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## RISK FACTORS

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*An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information set out in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] price of our Shares could decline due to any of these risks, 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, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements.”*

### RISKS RELATED TO OUR BUSINESS AND INDUSTRY

**Our performance is subject to the macro condition of the semiconductor industry. The cyclical nature of the semiconductor industry and cyclical mismatch in the industry make our business and operating results particularly vulnerable to economic downturns.**

The semiconductor industry has traditionally demonstrated significant cyclical trends and has experienced pronounced downturns characterized by fluctuations in end user demand, reduced integrated circuit demand, rapid declines in average selling prices, and periods of production overcapacity. In times of demand, companies within the sector often expand operations aggressively to secure capacity for anticipated future growth. However, when actual demand does not rise as expected or recedes, or when expansion outpaces genuine demand growth, the industry frequently transitions into an environment where capacity exceeds demand. This excess capacity can intensify competitive pressures on our operations, potentially resulting in adverse outcomes such as increased pricing competition and underutilized resources. Persistent pricing pressure may affect overall foundry industry profitability during downturns and present challenges to maintaining or achieving profitability. Additionally, a deceleration in demand growth or ongoing declines in selling prices for semiconductor devices may reduce demand for our products and compress profit margins. Failure to implement timely and effective countermeasures, such as adequate cost reduction strategies, during future downturns could negatively impact our business and operational results.

The flash memory industry is inherently cyclical, typically following a 3 to 4 years cycle driven by supply-demand fluctuations. During the Track Record Period, our business, financial performance and results of operations exhibited corresponding fluctuations. According to CIC, the industry dynamics during this period were deeply influenced by the lingering effects of the COVID-19 pandemic and subsequent macroeconomic shifts. Pandemic-induced supply shortages between 2020 and 2021 triggered widespread downstream inventory stocking and price surges. This subsequent overstocking led the industry into a downcycle from 2022 to 2023, primarily driven by two factors: (i) weakened downstream demand. Global economic headwinds and inflationary pressures significantly reduced consumer spending, particularly in consumer electronics. As downstream customers focused on destocking, the global flash memory market plummeted by 42.8% from US\$71.5 billion in 2021 to US\$40.9 billion in 2023. Consequently, we faced downward pressure on both order volumes and average selling prices; (ii) supply chain disruptions and cost fluctuations. Geopolitical tensions and lingering pandemic effects disrupted upstream wafer foundries and material suppliers. See “Industry Overview.” These supply-demand mismatches exacerbated our operational challenges and initially drove up procurement costs. Caught in this downcycle, our profitability was squeezed by both depressed ASPs and elevated upstream costs. This partly resulted in our gross profit margin compressing from 15.5% in 2023 to 14.0% in 2024, while our net loss widened from RMB14.0 million to RMB37.1 million. To

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position for a market rebound, we implemented counter-cyclical strategies. As average wafer procurement prices dropped by approximately 29.9% year-on-year in 2023, we strategically built up our inventory, increasing our wafer procurement volume by 45.5% to secure cost-effective capacity. With the economic recovery, the global market size of flash memory saw a turning point in 2024, and is currently in a rapid rebounding phase. In terms of revenue, the global market size of flash memory increased to US\$68.4 billion in 2024 with a year-on-year growth rate of 67.0%. However, the initial recovery phase was characterized by intense competition, with established leaders and emerging domestic players adopting aggressive pricing tactics to capture market share. Navigating this landscape, our business operations stabilized and rebounded in 2025, achieving a revenue of RMB519.2 million, a significantly improved gross margin of 22.8%, and a net profit of RMB27.2 million. The global market size of flash memory is projected to reach US\$538.5 billion by 2030 with a CAGR of 48.5% from 2025 to 2030. Driven by the continued growth of global flash memory industry, our revenue increased by 77.4% from RMB126.3 million in the three months ended March 31, 2025, to RMB224.1 million in the three months ended March 31, 2026. Concurrently, our gross profit margin increased significantly from 14.4% to 55.6% during the same periods. We also achieved a significant turnaround from a net loss of RMB2.7 million in the three months ended March 31, 2025 to a net profit of RMB75.9 million in the three months ended March 31, 2026,

**Price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.**

We have been experiencing, and may expect to continue facing, downward pressure on our product prices due to increasing competition within our market sectors. This persistent pricing challenge remains a key concern. If we do not achieve higher unit sales volumes or successfully launch products with greater value, revenue from current offerings may decrease. We have maintained a high level of R&D investments and intend to maintain this strategy to create innovative products that offer advanced features, enabling higher pricing or reduced production costs. However, if these objectives are not met in a timely manner, or we are unable to develop more cost-effective technologies, our financial performance could be negatively impacted. Sustained pricing pressure may affect gross profit margins, and failure to offset declining prices through cost reductions or product enhancements could adversely affect profitability and materially influence our business, financial condition, and operating results.

**We depend on a limited number of third-party wafer foundry and OSAT partners to manufacture, assemble and test our products.**

As a fabless IC company, we concentrate on the design and sales of semiconductor products. We do not own any IC fabrication, assembly and testing facilities, and rely on third-party wafer foundries and OSAT partners to produce ICs. As of March 31, 2026, we worked closely with third-party wafer foundries and OSAT partners. During the Track Record Period, purchases from our five largest suppliers of each year/period, which were our wafer foundries and OSAT partners, amounted to RMB509.7 million, RMB284.2 million, RMB323.6 million and RMB212.9 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, accounting for 75.4%, 82.1%, 81.6% and 86.8% of our total purchases in the respective years/periods. After consultation with CIC, we are of the view that it is an industry norm for a fabless IC design house to rely on a limited number of wafer foundries and OSAT partners to ensure consistency in product quality.

The ability of our third-party foundries to provide us with IC is limited by their available capacity. We typically do not have a guaranteed level of production capacity from them. Moreover, it is possible that other customers of our foundries may receive preferential treatment from our third-party foundries in terms of capacity allocation. In recent years, the global semiconductor industry, including

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our company, has experienced wafer supply limitations, in particular, during the period when global supply chain volatility coincided with surging demand. Notably, certain materials for producing a wafer are primarily available in a limited number of countries, including rare earth elements, minerals, and metals. Trade disputes, geopolitical tensions, economic circumstances, political conditions, or public health issues may limit the foundries to obtain such materials. During each period of the Track Record Period and up to the Latest Practicable Date, we had maintained a stable supply of wafers from multiple semiconductor manufacturers, and expects to maintain such stable relationship for the foreseeable future. During the Track Record Period and up to the Latest Practicable Date, the wafer supply limitation had not had a material impact on our business operations and financial performance. Under such constraints, industry participants may allocate available products among customers or adjust pricing upward. Reallocation of capacity by our third-party foundries to their other preferred customers could impair our ability to secure our requisite supply of ICs, which could significantly delay the shipment of our products, causing a loss of revenue and damage to our customer relationships. As a result, if our third-party foundries raise their prices or are unable to meet our required capacity for various reasons, including shortages or delays in the shipments of semiconductor equipment or raw materials required to manufacture our ICs, or if our business relationships with them deteriorate, we may not be able to obtain the required capacity and would have to seek alternative foundries, which may not be available on commercially reasonable terms, or at all. In addition, we provide the foundry with a rolling forecast of our delivery requirements over a designated period to facilitate their capacity planning and monthly adjustments. If we do not accurately forecast our capacity needs, our third-party foundries may not have available capacity to meet our immediate needs or we may be required to pay higher costs to fulfill those needs, either of which could materially and adversely affect our business, operating results or financial condition.

The ability and willingness of our third-party foundries to adequately perform is largely outside our control. Overall, our dependence on third-party foundries entails several significant risks, including: (i) limited control over delivery schedules, quality assurance, manufacturing yields and production costs; (ii) lack of guaranteed production capacity or product supply; (iii) unavailability of, or delayed access to next generation or key process technologies; (iv) failure by us or our customers to qualify a selected supplier; (v) capacity shortages during periods of high demand; (vi) shortages of materials; (vii) misappropriation of our IP; (viii) limited warranties on IC or products supplied to us; (ix) potential increase in price; and (x) financial difficulties or disruptions in the operations of third-party foundries.

The ability and willingness of our production partners to adequately perform is largely outside our control. If one or more of these foundries fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, in the event that capacity becomes constrained at one or more foundries, we could face difficulties in fulfilling our customers’ orders and our revenues could decline. In addition, if these foundries fail to deliver quality products and components to us on time and at reasonable prices, we could face difficulties in fulfilling our customers’ orders, our total revenue could decline and our business, financial condition and results of operations would be adversely affected.

