementation of the incentive plan, regulatory review, and market conditions. If we fail to implement the incentive plan as expected, or if the performance of the plan does not effectively retain and motivate key personnel, and the share repurchase may temporarily reduce the our liquidity and capital resources, which could, under certain circumstances, have a material and adverse effect on the our financial position, cash flow, and overall business operations. We may also grant additional share-based compensation in the future, which could dilute the shareholding percentage of our existing Shareholders and increase our operating expenses and therefore have an adverse effect on our financial performance.

We have limited control over the operations of our distributors. Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of agreements.

We partner with third-party distributors for sales of our products. As of December 31, 2025, we had 25 Certified Distributors, which are primarily professional distributors in the semiconductor industry, providing comprehensive modern supply chain service. Revenue generated through our distributors accounted for 98.9%, 98.7%, and 98.8% of our total revenue in 2023, 2024, and 2025, respectively. For more details, see "Business — Sales, Marketing and Distribution — Our Distribution Channels." There can be no assurance that we will be successful in detecting any non-compliance of our distributors with the provisions of their agreements. Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales. Furthermore, we may be exposed to the risks of fraud or other misconduct by our distributors, including unauthorized misrepresentation, IP misappropriation, or bribery. Any such events may expose us to costly litigation and impose a significant strain on our financial resources regardless of whether the claims have merit, and seriously harm our reputation.

Moreover, our distributors may be unable to sell adequate amounts of our products in a given period to end customers, which may result in a buildup of inventory level. This could have a material adverse impact on the sales of our products and, accordingly, to our business, financial condition, results of operations, and prospects. In addition, any significant growth in our sales to certain distributors, or changes to our sales and service network, may give rise to competition among our distributors and increase the risk of cannibalization. Any such behavior may harm our results of operation, financial conditions, business and prospects.

If we are unable to ensure the manufacturing or delivery of high-quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our products is crucial to our financial prospects. We may face difficulties meeting our delivery deadlines when there is a surge in customer demand. If any of our third-party partners' production facilities experience interruptions or delays, our ability to deliver products to customers would be impeded. Quality control and logistics issues may further delay deliveries. Such disruptions could materially harm our ability to fulfill orders and damage our reputation. Further, if our suppliers experience raw material shortages or cannot supply in required volumes, we may need to seek alternative sources, which could be costly and time-consuming, adversely affecting product deliveries and sales.

We are required under PRC laws and regulations to make social insurance and housing provident fund contributions for our employees. Failure to make such contributions in full or on time could result in late payment fees or fines.

Under the Social Insurance Law of the PRC and the Administrative Regulations on the Housing Provident Fund of the PRC, we are required to make full contributions to social insurance and housing provident funds for our employees. Any failure to make such contributions in full or on time, could result in late payment fees, penalties, or fines imposed by the relevant governmental authorities. Any non-compliance may also trigger administrative investigations or orders to rectify the contributions, requiring us to make additional payments and incur related costs. Furthermore, if we face investigations, disputes, or legal proceedings related to labor laws or employee benefits, we could incur significant legal fees, administrative costs, and reputational impact. We cannot assure you that the relevant authorities will not require us to make additional contributions or impose fines, which could materially and adversely affect on our business.

During the Track Record Period and as of the Latest Practicable Date, we made full contributions to the housing provident funds but did not make full contributions to the social insurance for certain employees based on their actual wages. The shortfall in social insurance contributions amounted to approximately RMB2.3 million, RMB3.0 million and RMB3.9 million in 2023, 2024 and 2025, respectively. Pursuant to applicable PRC laws and regulations, based on the shortfall amounts above, the maximum potential penalty would be approximately RMB6.9 million, RMB9.0 million and RMB11.7 million, in 2023, 2024 and 2025, respectively.

The Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labour 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**") was issued on July 31, 2025, and became effective on September 1, 2025. Our Directors believe that the Interpretation will not have a material adverse effect on our business or financial performance, on the basis that (i) the employment contracts with our employees contain clauses stipulating our obligation to make social insurance contributions, and no employee has initiated legal proceedings against us concerning social insurance matters; (ii) our PRC Legal Adviser is of the view that the Interpretation constitutes a judicial interpretation and does not qualify as a law or administrative regulation governing social insurance administration, and accordingly social insurance authorities are not expected to proactively rely on the Interpretation as a basis for imposing administrative penalties; and (iii) the Interpretation does not apply to housing provident funds.

