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

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as 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" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

The power semiconductor device industry in which we operate is highly competitive. According to CIC, the Chinese power semiconductor device industry remains relatively concentrated, with the top ten participants accounting for over half of domestic market share in terms of revenue. We primarily compete with other companies that focus on developing and commercializing power semiconductor device products. If we compete with players that have a longer operating history than we do, or if we do not have or in the future fail to gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors.

We may also face competition from new entrants who may offer competitive products at lower prices in the future. Such new entrants may increase industry competition and adversely impact the sales, price, and profit margins of our products and our market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations may be materially and adversely affected.

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

Our success depends on our ability to develop and integrate our core technologies to support our products. To remain competitive, we must maintain and enhance our core technologies to meet the latest downstream market needs, technological advancement and industry standards. The development activities related to our core technologies may involve significant time, risks and uncertainties: our R&D team may not be able to coordinate and

manage the development projects, the expenses associated with these investments may affect our margins and operating results and these investments may not generate sufficient revenue to offset related liabilities and expenses.

Moreover, our products are used in a variety of application sectors and downstream industries. Technological advancement and new industry standards in these downstream industries may affect the application requirements of our end customers and their products. For example, the semiconductor industry has seen rapid innovation driven by new materials and device structures, such as silicon carbide (SiC), which features high breakdown voltage, high thermal conductivity and high-frequency switching performance for use in high-voltage and high-temperature scenarios, and gallium nitride (GaN), which enables higher power density, faster switching and further miniaturization of power modules. These next-generation materials are increasingly replacing traditional silicon-based technologies in high-power, high-efficiency and high-frequency applications, such as EV, data center and power infrastructure.

In addition, WLCSP products offer a number of technical advantages over traditional packaging solutions, including a smaller form factor, enhanced electrical performance and improved heat dissipation, and are increasingly adopted in space-constrained and performance-sensitive applications. As a result, market demand may progressively shift toward WLCSP technologies, potentially rendering certain non-WLCSP products susceptible to phase-out or substitution by newer packaging solutions. During the Track Record Period, a significant portion of our revenue was derived from non-WLCSP products, amounting to RMB374.7 million, RMB317.7 million, RMB444.6 million, RMB161.3 million and RMB246.1 million in 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively, representing 65.1%, 50.9%, 54.6%, 46.4% and 69.6% of our total revenue for the respective periods. Non-WLCSP products continue to account for a significant portion of our revenue. If market adoption of WLCSP technologies accelerates beyond current expectations, certain of our non-WLCSP products may face reduced demand, heightened pricing pressure or accelerated obsolescence, which could in turn result in decreased sales volumes, margin compression or inventory write-downs.

If we fail to develop new products or refine our technologies to match the different or additional requirements of our end customers, the sale of our products may decrease, and our business, financial condition and results of operations may be adversely affected.

Our products are primarily used by end customers of certain industries and sectors. Factors that adversely affect these industries and sectors or any particular end customers may adversely affect our business, financial condition and results of operations.

Our products are primarily offered to downstream end customers of certain industries, particularly consumer electronics, automotive electronics and industrial applications. Therefore, factors that adversely affect these industries or any particular end customers could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others: (i) a decline in demand for, or negative perception of, or publicity about, products of these industries; (ii) rising material and labor costs relating to these industries; (iii) the reduction or elimination of preferential tax treatments and economic incentives for players in these industries; (iv) regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries from China; (v) a downturn in general economic conditions of major countries and regions that import products of these industries; and (vi) increasing level of competition from power semiconductor device providers in these industries in other countries and regions.

We generated a substantial portion of our revenue through our distribution network.

For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our total sales to distributors amounted to RMB523.6 million, RMB507.3 million, RMB699.9 million and RMB322.0 million, respectively, accounting for 91.0%, 81.3%, 86.0% and 91.2% of our revenue for the corresponding periods, respectively. Please see "Business — Sales and Marketing." Our revenue and sales volumes depend on our ability to maintain and expand our distribution networks. The effective management and expansion of our distribution network depends on our ability to (i) enter into renewal agreements with existing distributors on terms favorable to us, such as credit periods and (ii) develop new relationship with additional distributors. Any decrease in sales from, or loss of our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors' business models or for any other reasons, would adversely impact our business, financial condition, results of operations and cash flows.

The size of the markets in which we operate and the demand for our products may not increase as quickly as we anticipate, which would materially and adversely affect our business, financial condition, results of operations and prospects.

We are pursuing opportunities in markets where it is difficult to predict the timing and size of the opportunities for each of our products. Our business, financial condition, results of operations and prospects will depend on our ability to make timely investments in the correct market opportunities in downstream applications including in consumer electronics, automotive electronics and industrial applications. Even if the markets in the downstream industries grow substantially, we cannot assure you that we will be able to pursue these opportunities. If one or more of these markets experience a shift in customer demand, our products may not be able to compete as effectively, if at all. We may not be able to adjust our inventory level in response to the decline in the demand of our downstream markets and the price of our products may be adversely affected. If we fail to meet the technological development, industry standards or applicable regulatory requirements, our products may not be incorporated into our end customers' commercialized products. Given the evolving nature of the markets in which we operate, it is difficult to predict end customers' demand or the future growth of the markets in which we operate or into which we plan to enter. If we fail to adjust accordingly to changes in the market condition of our downstream industries, our business, financial condition, results of operations and prospects will be adversely affected.