**We mainly depend on our distributors to achieve our revenue, and distributors are expected to remain important in our sales network. If distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.**

We primarily sell our products through distributors, utilizing them to increase sales coverage and connect the upstream and downstream of the value chain. Our sales to distributors may introduce additional risks, including channel conflicts and inventory misalignment. These distributors also take on

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responsibilities for collections, product returns, and customer support. We had a total of 83 distributors as of March 31, 2026. Revenues from sales of our products to distributors accounted for approximately 84.7%, 71.2%, 83.4%, 68.0% and 88.1% of our total revenues in 2023, 2024, 2025, and the three months ended March 31, 2025 and 2026, respectively. Our business, results of operations and financial condition for the foreseeable future may continue to concentrate on a relatively small number of distributors.

Distribution introduces several operational and financial complexities, making our ability to manage these relationships effectively crucial for maintaining accurate forecasting, stable cash flows, and healthy gross margins.

Any failure to effectively manage these challenges could lead to inaccurate sales forecasts and result in either excess or insufficient inventory, negatively impacting our business, financial condition, and operational results. Specifically, a lack of distributor management systems and controls, such as real time inventory tracking, regular audits, contract enforcement, and financial oversight, could lead to inaccurate revenue projections, excess or obsolete inventory, write downs, unexpected returns, or even legal disputes. Our distributors may not be able to manage their inventory level effectively and we may not be able to track their sales and inventory level, which could cause us to incorrectly predict sales trends and may damage the stability of our distribution network. Besides, we rely on our distributors to place our products into the market, and our distributor management may not be as effective as we anticipate. Our distributors do not need our specific authorization to engage sub-distributors, over whom we are not able to exert any influence. These consequences could materially and adversely affect our business, financial health, operational results, and [REDACTED] performance.

**We operate in a competitive market and expect competition to intensify. Failure to maintain or enhance our competitive advantages could adversely impact our business, growth prospects, results of operations and financial condition.**

The semiconductor industry is highly competitive and this competition is anticipated to intensify as new entrants join the market and established companies continue to innovate by introducing advanced technologies, products, and solutions. We compete directly with a wide range of organizations that vary in size, technical proficiency, and financial strength, in the businesses segments we operate in, namely network communications, AI communications, consumer electronics, smart home, IoT, industrial and medical applications, automotive electronics, and computers and peripherals. Many of these competitors benefit from longer operational track records, stronger positions in critical markets, greater brand recognition, larger customer bases, and well-established strategic partnerships. Additionally, they frequently possess superior financial resources, as well as more developed sales, marketing, distribution, and technical capabilities. Some competitors also operate proprietary manufacturing facilities, allowing them to offer more competitive pricing, respond more rapidly to market dynamics, and manage fluctuations in product demand with greater efficiency than we are able to achieve. Furthermore, pricing pressure in the industry could hinder our growth and profitability. New entrants may occasionally enter our markets, offering similar products and services at significantly lower prices, which could further depress market pricing and limit our ability to achieve favorable pricing for our products.

Competitors may engage in acquisitions, partnerships, or other strategic relationships to enhance their market positions. Companies not currently in competition may also enter the market through similar means. Industry consolidation can result in competitors with expanded product portfolios or greater pricing flexibility owing to increased scale and financial resources. Agreements between competitors and third-party suppliers, such as foundries or providers of packaging and back-end

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services, have the potential to create preferential arrangements that could limit access to capacity and affect the ability to meet customer demand. Exclusive relationships between competitors and distributors or end users might restrict available distribution channels and impact demand for certain products, which could influence business expansion efforts. Additionally, some customers may choose to develop their own semiconductor products, introducing additional competition for existing offerings.

The competitive nature of the semiconductor industry also drives rapid technological advancements, evolving standards, declining selling prices, and accelerated product obsolescence. Our inability to address these challenges effectively could prevent us from sustaining or expanding our business. Failure to compete successfully may adversely affect our operational performance and weaken our financial position.

**Our products are used by end-customers of certain industries and sectors. Any downturn of these industries may materially and adversely affect our business, results of operations and financial condition in the future.**

Competition in our customers’ markets is based on a variety of factors including price, performance, product quality, marketing and distribution capability, customer support, name recognition, financial strength and capability in adapting to the rapid technological change. As a result, our customers’ products may not achieve market success or may become obsolete. According to China Insights Consultancy, in terms of sales revenue, (i) the global market size of code storage flash memory in the network communications sector reached US\$1.1 billion in 2025 and is projected to grow to US\$9.6 billion by 2030, with a CAGR of 55.4%; (ii) the global market size of code storage flash memory in the smart home sector reached US\$0.3 billion in 2025 and is projected to grow to US\$2.2 billion by 2030, with a CAGR of 47.8%. We cannot guarantee that the semiconductor industry as a whole, or our major customers’ market segments, especially network communications and smart home, will avoid downturns. Such declines may weaken IC product demand, create overcapacity, increase inventories, and lower prices. Economic pressures, including market volatility, geopolitical issues, and inflation, have already affected the industry, and the timing or extent of these cycles remains unpredictable. Any future decline could significantly impact our business and financial results.

**Our products may not perform in line with customer specifications or expectations.**

If we are unable to provide products that meet our customers’ specifications or expectations on a timely basis, our relationships with our customers will be negatively impacted, and, if we are unable to repair these relationships by increasing our customers’ confidence in us, we may lose our customers. Furthermore, our customers conduct quality check and inspection of our products when they receive them, and they can return or exchange products that do not meet their quality standards. If we experience a high level of product returns or exchanges, our business and financial condition may be negatively impacted.

We may from time to time encounter product quality, performance and reliability issues. Delivery of products with defects or reliability, quality or compatibility problems may damage our reputation and ability to retain existing customers and attract new customers. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expense and costs associated with customer support, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which could harm our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we have not

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experienced any material product returns or material product exchanges that could have material and adverse impact on our business, financial condition and results of operation, nor did we experience any material disputes arising from product returns or exchanges.

**Our lengthy and complex product cycle including designing, taping out, fabricating, assembly and testing, in addition to our customers’ qualification and design cycle, may result in uncertainty and delays in revenue generation.**

The production of our designs involves a lengthy manufacturing and packaging process. Additional time may elapse before a customer begins receiving volume shipments of our products. Specifically, our overall product cycle typically takes approximately eighteen months to complete, including design phase, tape-out phase, wafer fabrication phase, assembly and testing phase and product qualification and customer certification phase.

Due to this lengthy cycle, we may face delays between the time we incur expenses for R&D and sales and marketing efforts and the time we generate revenue, if any, from these investments. This delay complicates the forecasting of customer demand, introducing uncertainty into the manufacturing planning process, which could negatively impact our business, financial condition, and operational results. Furthermore, the life cycle of certain semiconductor products designed for specific applications can be relatively short. If we do not effectively manage the manufacturing and packaging process, our products may become obsolete before they can be integrated into our customers’ offerings, preventing us from realizing a return on the investments made in designing, developing, and producing these products.

**We rely on external suppliers for raw materials and certain components and parts used in our IC products, and we depend heavily on these suppliers to control the quality of such items.**

Our procurement of raw materials and certain components and parts were derived from a limited number of external suppliers during the Track Record Period. In 2023, 2024, 2025 and the three months ended March 31, 2026, purchases from our five largest suppliers in each period of the Track Record Period amounted to RMB509.7 million, RMB284.2 million, RMB323.6 million and RMB212.9 million, respectively, accounting for 75.4%, 82.1%, 81.6% and 86.8% of our total purchases in the respective periods. In particular, in 2023, 2024, 2025 and the three months ended March 31, 2026, purchases from our largest supplier in each period of the Track Record Period amounted to RMB184.7 million, RMB131.0 million, RMB116.0 million and RMB127.3 million, accounting for 27.3%, 37.8%, 29.2% and 51.9% of our total purchases in the respective periods. There is no assurance that we will continue to obtain contracts from our major suppliers in the future. If there is a significant decrease in the number of procurements awarded by our major suppliers, our financial condition and operating results would be adversely affected.

In addition, if critical components or raw materials used to manufacture our products become scarce or unavailable, then delays may be incurred in manufacturing and delivery of our products, which could adversely impact our business.

**We rely on third-party logistics service providers to deliver our domestic sales orders and certain overseas orders. Inadequate third-party logistics services or failure to mitigate the risks of damage or disruption to our distribution logistics could adversely affect our business.**

We use third-party logistics service providers to deliver certain of our orders. During the Track Record Period, we mainly engage qualified logistics service providers in Chinese Mainland, Hong Kong and Asia-Pacific for logistics service. Disputes with or terminations of our contractual relationships

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with our logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors, we may lose customers and sales and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third party logistics service providers. Delays in delivery could adversely impact our suppliers’ ability to timely deliver materials to us, and our ability to deliver to our customers.