We will adopt the following measures to ensure compliance with applicable laws and regulations regarding social insurance and housing provident fund contributions: (i) strengthening employee training; (ii) designating specific personnel to oversee ongoing compliance; (iii) regularly monitoring developments in PRC social insurance and housing provident fund regulations; and (iv) seeking external legal advice.

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.

In 2023, 2024 and 2025, our trade receivables amounted to RMB5.5 million, RMB35.3 million and RMB79.7 million, respectively. The credit period granted to our customers was generally within one month after the performance obligations have been fulfilled, and we generally recovered trade receivables within one month. For more details, see "Financial Information — Selected Balance Sheet Items — Trade Receivables" and Note 20 to "Appendix I — Accountants' Report." We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. We may not be able to receive our customers' payment of uncollected debts in full, or at all, and customer defaults could materially and adversely affect our financial condition and results of operations.

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

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If so, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

Fraud, illegal activities, or other misconduct by our employees, suppliers, customers or other third parties could materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties that could subject us to liabilities, fines and other penalties imposed by government authorities. There is no assurance that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur. Any such conduct by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities.

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

Developing international markets requires significant capital and human resources. We may not be able to identify profitable international markets. Even if we identify profitable international markets, we may not be able to enter into or compete in the identified markets due to factors such as, but not limited to (i) complicated local competitive landscape; (ii) different demand dynamics and customers' preferences; (iii) different compliance requirements; and (iv) potentially adverse tax consequences. Any of such circumstances could adversely affect our reputation, business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses.

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 had not obtained any business liability or disruption insurance to cover our operations. See "Business — Insurance." We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical. However, any uninsured occurrence, including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may cause substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business and prospects depend on our ability to build, maintain and enhance our brand and reputation, which could be harmed by negative publicity.

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 concerns, unfavorable pricing or poorly received new products could harm our reputation and damage customer relationships. Further, negative publicity concerning our Directors or employees, such as allegations of misconduct, conflicts of interest, regulatory non-compliance or personal controversies, could be perceived as reflecting on the integrity and governance of our Company. Any such negative publicity, whether warranted or not, could diminish investor confidence and materially and adversely affect our reputation, business operations, financial condition, results of operations, and prospects. In addition, we cannot assure you that our marketing efforts will lead to increased revenue, and even if so, such increases may not be sufficient to offset the expenses we incur in building and maintaining our brand.

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 various types of disputes or claims 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 misconduct of our employees. Such claims and disputes may evolve into litigations and damage our reputation, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. See "Business — Legal Proceedings and Compliance — Legal Proceedings." Litigation may be costly, divert management attention and we may need to pay significant amounts 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.

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

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company in Hong Kong, the Stock Exchange and the SFC, as well as various regulatory authorities in China, and to new and evolving regulatory measures under applicable laws. We may also be subject to changing social trends regarding environmental, social and governance risks. Complying with new and evolving requirements has increased, and is likely to continue to increase, our general and administrative expenses and divert our management time and attention. These laws, regulations and standards are subject to varying interpretations, creating uncertainty and additional compliance costs. If we fail to comply with them and any subsequent changes, we may be subject to penalties and our business may be harmed.

We may be subject to natural disasters, health epidemic, acts of war, 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 be susceptible to potential wars or terrorist attacks. Any of these events, or other factors beyond our control, could adversely affect the overall business sentiment and environment, create uncertainties in the regions where we operate, and materially and adversely impact our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in the economic, political, regulatory, social conditions or government policies in the countries or regions where we operate could have a material and adverse effect on our business, financial condition and results of operations.

Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate fluctuations, and the financial system instability may impose new challenges and uncertainties on the global economy. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. For further details, see "— Our business, financial condition and results of operations may be materially and adversely affected by international trade actions, laws, regulations and policies and international export controls and economic sanctions."