**Our business could be adversely affected if our data privacy practices are not perceived as adequate or there are breaches of security measures or unintended disclosures of customer data.**

We collect and store business and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. The secure maintenance of such data is critical. We process data in compliance with the applicable legal requirements to ensure data security. Our operations are subject to a variety of laws and regulations concerning data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC, as well as the data security and privacy laws in other jurisdictions where we operate, could result in significant reputational damage and adversely affect our business performance. To ensure compliance with evolving data privacy laws, regulations and standards, it will be necessary to maintain internal control and risk management policies, which will require substantial commitment of resources and efforts. The unauthorized access, loss, or misuse of data could lead to increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, and disruptions to our business activities. Such incidents may also result in additional costs associated with defending against legal claims. Concerns from our customers, employees, and third parties, even if unfounded, may also have a detrimental impact on our reputation and operations.

**If we fail to retain existing customers, attract new customers or increase the spending by our customers, our business and results of operations may be materially and adversely affected.**

Our business results, financial condition, operational performance, and outlook are affected by our ability to retain current customers and attract new ones, as well as the stability and success of our clients, including their capacity to maintain and expand their own customer relationships. Furthermore, key customers may exercise considerable bargaining power during contract negotiations. These clients have consistently pursued advantageous pricing and commercial terms, and may request that we develop additional product features. As a result, we could be required to reduce average selling prices and/or incur higher production costs, which may negatively affect our gross profit margins. The loss of one or more significant customers, or an inability to maintain present revenue and profit levels from these relationships, could materially impact our business, financial health, and operating results.

Historically, a relatively small number of customers have generated a significant portion of our revenue. In 2023, 2024, 2025 and the three months ended March 31, 2026, sales to our five largest customers in each period of the Track Record Period amounted to RMB310.3 million, RMB194.9

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million, RMB206.0 million and RMB118.4 million, respectively, accounting for 46.8%, 44.1%, 39.7% and 52.8% of our total sales in the respective periods. In particular, in 2023, 2024, 2025 and the three months ended March 31, 2026, sales to our largest customer in each period of the Track Record Period amounted to RMB69.0 million, RMB65.5 million, RMB79.4 million and RMB47.8 million, accounting for 10.4%, 14.8%, 15.3% and 21.3% of our total sales in the respective periods.

Any substantial delay, alteration, cancellation, or reduction of purchase orders from these customers, or changes in their purchasing patterns, which may in turn be attributable to changes in their respective customers’ demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

**Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.**

In order to operate our business effectively and meet our consumers’ demands and expectations, we maintain a certain level of inventory to meet the customer needs and ensure timely delivery of our products. As of December 31, 2023, 2024, 2025 and as of March 31, 2026, we had inventories of RMB363.4 million, RMB317.9 million, RMB294.0 million and RMB424.3 million, respectively. For the year ended December 31, 2023, 2024 and 2025, our inventory turnover days were 215, 327 and 279 days, respectively. For the three months ended March 31, 2026, our inventory turnover days were 330 days. During the Track Record Period, we recorded write-down of inventories when the estimated net realizable value of our inventories declines below their carrying amount. We recorded write-down of inventories of RMB43.5 million, RMB23.6 million, RMB11.2 million and RMB3.4 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. As of December 31, 2023, 2024 and 2025, we had provisions for inventories of RMB93.3 million, RMB93.1 million and RMB76.5 million, respectively. As of March 31, 2026, we had provisions for inventories of RMB75.4 million. We determine our level of inventory based on historical sales data, customer order volumes, demand forecasts and supply chain capacity fluctuations. However, such assessment is inherently uncertain. We cannot assure that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Furthermore, if we underestimate the demand for our products, we may not be able to have a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

Any of the above may materially and adversely affect our business, results of operations and financial condition.

**Failure to fulfill our contractual liabilities could adversely affect our liquidity and financial condition.**

Our contract liabilities comprise advances received from our customers. We typically require our customers to pay the consideration for their purchases from us upon or prior to the delivery of the products. As of December 31, 2023, 2024, 2025 and March 31, 2026, we had contract liabilities of RMB51.0 thousand, RMB69.0 thousand, RMB1,774 thousand and RMB655 thousand, respectively. Our recognition of contract liabilities as revenue is subject to future performance of contract liabilities and

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may not be representative of revenue for future periods. As a result of disruption to any of our suppliers, we may fail to fulfill our contract liabilities or meet market demand for our products, and our business, results of operations, liquidity and financial condition could be adversely affected.

**If our expansion into new verticals is not successful, our business, prospects and growth momentum may be materially and adversely affected.**

As part of our growth strategy, we are pursuing expansion into new market verticals and application areas beyond our current core focus. This strategic initiative is inherently risky and presents numerous challenges that we may not be able to overcome. Our success in these new verticals depends on our ability to accurately identify promising markets, develop or adapt products that meet the specific technical requirements, regulatory standards, and customer needs of these verticals, and establish effective sales and distribution channels. We may have limited prior experience, brand recognition, or customer relationships in these new markets, putting us at a significant disadvantage compared to established competitors. There is a substantial risk that we will misjudge market dynamics, customer demand, or the investment required, leading to the failure of our expansion efforts. If we are unable to successfully enter and achieve sustainable profitability in these new verticals within our anticipated timeframe or at all, the significant resources dedicated to this expansion would be wasted, our growth momentum could stagnate, and our overall business and prospects could be materially and adversely affected.

**Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyberattacks. Our reputation, business and results of operations may be harmed by service disruptions or by our failure to timely and effectively scale and adapt our existing technology and infrastructure.**

The effective operation of our business relies on the continuous and reliable performance of sophisticated information technology infrastructures, applications, systems, and networks. Ensuring the security and dependability of our IT infrastructure and software, as well as maintaining the capacity to enhance and update these technologies in line with changing demands, is essential to achieving our objectives. Any major disruption, whether resulting from new system deployments, malware, cyberattacks, security incidents, facility challenges, or power outages, has the potential to significantly and negatively impact our operations, financial condition, and results of operations.

Cyberattacks targeting access to our computer systems and networks may result in the misappropriation of proprietary information and technology. Although we have not encountered any material breaches or incidents as of the Latest Practicable Date, there can be no guarantee that future breaches or incidents will not materially affect our operations or financial performance. The current landscape presents a range of evolving cybersecurity and privacy risks, including threats from criminal hackers, state-sponsored entities, industrial espionage, employee misconduct, and human or technological errors. In the event of a breach, we, our customers, or other third parties could incur liability, litigation, regulatory actions, as well as potential loss of current or prospective clients, reputational harm, and other financial impacts. Moreover, the expenses and operational challenges associated with addressing breaches and implementing remediation efforts may be considerable.

Additionally, we may face theft, loss, or misuse of personal and confidential data concerning our employees, customers, and suppliers, which is routinely collected, used, stored, and transferred to operate our business. Such incidents could result in significantly higher business and security costs, as well as expenses related to defending against legal claims. Although we have implemented measures to

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comply with current privacy related and data protection laws and regulations in each applicable jurisdiction, any material changes to these laws and regulations could lead to increased compliance costs for us.

Our business also relies on third-party providers to provide critical services and to adequately address cyber security threats to their own systems. Any material failure of third-party systems and services to operate effectively could disrupt our operations and could have a material and adverse effect on our business, financial condition and results of operations.

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

Due to ongoing technological advancements and the integration of multiple functions onto a single chip, our products are inherently complex. This complexity contributes to an increased risk of latent defects being identified by customers or end users after significant quantities have been distributed, which may necessitate product replacements or recalls. For example, trace levels of contaminants in the manufacturing environment or challenges in wafer fabrication can render certain components non-functional. Such issues are often difficult to detect early in the manufacturing process and can be both time consuming and costly to address.

While we are dedicated to maintaining testing and quality control standards, occasional challenges related to product quality, performance, and reliability may arise. The delivery of products with defects or issues concerning reliability, quality, or compatibility can negatively impact our reputation, making it more difficult to retain existing customers and attract new ones. Should defects or failures occur, we may experience loss of revenue and increased expenses, including warranty claims and customer support costs, as well as potential order cancellations, shipment rescheduling, product returns, or the necessity for discounts. These outcomes could have an adverse effect on our business, financial condition, and operational results. Furthermore, product defects and failures may lead to litigation or regulatory action. For additional details, see “— We May Be Involved in Legal Proceedings and Commercial Disputes, Which Could Have a Material Adverse Effect on Our Business, Financial Condition and Results of Operations.”

Furthermore, we cannot assure that we will consistently achieve acceptable yields at third-party foundries, which may lead to delays in the availability of components. Additionally, an increase in the rejection rate of these components or of our products that incorporate them during the quality control process, whether before, during, or after manufacturing, may result in lower yields and margins, as well as disruptions to our delivery schedule.

In addition, modifications to our manufacturing processes due to shifts in product specifications, evolving customer demands, and the launch of new business lines may lead to a significant decline in manufacturing yields. This decline could negatively impact our gross profit margin, at least in the short term. Extended periods of poor manufacturing yields may hinder our ability to deliver products promptly, affect our gross profit margin, and disrupt our stable relationships with customers. Such outcomes could materially and adversely impact our business, financial condition, and operational results.

**Non-compliance of our Directors, employees, our business partners, distributors or other third parties involved in our business could materially and adversely affect our business.**

We face the risk of non-compliance or misconduct by our Directors, employees, business partners, distributors or other third parties. Despite our ongoing efforts to provide regular training, it is not always feasible to identify and prevent such misconduct. The measures we implement to detect and

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mitigate these risks may not effectively control unknown or unmanaged threats or losses, nor protect us from governmental investigations or lawsuits arising from non-compliance with applicable laws and regulations. Any actual or alleged illegal or improper actions by our Directors and employees, including senior management, could expose us to liability and negative publicity, regardless of whether these activities are directly connected to our company. Such incidents and allegations may also impact the willingness or ability of our Directors and employees to continue their service or fully commit to our company, ultimately harming our brand and reputation and adversely affecting our business, financial condition, and operational results. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material non-compliance of Directors, employees, business partners, distributors or other third-parties.

Our business partners and other third parties with whom we have established relationships may face regulatory penalties or sanctions due to their non-compliance with regulations, which could disrupt our operations, either directly or indirectly. We cannot guarantee that we will be able to detect irregularities or non-compliance in the practices of our business partners or other third parties, nor can we ensure that any identified issues will be addressed promptly and appropriately, if at all.

If we face governmental investigations, lawsuits, or other actions due to actual or alleged illegal or improper conduct by our Directors, employees, business partners, distributors or other third parties associated with our business, and we are unable to successfully defend ourselves or assert our rights, we may incur significant civil, criminal, and administrative penalties. These could include damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, and reduced profits and future earnings, all of which could profoundly affect our business. Regardless of the outcome of such actions or investigations, we may face substantial costs, including legal fees, and our management’s attention could be diverted as we defend against these claims or inquiries.

**We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected.**

International expansion is a key element of our growth strategy and may necessitate substantial capital investments, which could put pressure on our resources and influence our operations and financial performance. Activities in other regions may also affect our reputation, business, financial condition, and results of operations due to potential exposure to sanctions or other regulatory actions.

Furthermore, we may encounter challenges in managing our foundry partners, third-party packaging service providers, distributors, and other business partners. Any adverse developments in the global geopolitical landscape could significantly impact our ability to secure stable supplies from our foundry partners and, more broadly, hinder our business operations. The following are some risks inherent in conducting business that may not apply to companies concentrated in a single geographic market: (i) difficulties in developing, staffing and simultaneously managing an overseas operation as a result of distance, language and cultural differences; (ii) challenges in formulating effective local sales and marketing strategies targeting users from various jurisdictions and cultures; (iii) geopolitical turmoil and instability in the regions where we operate, and any resulting disruption, instability or volatility in the global markets and industries resulting from such conflicts; (iv) political or social unrest or economic instability within a country or region; (v) transportation and communication delays; (vi) longer customer payment cycles; (vii) the adverse effects of tariffs, duties, price controls, embargos or other restrictions that impair trade; (viii) currency exchange rate fluctuations; (ix) decreased visibility as to future demand; (x) difficulties in trade receivables collections; (xi) compliance with

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applicable foreign laws and regulations and unexpected changes in laws or regulations, including compliance with labor practices, environmental laws, and compliance costs across different legal systems; and (xii) claims and lawsuits, including class actions, brought against us from courts or regulators of other jurisdictions, which could materially and adversely affect our reputation, business and results of operations. See “— We May Be Involved in Legal Proceedings and Commercial Disputes, Which Could Have a Material Adverse Effect on Our Business, Financial Condition and Results of Operations.”

Global trade disruptions, the imposition of significant trade barriers, bilateral trade frictions, and investment restrictions, along with any subsequent downturns in the global economy, could adversely affect our financial performance and the financial performance of our investments. If these trade and investment related challenges persist, especially due to ongoing geopolitical tensions, they may lead to substantial additional impacts on the industries in which we operate and the jurisdictions of our investments, potentially resulting in further adverse effects on our investments.

### **Export control and economic or trade restrictions may affect our business, financial conditions and results of operations.**

Some of our business partners are located outside of China. Moreover, our business and products utilize certain U.S. technology and software. As a result, international trade regulations and geopolitical developments, such as economic sanctions, export controls and tariffs, may affect the demand for our products, prevent us from selling products in certain countries, disrupt our R&D activities, impact the competitive position of our products, and increase our compliance costs.

The U.S. and other jurisdictions or organizations, including the EU and the UN, through executive orders, legislations or other governmental means, have implemented measures that impose economic sanctions targeting certain countries or regions or specific industry sectors, groups of companies or persons and/or organizations within such countries or regions. The U.S., among other jurisdictions, have also introduced extensive export controls requiring export license for the export, re-export and in-country transfer of certain items subject to U.S. export controls. In particular with respect to China, the United States have in recent years tightened export control restrictions under the Export Administration Regulations (“**EAR**”), which are administered by the Bureau of Industry and Security of the U.S. Department of Commerce (“**BIS**”). The EAR prescribe an Entity List that identifies foreign parties subject to specified trade limitations. Absent satisfaction of applicable license requirements, the export, reexport, or in-country transfer of items subject to the EAR to a party on the Entity List is generally prohibited. Furthermore, beginning in 2022, BIS further strengthened controls on semiconductor-related items and technologies destined for, or manufactured in, China.

While we believe that currently applicable sanctions and export controls do not impose material limitations on our operations, we cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities. Furthermore, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in our business activities being deemed to have violated sanctions or export controls. Our business and reputation could be adversely affected if the authorities of U.S., the EU, and/or any other jurisdiction or regions were to determine that any of our activities constitutes a violation of the sanctions or export controls. Non-compliance with international sanctions laws and export controls could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial

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condition and operations. In addition, if any of our customers, end users or suppliers becomes subject to international sanctions in the future, we may have to discontinue our business with them due to potential economic sanctions liability risks.

Moreover, new regulations or restrictions such as new BIS rules could apply more restrictive controls to our current or future product and technologies or prohibit additional parties from receiving products or technologies that are subject to the EAR. These or similar developments could materially restrict or prohibit our ability to export, reexport or transfer our products and technologies subject to the EAR, including to potential customers in the future, which could materially and adversely affect our business plans and prospects.

**We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by on U.S. persons for certain investments.**

On August 9, 2023, the U.S. government issued Executive Order 14105, Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern, which grants the U.S. government the authority to establish and enforce an outbound investment screening regime. On October 28, 2024, the U.S. Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Outbound Investment Rule**”) to implement Executive Order 14105. The Outbound Investment Rule, which took effect on January 2, 2025, prohibits or requires notification of certain covered U.S. outbound investments in certain China-affiliated companies operating in the semiconductor and microelectronics, quantum information technology, and AI sectors (“**covered foreign persons**”). The Outbound Investment Rule allows limited exceptions to the prohibition or notification requirement, including for U.S. investments in publicly traded securities, so long as such investments do not afford the U.S. person rights beyond “standard minority shareholder protections” with respect to the “covered foreign person.”

We are likely to be deemed a covered foreign person because our Group engages in the design of integrated circuits, which is a covered activity under the Outbound Investment Rule. Given the nature of our activities, we believe that the purchase of shares through the [REDACTED] would not be a prohibited transaction under the Outbound Investment Rule. However, U.S. persons would be required to notify the U.S. Department of Treasury of their (or their non-U.S. subsidiaries’) purchase of our Shares to be issued in the [REDACTED]. Upon completion of the [REDACTED], it is expected that U.S. persons (and their non-U.S. subsidiaries) are allowed to purchase our publicly-traded shares on the Hong Kong Stock Exchange without notification obligations, so long as the purchased shares do not afford such U.S. persons or their non-U.S. subsidiaries rights beyond standard minority shareholder protections.