As we are headquartered in Anhui, China and most of our operations are conducted in China, our business, financial condition and results of operations may be influenced by government policies in China, including policies to encourage the domestic economic growth and guide the allocation of resources. The chip design industry is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any adverse changes in these factors may materially and adversely affect our business, financial condition and results of operations.

We may be subject to the administrative approval, filing or other additional requirements of government authorities of the countries or regions where we operate in respect of overseas [REDACTED] and future capital raising activities.

As the PRC laws and regulations in relation to overseas issuance and listing of shares change, we may be required to file with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and their implementation guidelines. The Trial Measures, which came into effect on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. For more details, see "Regulatory Overview — Regulations and Laws Concerning Overseas Listings." Any failure or perceived failure to make filings, report or comply with applicable laws and regulations could have a material and adverse effect on our future capital raising activities and result in negative publicity, legal proceedings or regulatory actions against us.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China jointly published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules impose confidentiality and archives management obligations on domestic enterprises undertaking overseas offerings, as well as on securities companies and service institutions involved in such offerings. Any failure to comply with the Archives Rules may materially affect our business, results of operations or financial conditions. In addition, if the CSRC or other PRC regulatory authorities in the future promulgate new rules or interpretations imposing additional requirements on approvals or filings for this **[REDACTED]** or future capital raising activities, we may not be able to obtain waivers of such requirements, which could materially and adversely affect our business, prospects, financial condition and the price of our Shares.

You should assess the legal protections you are entitled to under the legal systems in the countries and regions where we operate.

We are subject to the different applicable laws and regulations of the countries and regions where we operate. Our business and operations in China are subject to primarily written statutes, and prior court judgements have limited precedential value. In addition, lengthy legal proceedings may incur significant costs, divert our resources, and negatively affect our management's attention from strategic planning and execution, which may materially and adversely impact our operational efficiency and overall business performance.

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

We are a company incorporated under the laws of the PRC and most of our assets are located in the PRC. The majority of our Directors and senior management reside in the PRC. The assets of these Directors and senior management may also located in the PRC. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or senior management, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to the 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 cases, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

Under 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 other jurisdictions may be recognized and enforced in Chinese Mainland or Hong Kong based on applicable reciprocal enforcement treaties. However, China has not entered into such a treaty with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no such arrangement with the United States.

Our operations are subject to and may be affected by changes in tax laws and regulations of the countries or regions where we operate.

Since we mainly conduct business in the PRC, we are subject to periodic examinations on fulfillment of our tax obligations under PRC tax laws and regulations by PRC tax authorities. The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) imposes a tax rate of 25% on business enterprises. To the extent that 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. Moreover, 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 regulatory authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, penalties or other actions that could materially and adversely affect our business, financial performance and results of operations.

Holders of our H Shares may be subject to income tax obligations of the countries or regions where we operate.

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税有關問題的通知》) (Guo Shui Han [2008] No. 897) (國税函[2008]897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and investors' jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or 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 realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides.

Under the Individual Income Tax Law of the 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 investors who are not PRC residents 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 June 28, 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%, subject to applicable tax treaties and 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 listed shares of enterprises may be exempt from individual income tax. Subsequent circulars, including the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司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) and the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司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), provide that shares subject to sales restrictions on PRC domestic exchanges are excluded from such exemption. As of the Latest Practicable Date, these provisions have not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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.

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

During the Track Record Period, a significant portion of our sales and procurement were in Hong Kong, Taiwan, and Malaysia. As a result, we face risks associated with international trade regulations and geopolitical developments. If global trade tensions intensify, or if relevant jurisdictions adopt restrictive trade policies or trade protection measures, such as anti-dumping or countervailing duties, our overseas customers may reduce orders, request price reductions, or require us to bear additional tariff costs. Our overseas suppliers may also be restricted or prohibited from supplying products or services to us. Any such developments could adversely affect our supply chain stability, production activities, and overall business operations.

In particular, the ongoing U.S.-China trade dispute has led to tariffs, export controls, and other measures targeting semiconductors. For an analysis of the impact of U.S. tariffs on our business, see "Business — Impact of the U.S. Tariffs." Our products could be incorporated into end products imported into the United States, with any applicable tariff potentially being passed on to us by importers. Even if the tariff is not passed on to us, the reduced competitiveness of our customers' end products could lead to reduced or cancelled purchase orders.