That said, the rules and regulations regarding U.S. outbound investment may be subject to further development. For example, on December 18, 2025, the U.S. Congress enacted the Comprehensive Outbound Investment National Security Act of 2025 (“**COINS Act**”) as part of the FY 2026 National Defense Authorization Act. The COINS Act proposes to expand the Final Rule’s sectoral coverage and geographic coverage, and directs the Treasury to expand and clarify the scope of “excepted transactions,” including preserving the publicly traded securities exception, and adding a new exception for certain secondary transactions, including underwriting services that include a temporary acquisition of an equity interest. The Treasury has 450 days to amend the Outbound Investment Rule to conform with the provisions set forth therein, and the existing Outbound Investment Rule remain in effect until then. As such, there are uncertainties under the Outbound Investment Rule, and we cannot assure you that the Treasury will not take a different view from us and treat an equity investment in our H shares

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by a U.S. person as prohibited. In addition, we cannot predict how the Outbound Investment Rule will be enforced, neither can we guarantee that there will not be a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce U.S. investors' interest in our equity securities. If our ability to raise such capital is significantly and negatively affected, it could materially and adversely impact our business, financial condition and prospects.

[REDACTED], including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their legal counsel regarding the applicability of the publicly traded securities exception to the [REDACTED], notification obligations, if any, applicable to them under the Outbound Investment Rule, and the procedures for filing such notifications.

### **We may not be able to achieve our anticipated benefits and synergistic effects from strategic alliances, investments and acquisitions.**

We may form strategic alliances with third parties, including customers and suppliers, to implement our business strategies. These alliances present certain risks, such as sharing proprietary information, possible non-performance by partners, and higher costs related to establishing new relationships. These risks have the potential to affect our business. Our ability to control or monitor third-party actions may be limited. If these partners receive negative publicity or their reputations are affected due to operational events, our reputation may also be impacted through our association with them.

Additionally, we have previously acquired or invested in assets, technologies, or businesses that complement our existing operations. We anticipate exploring a diverse range of potential strategic transactions as part of our overall business strategy. This includes potential acquisitions of businesses, technologies, services, products, and other assets, along with strategic investments, joint ventures, and alliances. Investments or acquisitions, along with the subsequent integration of new assets and businesses into our operations, will demand significant attention from our management and may divert resources from our existing business, potentially adversely affecting our operations. The costs associated with identifying and completing investments and acquisitions can be substantial. Furthermore, investments and acquisitions may require considerable cash outlays, potentially dilutive issuances of equity securities, and exposure to unforeseen liabilities from the acquired business. The costs and duration of integrating newly acquired businesses may also exceed our expectations significantly. We could encounter challenges in international acquisitions, including compliance with local laws and regulations, limited access to target companies, and difficulties in cultural assimilation. Such investments or acquisitions might not deliver the expected strategic or financial benefits, such as cost savings, revenue growth, or technological advancements. Any negative outcomes from these activities could materially and adversely impact our business, financial condition, and operational results.

From time to time, we may also divest under-performing businesses, or businesses that no longer fit our overall strategy. Such divestitures may have a negative impact on our financial performance for the relevant period.

Other risks associated with strategic alliances, investments, acquisitions and divestitures include: (i) difficulty in realizing the potential technological benefits of the transaction; (ii) problems integrating the acquired key employees, operations, technologies or products into our existing business; (iii) difficulty in maintaining uniform standards, controls, procedures and policies; (iv) adverse effects on

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existing business relationships with employees, customers, suppliers and strategic partners as a result of integration of new businesses and management personnel; (v) risks associated with entering markets in which we lack experience; and (vi) negative publicity, litigation, government inquiries, investigations or actions against the companies we invest in or acquire, or even against our other businesses.

Our failure to address these risks successfully could have a material and adverse effect on our business, financial condition and results of operations.

**We may be involved in legal proceedings and commercial disputes, which could have a material adverse effect on our business, financial condition and results of operations.**

From time to time, we may face various forms of litigation, legal or contractual disputes, investigations, or administrative proceedings that arise in the normal course of our business. This includes potential disputes and claims from our employees, shareholders, suppliers, customers, contractors, business partners, and other third parties involved in our operations. We may also encounter litigation and regulatory actions related to third-party and principal intellectual property infringement claims, contract disputes, employment-related issues, cross border payment and settlement disputes, and other matters typical of our business activities. Our legal advisors are of the opinion that, as of the Latest Practicable Date, we had not been involved in any legal proceedings, commercial disputes or class actions that could have material adverse effect on our business, financial condition and results of operations. Therefore, there are no corresponding claim amounts.

As our business grows, particularly across different jurisdictions and through the acquisition of new ventures, we may face a range of claims, including those arising under anti-monopoly or unfair competition laws, potentially involving significant amounts of alleged damages. Moreover, in relation to litigation or regulatory matters in various jurisdictions, we might be restricted by laws, regulations, or government authorities in one jurisdiction from complying with subpoenas, orders, or other requests from courts or regulators in another jurisdiction. Our inability or failure to respond to these subpoenas, orders, or requests could expose us to fines, penalties, or other legal liabilities, which could materially and adversely impact our reputation, business operations, financial results, and overall financial condition.

We may encounter increased exposure to claims and lawsuits, including securities law class actions. Defending against these lawsuits, including any appeals if our initial defense is successful, will require significant resources. There is no guarantee that we will prevail in any of these cases, and any unfavorable outcomes could significantly harm our reputation, business, financial condition, and operational results. As we have not obtained directors’ and officers’ liability insurance, there may not be sufficient coverage to fulfill our obligations to indemnify our directors and officers, fund settlements, or pay adverse judgments in litigation. Additionally, some of our directors may face alleged class actions due to their current or former roles in other publicly listed companies or proceedings that are unrelated to their roles within our company. Such litigation could adversely affect our public image and reputation.

Moreover, the use of products in the network communications and IoT sectors could lead to unsafe conditions, injuries, or even fatalities due to several factors, including component failures, manufacturing defects, design flaws, or insufficient disclosure of product related risks and information. These issues could result in product liability claims seeking damages for personal injury, with us potentially named as defendants in such lawsuits. Given the unpredictable nature of product liability

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claims and the challenges in assessing or quantifying their outcomes, we cannot guarantee that these claims will not have a material and adverse impact on our business or tarnish the reputation of our products or our company.

**Our brands are integral to our success. If we fail to effectively maintain, promote and enhance our brands, our business and competitive advantages may be harmed.**

We believe our brand image has contributed significantly to the success of our business, and, therefore, maintaining and enhancing the recognition, image and acceptance of our brand are critical to our ability to differentiate our products from and to compete effectively with our peers. Our brand image, however, could be jeopardized if we fail to maintain high product quality, pioneer and keep pace with evolving technology trends, or timely fulfill the orders. If we fail to promote our brand or to maintain or enhance the brand recognition and awareness among our customers, or if we are subject to events or negative allegations affecting our brand image or publicly perceived position of our brand, our business, operating results and financial condition could be adversely affected.

**Our exchange, return and warranty policies, or any failure to provide adequate after-sales services and customer service may adversely affect our results of operations.**

We provide warranty of our products in the sales agreement. We maintain close communication with our customers after sales and actively collaborate with them to address quality-related issues. In addition, we have established a standardized return and exchange process in line with our customer complaint handling procedures. If our products contain defects, fail to meet specifications, or are incompatible with our customers’ systems, we may be obligated to accept substantial returns, provide replacements, offer credits, or make warranty claims, any of which would increase our costs and reduce our revenue for the relevant period. The terms of our warranties are standard for the industry, but we may face customer pressure or competitive necessity to extend these terms, thereby lengthening our potential liability period. Furthermore, accurately estimating the reserves required for potential warranty and return obligations is complex; if our estimates are inadequate, we may incur unexpected expenses. Beyond these policies, our ability to provide timely and effective after-sales technical support and customer service is critical to maintaining our reputation and customer relationships. Any failure to allocate sufficient resources to our support teams, or to respond adequately to customer issues, could lead to customer dissatisfaction, damage our brand image, and ultimately result in the loss of current and future business. Collectively, unforeseen liabilities under our policies, coupled with any failure in after-sales service, could materially and adversely affect our results of operations.

### **RISKS RELATED TO OUR RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY**

**If we do not successfully develop and deploy new technologies to address the needs of our customers, our business, financial condition and results of operations may be materially and adversely affected.**

Our competitiveness and future success hinge on our ability to predict and adapt to rapidly evolving market demands. As customer expectations for the sophistication of semiconductor products continue to rise and the number of consumer and industrial products utilizing semiconductors grows, we are compelled to design and develop increasingly complex semiconductors with advanced technologies suitable for a wide range of applications. This requires us to develop, introduce, market, and sell our new products and technologies in a timely and cost-effective manner.

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The development of new semiconductor products and technologies is highly complex, and successful product development depends on several difficult, time-consuming, and expensive factors, including: (i) accurate prediction of market requirements and evolving technical standards; (ii) development of advanced technologies and capabilities; (iii) timely development completion and introduction of new semiconductor products that satisfy our customers’ and their customers’ requirements and specifications; (iv) ensuring our products maintain technological advantages over competitors; and (v) achieving market acceptance for our new products.

We may encounter unexpected challenges and delays, and we may be unable to develop new semiconductor products or technological enhancements in time to capture market opportunities or satisfy customer requirements. Any failure to introduce these innovations, or attain market acceptance in a timely fashion and on commercially reasonable terms could adversely affect our business.

Furthermore, we face significant competitive and market risks. If our competitors develop new products or technologies more quickly than we do or create products that gain market acceptance more rapidly and broadly, we could lose market share, and matching their technological advances may require an extended period. Additionally, our key customers may decide to develop their own semiconductor products, which would directly reduce their demand for ours. Our products could also become obsolete sooner than anticipated due to rapid technological changes or the reduced life cycles of end-products.

Finally, the commercial success of new products is not guaranteed. Even if we succeed in developing new products, these products and technologies often have a higher cost structure. We may initially face lower manufacturing yields compared to our established offerings, potentially impacting our gross profit margin, at least in the short term. Our suppliers and manufacturers may also incur additional costs to acquire new equipment or components to meet our specifications.

**We intend to continue investing significantly in R&D, which may adversely impact our profitability and operating cash flow in the short-term and may not generate the results we expect to achieve.**

In order to maintain our competitive position and continue to grow our business, we need to continuously and significantly develop and introduce innovative products for our existing and potential customers. The markets of IC design are characterized by continuous technological developments and innovation to address increasingly complex and diverse market needs. Accordingly, we emphasize our R&D activities, which require considerable human resources and capital investment. In 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, our R&D expenses amounted to RMB85.2 million, RMB65.9 million, RMB47.3 million, RMB11.9 million and RMB16.0 million respectively, accounting for 12.9%, 14.9%, 9.1%, 9.5% and 7.1% of our total revenue in the respective years/periods. However, we cannot assure you that these efforts will be successful or produce our anticipated results.

Even if our R&D efforts are successful, we may not be able to apply the technologies we developed to introduce new products in time to capture the first mover advantage, or at all.

**If our current important R&D employees terminate their relationships with us or develop relationships with a competitor or delay their delivery of adequate research results, our ability to conduct R&D, the progress of our R&D programs, and our ability to protect our IP could be adversely affected.**

Our business and future growth depend significantly on the expertise, knowledge, and contributions of our research collaborators and key R&D employees. These individuals play a critical role in advancing our R&D programs, driving innovation, and ensuring the protection of our intellectual

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property. If any of these collaborators or employees terminate their relationships with us, join competitors, or fail to deliver adequate research results on time, our ability to conduct effective R&D activities could be severely impacted. Such disruptions may lead to delays in product development, reduced efficiency in innovation, and potential loss of proprietary technologies, which are essential for maintaining our competitive edge in the industry.

Furthermore, the loss of key R&D personnel may result in a significant knowledge gap or intellectual property leakage, which could weaken our ability to develop new products or enhance existing ones. In addition, developing relationships with new collaborators or hiring qualified R&D personnel to replace those lost may require substantial time and resources, further delaying our R&D programs and increasing operational costs. If we are unable to mitigate these risks effectively, our business operations, competitive position, and financial performance could be adversely affected.

**We may not be able to protect, maintain or enforce our intellectual property rights adequately. Our patents and other non-patented intellectual properties may be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our business, financial condition, results of operations and prospects.**

Our patent and other non-patented intellectual properties are valuable assets. As of March 31, 2026, we had 218 registered patents in Chinese Mainland and overseas, and we had 32 patent applications that are currently under review. Our success depends in part on our ability to obtain and maintain trade secrets and patent protection for our technologies, processes and products as well as to successfully enforce our intellectual property rights and to defend our intellectual properties against third-party challenges. Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements. Our inability to adequately protect these rights could materially and adversely affect our competitive position, business, financial condition, and results of operations.

Proprietary trade secrets and unpatented know-how are also vital to our business. As our technologies involve unpatented, proprietary technologies, processes, know-how or data, we primarily rely on trade secret protection and agreements to safeguard our interests. However, trade secrets can be challenging to protect. Our employees, consultants, contractors, outside collaborators, and other advisors may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure. Enforcing a claim that a third-party has illegally obtained and is using our trade secrets may be expensive and time consuming and may not be successful. Furthermore, our competitors may independently develop equivalent knowledge, methods, and know-how. Failure to obtain or maintain trade secret protection could adversely affect our competitive position.

**Unauthorized use of our intellectual properties by third parties may harm our brands and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business.**

The unauthorized use, infringement, or misappropriation of our intellectual property by third parties poses a threat to our brands, reputation, and competitive standing within the marketplace. Our intellectual property, including trademarks, patents, copyrights, and proprietary technologies, is essential to distinguishing our products and services and sustaining our success. Unauthorized utilization or infringement may erode brand value, cause customer confusion, and diminish trust in our offerings. Furthermore, such actions may allow competitors to gain undue advantage from our

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innovations, potentially weakening our competitive edge and impacting market share. Our legal advisors are of the opinion that, during the Track Record Period and as of the Latest Practicable Date, we did not have any material disputes related to infringement of intellectual property, and were not aware of any material infringement of third-party intellectual property rights by us.

Safeguarding our intellectual property rights demands considerable financial and managerial commitment. Enforcing these rights may necessitate legal action, which can be both expensive and time consuming, with outcomes that are often uncertain. These activities could divert focus from primary business operations and place additional pressure on resources. Moreover, certain jurisdictions present challenges to effective enforcement due to limited legal infrastructure or inadequate regulatory protection, increasing exposure to intellectual property risks. Failure to adequately protect our intellectual property could have a materially adverse effect on our business, financial condition, and operational results.

### RISKS RELATED TO OUR FINANCIAL PERFORMANCE

**We incurred net loss during the Track Record Period, and we may not be able to achieve or subsequently maintain profitability in the future.**

For the year ended December 31, 2023 and 2024, and for the three months ended March 31, 2025, we had loss for the year of approximately RMB14.0 million, RMB37.1 million and RMB2.7 million, respectively. We may continue to incur net losses in the future, as we are in the stage of expanding our business and operations in the rapidly growing market, and are continuously investing in research and development. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully and develop new products and solutions. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations, and invest in research and development. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability.

Furthermore, our financial performance may occasionally deviate from broader industry trends due to transitional lags, strategic adjustments, or unforeseen non-operational events. For instance, despite an overall industry recovery in 2024, our revenue and gross profit experienced a temporary decline. This was primarily driven by a contraction in our gross profit margin resulting from strategic pricing adjustments implemented to accelerate the digestion of inventory and respond to intense market competition. Additionally, a temporary decline in sales volume occurred as customers adjusted their procurement plans following the emergence of certain non-operational public information regarding our previous A-Share listing application. While we believe such operational lags are transient, there can be no assurance that similar events, strategic adjustments, or market dynamics will not adversely affect our business, financial condition, and results of operations in the future.

**We are exposed to credit risk of our customers and failure to collect our trade and other receivables in a timely manner may affect our financial condition and results of operations.**

As of December 31, 2023, 2024, 2025 and March 31, 2026, our trade receivables amounted to RMB92.6 million, RMB62.5 million, RMB72.4 million and RMB102.6 million, respectively. Our trade receivable turnover days were 39 days, 61 days, 45 days and 57 days for the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026, respectively.

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Should the creditworthiness of our customers deteriorate or should a significant number of our customers fail to settle their accounts receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers beyond their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our accounts receivables from the customers or that they will settle our accounts receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be materially and adversely affected.

**We had net operating cash outflows during the Track Record Period and there can be no assurance that we will not have net operating cash outflow in the future.**

In 2023 and the three months ended March 31, 2026, we had net cash used in operating activities of RMB192.4 million and RMB45.3 million. We may continue to experience net cash outflows from our operating activities from time to time. See “Financial Information — Liquidity and Capital Resources” for details. Our forecast of the period through which our capital resources will support our operations is forward-looking and involves risks and uncertainties. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect.