The Export Administration Regulations ("**EAR**"), administered by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**"), govern the export, reexport, and transfer of U.S.-origin items, including certain products, software, and technology, as well as certain foreign-produced items subject to the EAR under the Foreign Direct Product Rules, which may apply regardless of where an item is located or manufactured. Because we use U.S.-origin equipment and software in our chip design activities, our products may fall subject to the EAR. See "Business — Impact of U.S. Export Control and International Sanctions."

The BIS maintains the Entity List that identifies persons, as well as the addresses of such persons, that are reasonably believed to be involved, or posing a significant risk of becoming involved in activities contrary to the national security or foreign policy interests of the United States. Parties on the Entity List are subject to additional licensing requirements for exports, reexports and transfers of items subject to the EAR. In recent years, the BIS has added hundreds of Chinese entities to the Entity List. As the BIS rules are evolving, future sanctions and export controls may significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. In addition, engaging with counterparties subject to heightened export control requirements may increase our compliance obligations and expose us to additional regulatory or operational risks.

We may use software and commodities subject to the EAR, including electronic design automation ("**EDA**") software. However, the United States has continued to tighten export controls affecting China's advanced semiconductor sector, and these developments may limit our access to key software, impact our design capabilities, and increase our design, production, and compliance costs.

In addition, issued on August 9, 2023, the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern ("**Executive Order 14105**") grants the U.S. government authority to implement an outbound investment screening regime. On October 28, 2024, pursuant to Executive Order 14105, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**") to restrict investments by U.S. persons and U.S.-controlled entities. The Final Rule took effect on January 2, 2025. The Final Rule targets investments by U.S. persons involving persons and entities associated with "countries of concern," currently including Chinese Mainland, Hong Kong and Macau, that engaged in activities in certain sectors such as semiconductors and microelectronics, quantum information technologies or artificial intelligence ("**covered activities**"). The persons and entities from countries of concern engaged in covered activities are defined as "**covered foreign persons**." Under the Final Rule, "covered transactions" include applicable investments by U.S. persons and acquisitions of equity interests (including purchases of shares in an initial public offering or contingent equity), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. Covered transactions are subject to prohibition or notification requirements. For an analysis of the Final Rule's application to our business, see "Business — Impact of the U.S. Outbound Investment Rule."

The U.S. government may further restrict cross-border collaborations or investments. On February 21, 2025, the U.S. President issued the "America First Investment Policy" memorandum, indicating that Executive Order 14105 is under review and may lead to new or expanded restrictions. As a result, the Final Rule, as amended from time to time, may increase the compliance burden of U.S. persons, affect the **[REDACTED]** sentiment, and negatively impact our ability to raise capital.

During the Track Record Period, our products were primarily sold in Chinese Mainland, Hong Kong and Taiwan. We cannot assure you that our customers will not export their end products incorporating our products or solutions into jurisdictions where such exports are restricted or prohibited, in which case the customers' demand for our products may drop significantly, materially and adversely affecting our business, financial condition and results of operations.

Failure to comply with anti-corruption laws, regulations and rules could subject us and/or our employees to investigations and administrative or criminal penalties.

We have adopted policies and procedures designed to ensure that our employees comply with the applicable PRC anti-corruption laws, rules and regulations. For details, see "Business — Risk Management and Internal Control." There can be no assurance that the anti-corruption internal controls and procedures we have established will effectively prevent our non-compliance with the PRC anti-corruption laws, regulations and rules arising from actions taken by the individual employees without our knowledge. If this occurs, we and/or our relevant employees may be subject to investigations and administrative or criminal penalties, and our reputation could be harmed by any negative publicity stemming from such incidents, which may materially and adversely affect our business, financial condition and results of operations.

Failure to comply with regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or SAFE Circular 7. Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with the SAFE or its local branches and complete certain procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. In addition, the Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with the SAFE or its local branches before they exercise the share options. If we adopt any future share incentive plans based on our H Shares, we and our PRC employees participating in such plans will be subject to these regulations. Failure to complete SAFE registrations may subject us or them to fines and legal sanctions and could restrict our ability to adopt additional incentive plans for our employees under PRC law.