If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

**Our operating margins may be negatively impacted by reduction in sales or an increase in the cost of products sold.**

Our operating results and profitability are highly sensitive to the dynamics between our sales revenue and the cost of products sold. A reduction in average selling prices or overall sales volume, driven by factors such as intensified market competition, a decline in market demand, or the loss of a key customer, would lead to a direct decrease in revenue. Due to the relatively fixed nature of a portion of our operating expenses, this decline in revenue would not be proportionally matched by a reduction in costs, thereby exerting significant downward pressure on our operating margins. Conversely, our operating margins are equally vulnerable to an increase in the cost of products sold. Such an increase could stem from rising raw material costs, higher fees charged by our third-party foundries, supply chain disruptions, or lower-than-expected manufacturing yields. If we are unable to fully offset these cost increases by adjusting our pricing or improving our operational efficiency, our gross margin will compress. This compression in gross margin, if not mitigated by reductions in operating expenses, would directly lead to a deterioration of our operating margins. Consequently, any significant imbalance where sales decrease or costs rise without corresponding compensatory actions will materially and adversely impact our profitability.

**We face a significant risk of failure because we cannot accurately forecast our future revenues and operating results.**

Due to the nature of our business and the markets we operate in, accurately forecasting our future quarterly or annual revenues and operating results is extremely challenging. Our financial performance is subject to numerous uncertainties, including rapid changes in market demand, the timing and volume of orders from key customers, the success of new product introductions, and competitive pressures, all

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of which are difficult to predict. This inability to provide reliable forecasts exposes us to significant operational and financial risks. We may fail to align our operating expenses, including R&D and sales and marketing investments, with actual revenue levels. If we overestimate demand, we may incur excess inventory costs and inflated operational expenses, adversely impacting our profitability. Conversely, if we underestimate demand, we may lack sufficient inventory and production capacity to fulfill orders, leading to lost sales opportunities and damage to customer relationships. Furthermore, inaccurate forecasts can lead to poor strategic decision-making regarding resource allocation, product development, and market expansion. Any substantial variance between our forecasts and actual results could result in volatility in our [REDACTED], a loss of credibility with investors and market analysts, and a material adverse effect on our business, financial condition, and results of operations.

**Fair value change of financial assets at fair value through profit or loss may affect our results of operations, financial condition and prospects.**

Our financial assets at fair value through profit or loss primarily consist of bank structured deposits and unlisted equity investments. As of December 31, 2023, 2024, 2025 and March 31, 2026, we had financial assets at fair value through profit or loss of nil, nil, RMB35.0 million and nil, respectively. The methodology that we use to assess these financial assets involves a significant degree of management judgment and is inherently uncertain. We cannot assure you that market conditions and regulatory environment will create fair value gains on those financial assets or that we will not incur any fair value losses on those financial assets in the future. If we incur such fair value losses, our results of operations and financial condition may be adversely affected.

**We may not be able to enjoy certain government grants and incentives we received in the past.**

We have historically received government grant in the form of subsidies received from local government intended to support our R&D activities and business operations. In 2023, 2024, 2025 and the three months ended March 31, 2026, we recognized government grants under other income of RMB6.3 million, RMB7.8 million, RMB5.1 million and nil, respectively. See “Financial Information — Other Income.” In addition, the policies according to which we historically received government grants may be halted by the relevant government entities at their sole discretion. There is no assurance that we will continue to receive such government grants or receive similar level of government grants, or at all, in the future.

**If we are unable to continuously obtain or maintain certain preferential tax treatments, our effective tax rate may increase, which could have a material and adverse impact on our financial performance and profitability.**

We have benefited from several tax treatments, which have reduced our tax expenses and improved our cash flow. For example, we were qualified as a high-tech enterprise since 2017 and enjoyed a preferential EIT rate of 15% which is subject to periodic renewal. In 2023, we renewed our “High-tech Enterprise Certificate”, which is valid for 3 years and will be expired in October 2026. Our subsidiaries, Shanghai XCTX Technology Limited, SiliconBay Technology Co., Ltd., Bohr Micro (Shenzhen) Technology Co., Ltd., Chengdu Bohr Micro Technology Co., Ltd., Linkon Microelectronics Limited and PleiAI Technology (Shenzhen) Limited were subject to “small and thin-profit enterprises” benefits from a preferential tax rate of 20% under the EIT Law during the Track Record Period. Meanwhile, these subsidiaries also enjoyed tax holiday of reduction on annual taxable income. During the Track Record Period, these subsidiaries enjoyed 75% reduction on annual taxable income on first RMB3.0 million. We cannot assure that we will be able to meet the requirements to maintain these preferential tax policies in the future. Furthermore, the tax treatments may be amended, revoked or

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applied more restrictively by the authorities. If we fail to obtain such treatments, our effective tax rate would increase significantly. Any of these would materially and adversely affect our net income, cash flow and profitability.

**The execution of our business plans requires a significant amount of capital. We may not be able to obtain additional capital when desired on favorable terms or at all. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute the equity interests of our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.**

Our cash, cash equivalents, and short-term investments are primarily sourced from cash generated through operating activities. Although we currently expect that our available cash and projected operating cash flow will be adequate to satisfy our capital requirements for the foreseeable future, potential obstacles, such as difficulties in inventory sales or delays in collecting trade receivables, could require us to seek additional capital via equity or debt financing. Such financing may not be accessible on favorable terms, or at all, which could materially and adversely affect our business, financial condition, operating results, and prospects. Should we issue additional equity, convertible debt securities, or other equity-linked instruments, existing shareholders may incur substantial dilution, and any new securities may possess rights senior to those of our common shares. Additionally, our credit ratings assigned by independent agencies play a critical role; any reduction could elevate our cost of capital and restrict our ability to secure further funding, thereby adversely affecting our growth and business operations.

**Fluctuations in exchange rates could have an adverse effect on our business, financial condition and results of operations. Governmental control of currency conversion may limit our ability to utilize our operating revenues effectively and affect the value of your investment.**

Our Group has significant exposure to foreign exchange rate fluctuations, as our quoted price and revenue are dominated in U.S. dollar and Renminbi, while our costs are dominated in Renminbi. Fluctuations in foreign exchange rates against the Renminbi can affect our reported revenue and operational results due to the foreign exchange impact of translating these transactions into Renminbi. Currency fluctuations may decrease our revenue while increasing our cost of sales.

The conversion of Renminbi into foreign currencies, including U.S. dollars, Hong Kong dollar and other currencies, relies on rates set by the People’s Bank of China. The Renminbi may experience significant and unpredictable fluctuations against the U.S. dollar and Hong Kong dollar. Its value relative to the U.S. dollar, Hong Kong dollar and other currencies is influenced by global political and economic conditions, as well as foreign exchange policies of different countries and regions. We cannot guarantee that the Renminbi will not experience significant appreciation or depreciation against the U.S. dollar, Hong Kong dollar or other currencies in the future. Predicting how market forces, international relations, or policies will affect the exchange rate between the Renminbi and the U.S. dollar, Hong Kong dollar or other currencies is challenging. Any substantial appreciation or depreciation of the Renminbi could materially and adversely impact our revenue, earnings, financial position, and the value of any dividends we may distribute. For example, if we need to convert U.S. dollars and Hong Kong dollars into Renminbi to cover our operating expenses, an appreciation of the Renminbi against the U.S. dollar could negatively affect the amount of Renminbi we receive from such conversions. Conversely, a significant depreciation of the Renminbi against the U.S. dollar and Hong Kong dollar could substantially reduce the U.S. dollar and Hong Kong dollar equivalent of our earnings.

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### **RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WE OPERATE**

**Changes in economic, political or social conditions or government policies in the markets in which we operate could have a material adverse effect on our business, financial conditions and results of operations.**

We operate our business in Chinese Mainland and overseas. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. During the Track Record Period, our revenue generated from Chinese Mainland were RMB445.0 million, RMB290.7 million, RMB394.5 million, RMB87.7 million and RMB182.3 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. Our revenue generated from overseas were RMB217.9 million, RMB151.4 million, RMB124.7 million, RMB38.7 million and RMB41.8 million in the same years/periods. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Additionally, we are a company incorporated under the PRC laws and a majority of our assets are located in Chinese Mainland, our financial condition, results of operations and prospects are subject to economic, political, and legal developments in China. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

**Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.**

Our ability to establish and maintain a competitive advantage is heavily dependent on the strength of our intellectual property portfolio, particularly our patents. However, the laws and regulations governing patents are subject to change as a result of legislative actions, judicial rulings, and administrative reforms in the jurisdictions where we operate. Such changes could potentially weaken the overall value and enforceability of patents. For instance, legal developments may narrow the scope of what is considered patentable subject matter, raise the standards for proving that an invention is novel or non-obvious, or make it easier for third parties to challenge the validity of our patents. Furthermore, shifts in legal interpretation could increase the difficulties and costs associated with enforcing our patent rights against infringers, limit the available remedies, or reduce the duration of patent protection. If the patent system evolves in a manner that generally diminishes the exclusivity and defensive power granted by patents, our capacity to prevent competitors from using our proprietary technologies would be significantly impaired. This could lead to increased competition from imitation products, erosion of our market share, and a decline in our licensing revenue, any of which could materially and adversely affect our business and results of operations.

**Certain of the lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.**

We lease properties primarily to be used as office premises and warehouses. As of the Latest Practicable Date, five of our lease agreements had not been registered with the relevant real estate administration bureaus in the PRC. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for

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each unregistered lease. If we receive notice from the relevant PRC government authorities requiring us to complete the registration within the prescribed time frame and if we fail to do so, the maximum aggregate amount of potential administrative penalties we would be subject to for the five lease agreements is RMB50,000. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. See “Business — Properties.”

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

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. There is no assurance that our historical and current practice will at all times be deemed in full compliance with relevant laws and regulations by government authorities. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so.

During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and regulations. We estimate that the aggregate shortfall of social insurance and housing provident fund contributions in 2023, 2024, 2025 and the three months ended March 31, 2026 amounted to approximately RMB5.8 million, RMB5.5 million, RMB5.4 million and RMB1.4 million. As of March 31, 2026, the potential late payments that we may face for underpayment of social insurance contributions and housing provident funds during the Track Record Period amounted to approximately RMB4.5 million. If we receive the notice from competent authorities and are required to pay the shortfall of social insurance contributions and housing provident funds and such payment is not made within the stipulated period, we may be subject to administrative penalties. In such case, the maximum potential penalty for our underpayment of social insurance contributions and housing provident funds during the Track Record Period and failure to make payment after being ordered to pay within a prescribed time limit is approximately RMB47.0 million. See “Business — Employees — Social Insurance and Housing Provident Funds”. According to the applicable laws and regulations, the competent government authorities may demand us to take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. As of the Latest Practicable Date, no competent governmental authorities had imposed administrative action, fine or penalty to us nor had any competent governmental authorities required us to settle the outstanding amount of social insurance payments and housing provident fund contributions. Although we are rectifying such non-compliance, we cannot assure you that we will not be subject to fines and penalties in relation to our failure to make social insurance and housing provident fund contributions in full for our employees. Our business, reputation and results of operations may be adversely affected.

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Furthermore, on July 31, 2025, the PRC Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the “**New Judicial Interpretation**”), which took effect on September 1, 2025. See “Regulatory Overview — Laws and Regulations on Labor — Social Insurance and Housing Provident Funds.”

As advised by our PRC Legal Advisor, considering that: (i) during the Track Record Period and up to the Latest Practicable Date, our employees have not initiated any lawsuits or arbitrations regarding social insurance contributions, nor have there been any material labor disputes related to social insurance; (ii) as of the Latest Practicable Date, we have purchased social insurance for all employees, and have not entered into any arrangements with employees stipulating that social insurance contributions need not be paid; and (iii) the aforementioned judicial interpretation has not repealed or amended the currently effective PRC laws and regulations regarding social insurance, and has not altered the legal and regulatory framework of labor and employment that we must comply with, nor has it expanded the scope of our liabilities or created new mandatory legal obligations. Therefore, the implementation of the New Judicial Interpretation will not have a material adverse effect on our business, financial performance and condition, operations, and compliance status.

Our PRC Legal Advisor is of the opinion that, provided that there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund, and no employee complaints, reports or related lawsuits/arbitrations are filed, the risk of being subject to centralized collection of underpaid contributions or significant administrative penalties for above issues by the authorities overseeing social insurance and housing provident fund is remote.

In addition, as the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations are evolving, we cannot assure you that our employment practice do not and will not violate labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations, we cannot assure that such risks we may be exposed to will not adversely affect our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

**Our insurance coverage may not completely cover the risks related to our business and operations.**

We maintain insurance policies required by the laws and regulations of the jurisdictions in which we operate, as well as those based on our assessment of operational needs and industry practices. However, we do not have coverage for business interruptions, nor do we maintain product liability insurance or key person insurance. We do not carry director and officer liability insurance, which is in line with industry norm. We cannot assure you that our insurance coverage is sufficient to address all our risk exposures or prevent us from incurring losses. There is also no guarantee that we will be able to successfully claim our losses under our current insurance policies in a timely manner, or at all. If we experience any loss not covered by our insurance policies, or if the compensation received is significantly less than our actual loss, our business, financial condition, and operational results could be materially and adversely affected. Any liability or damage to, or caused by, our facilities or personnel beyond our insurance coverage may lead to substantial costs and a diversion of resources.

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**[REDACTED] of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.**

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China 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 regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region (“HKSAR”) for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the SAT effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above mentioned tax benefits are not subject to the above mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by SAT, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [REDACTED] in our H Shares may be materially affected.

**It may be difficult to effect service of process upon our Directors or executive officers or to enforce certain judgments against us.**

The ability to enforce foreign judgments differs across the world. The recognition and enforcement in China of a court judgment obtained in other jurisdictions related to any matter that is not subject to a binding arbitration provision may be difficult or impossible. We are established under the laws of China, and most of our assets are located in China. In addition, most of our Directors and senior management

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reside within China. As a result, if a foreign legal action is brought against us, our Directors or senior management, there is no guarantee that such foreign judgment will be enforceable in the PRC. On January 18, 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**2019 Arrangement**”), which took effect in January 2024 and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters.

Although we will be subject to the Hong Kong Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the [REDACTED] of our H Shares on the Hong Kong Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. The Hong Kong Listing Rules and Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law in Hong Kong.

### **RISKS RELATED TO THE [REDACTED]**

**There has been no prior public market for our H Shares and there can be no assurance that an active market would develop or be sustained after the [REDACTED]. You may not be able to resell our H Shares at or above the price you pay, or at all.**

Prior to this [REDACTED], there was no public market for our H Shares. The [REDACTED] is the result of negotiations between us and the [REDACTED] and may differ significantly from the [REDACTED] price of our H Shares following the [REDACTED]. We have applied for the [REDACTED] of, and permission to deal in, our H Shares on the Stock Exchange. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, will be sustained following the [REDACTED] or that the [REDACTED] price of our H shares will not drop below the [REDACTED] at any time after the completion of the [REDACTED].

**You will incur immediate and substantial dilution upon the purchase of our Shares, and may experience further dilution if we issue additional shares in the future.**

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution in the [REDACTED] consolidated net tangible asset value. To expand our business, we may consider offering and issuing additional H Shares in the future. Purchasers of the [REDACTED] may also experience dilution in the net tangible asset value per Share of their H Shares if we issue additional H Shares in the future at a price lower than the net tangible asset value per Share at that time.

**Our Shares are subject to possible price and trading volume volatility.**

The [REDACTED] price and trading volume of our H Shares may be volatile and fluctuate materially due to various factors, such as the following: (i) actual or anticipated fluctuations in our revenues and results of operations; (ii) news regarding the recruitment or loss of key personnel by ourselves or our competitors; (iii) announcements of competitive developments, acquisitions, or strategic alliances in our industry; (iv) changes in earnings estimates or recommendations by financial analysts, regardless of the accuracy of the information on which their estimates are based; (v) potential

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litigations; (vi) general market conditions or other developments affecting us or our industry; (vii) the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and (viii) sales or perceived sales of additional H Shares by us or other Shareholders.

Moreover, the Stock Exchange and other securities markets have from time to time experienced material price and volume fluctuations that were unrelated, or not directly related, to the operating performance of specific companies. These broad market and industry fluctuations may have a material and adverse effect on the [REDACTED] price and trading volume of our H Shares. In addition, the volatility in the trading price and volume of our H Shares may negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

**You should read the entire document carefully and should not rely on any information contained in press, media or internet regarding us and the [REDACTED].**

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

**There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various resources contained in this document.**

Certain facts, forecasts, and other statistics in this document are derived from various official government resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. 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 consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

**We cannot assure you that we will declare and distribute any amount of dividends in the future, and you may have to rely on price appreciation of our Shares for returns on your [REDACTED].**

We have declared dividends in the past. In 2023, 2024, 2025 and the three months ended March 31, 2026, we declared and paid final dividends in respect of the previous year of nil, RMB30.9 million, RMB20.6 million and nil, respectively. Such dividends were funded by our historical accumulated retained profits. The ratio of the dividends declared and paid in 2023, 2024, 2025 and the three months ended March 31, 2026 to our retained profits at the beginning of the respective year/period was nil, 16.2%, 15.1% and nil, respectively. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable

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accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS Accounting Standards. 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 require approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.