The SAT has also issued relevant rules and regulations concerning employee share incentives. If we implement such H Share-based incentive plans, we will be obligated to withhold individual income taxes and file relevant documents with tax authorities. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent government authorities.

We are subject to the currency exchange regulatory system.

The PRC government supervises the convertibility of RMB into foreign currencies. We receive the vast majority of our revenue in RMB. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. New regulations could further restrict RMB remittance.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to PRC and Hong Kong listing and regulatory requirements.

As we are listed on the Shanghai Stock Exchange and will be **[REDACTED]** on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shanghai Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the Shanghai Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be **[REDACTED]** on the Stock Exchange. Under current PRC laws and regulations, our H Shares and A Shares are neither interchangeable nor fungible without the approval from the relevant regulatory authorities. The **[REDACTED]** performance of our H Shares and A Shares may not be comparable due to differences in **[REDACTED]** volumes, liquidity and **[REDACTED]** bases. Nonetheless, fluctuations in the price of our A Shares may adversely affect the **[REDACTED]** of our H Shares, and vice versa. Furthermore, the historical prices of our A Shares may not be indicative of the future performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating your **[REDACTED]** decision in our H Shares.

There has been no prior public market for our H Shares and the liquidity and market price of our H Shares may be volatile.

Prior to the **[REDACTED]**, there was no public market for our H Shares. The **[REDACTED]** will be fixed by agreement between the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and us, which may not be indicative of the market price of our H Shares after the completion of the **[REDACTED]**. If an active public market with sufficient liquidity and **[REDACTED]** volume for our H Shares does not develop or is not sustained after the completion of the **[REDACTED]**, the market price and liquidity of our H Shares may be materially and adversely affected.

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

The **[REDACTED]** price and volume of our H Shares may be subject to significant volatility in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and **[REDACTED]** volume volatility that is not related to the operating performance of any particular company. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland listed in Hong Kong may also affect the volatility in the price of and **[REDACTED]** volume of our H Shares. The price and **[REDACTED]** volume of our H Shares may also experience significant volatility due to specific developments of our Company, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory changes, relationships with customers and suppliers, changes in key personnel, or actions taken by competitors.

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

The market price of our H Shares could 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 public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Furthermore, in order to adjust for the market development, we may consider selling additional Shares in the future. Consequently, our Shareholders may experience dilution of their holdings if we make such decisions. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares, which would further dilute the interest of our Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you that we will declare and distribute any amount of dividends in the future.

We cannot assure you when and in what form dividends will be paid on our H Shares after the **[REDACTED]**. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business operations and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient profits 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 — Dividends."

If we retain most, or all, of our available funds and any future earnings after the **[REDACTED]** to fund the innovation and development of our products, we may not pay any cash dividends in the foreseeable future. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial conditions and business strategies, expected working capital requirements and future expansion plans, the amount of distributions (if any) received by us from our subsidiaries, other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your **[REDACTED]** in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the **[REDACTED]** or maintain the purchase price.

You will incur immediate and substantial dilution if we [REDACTED] additional Shares in the future.

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

Certain facts, forecasts and other statistics contained in this document are derived from publicly available official government sources.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industry in which we operate are obtained from official government sources which are considered appropriate by us. However, we still cannot guarantee the quality or reliability of these sources. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. They do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Company, the Sole Sponsor or any other parties involved in the **[REDACTED]**, no representation is given as to its accuracy, and such information may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. You should carefully consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains certain forward-looking and uses forward-looking terminology. For details, see "Forward-Looking Statements." You are cautioned that reliance on any forward- looking statement involves risks and uncertainties and that any underlying assumptions could prove inaccurate. Therefore, the forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

You should read the entire document carefully and are cautioned against relying on the information in any press article or other media coverage which contains information not disclosed or in consistent with this document. Prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding our Company and the **[REDACTED]**. We do not accept any responsibility for the accuracy or completeness of such information, which is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Company or our H Shares. In making decisions as to whether to **[REDACTED]** in our H Shares, prospective **[REDACTED]** should rely only on the financial, operational and other information included in this document.