We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and introduce new and enhanced products. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our R&D expenses amounted to RMB37.9 million, RMB47.2 million, RMB59.7 million and RMB28.8 million, respectively, accounting for 6.6%, 7.6%, 7.3% and 8.2% of our total revenue for the respective periods. The industry in which we operate is subject to rapid technological innovations. To expand our product portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future.

However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. R&D activities are inherently uncertain. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support the R&D of new or enhanced products. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing

our R&D outcomes. R&D activities are time-consuming and by the time our products are due for commercialization, new technologies could render our products obsolete, in which case we may not be able to recover related R&D expenses, which could result in a decline in our revenue, profitability and market share.

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

We are subject to fluctuations in the semiconductor industry.

Our performance is subject to the macro condition of the semiconductor industry in which we operate. According to CIC, the semiconductor industry has historically experienced rapid fluctuations, including cyclical downturns due to constant and rapid technological changes, short product life cycles, and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by a sudden and unforeseen decline in product demand, accelerated erosion of average selling prices, lower capacity utilization rates, higher inventory levels and lower inventory valuation. As the above factors are beyond our control, we may not be able to adjust our inventory level to the decline in demand and the price of our products may be adversely affected. We may experience such adverse effects in future fluctuations. If we cannot anticipate market changes or adjust to unforeseen fluctuations, our business, financial condition and results of operation may be adversely affected.

Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distributorship agreements or applicable laws and regulations.

We rely on distributors for the marketing and sales of our products. We enter into distributorship agreements with our distributors to regulate their conducts in the marketing and sales of our products. However, there can be no assurance that we will be successful in detecting any non-compliant activities by our distributors violating the provision of our distributorship agreements or the applicable laws and regulations. Specifically, we may be exposed to the risks of misconducts and violations committed by our distributors, which may occur in the form of unauthorized misrepresentation to our downstream end customers, misappropriation of third-party intellectual property and other proprietary rights and bribery or other unlawful payments during the course of their distribution.

In any such event, we may, as a result, incur liability to our downstream end customers for claims of misconducts committed by such distributor. Any such claim could subject us to litigation and impose a significant strain on our financial resources and divert the management attention, regardless of whether the claims have merit. Additionally, such an event could result in adverse impact on our business and reputation.

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

The quality of our products depends on the effectiveness of our quality control and quality assurance protocol, which in turn depend on factors such as the quality and reliability of equipment used, the quality of related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, our quality

control and quality assurance protocol may not be effective in preventing and resolving deviations from our quality standards. Any failure to execute our quality control and quality assurance protocol could render our products unsuitable for use within their service life or adversely impact our market reputation and relationship with business partners.

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

We depend on a limited number of third-party wafer foundry partners to manufacture our products.

We depend on certain wafer foundry partners who manufacture a large portion of our wafer products. For instance, purchases from Supplier A accounted for 29.5%, 47.7%, 12.0% and 0.8% of our total purchase amount for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Purchases from Supplier B accounted for 23.5%, 10.8%, 12.2% and 6.4% of our total purchase amount for the periods ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Purchases from Supplier F accounted for 21.7% and 19.9% of our total purchase amount in 2025 and the five months ended May 31, 2026, respectively. Please see "Business — Our Suppliers — Our Major Suppliers" for details.

Because of the complex proprietary nature of our products, if there were a disaster or other business disruption at any of our foundry partners' facilities, procurement of and transition to new wafer foundry partners would take a significant period of time to complete and would likely adversely affect our inventory, business, financial condition and results of operations. Further, we are vulnerable to the risk that our current wafer foundry partners may be unable to meet the demand for our products or cease operations altogether. Moreover, any shortage in the raw materials used by our wafer foundry partners may result in shortage in their supply of our products. Therefore, we are vulnerable to the risk that our current wafer foundry partners may be unable to meet our demand.

In addition, our ability to receive sufficient supplies of our products could be adversely affected by events such as natural disasters, including earthquakes, drought and typhoons, and geopolitical challenges in locations where our suppliers operate. Our ability to receive sufficient supplies of our products could also be adversely affected by international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. Please see "— Risks Relating to Our Business and Industry — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected".

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

We partner with third-party packaging and testing service providers for the packaging and testing of some of our products. Any disruption in the operation of these companies could adversely affect our business.

We partner with third-party packaging and testing service providers for the packaging and testing of some of our products. Following our entry into the mass production stage, in the five months ended May 31, 2026, expenditures relating to third-party packaging and testing services amounted to approximately RMB63.8 million, representing approximately 22.2% of our total cost of sales. The stability of operations and business strategies of these third-party packaging and testing service providers are beyond our control. The lack of necessary materials, equipment, or services can disrupt the packaging and testing processes of our products. Additionally, we cannot assure you that we will be able to maintain good relationship or renew our agreements with these third-party packaging and testing service providers on commercially reasonable terms, if at all. If we fail to continue our cooperation with these companies, or if their business or operations are interrupted or fail due to factors beyond our control, including natural disasters including earthquakes, drought and typhoons, and geopolitical challenges in locations where they operate, and we fail to find comparable alternatives on reasonable terms, our business, financial condition and results of operations may be materially and adversely affected. Given that we do not directly control the procurement or employment practices of our packaging and testing service providers, we could be subject to financial or reputational risks as a result of their conducts that violate applicable laws and regulations. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, financial condition and results of operations will be adversely affected.

We depend on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers.

Our future performance depends on the continued services and contributions of our senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and perform effective product design and R&D. We rely on our experienced senior management team to oversee and conduct our business operations, including maintenance of distributor and supplier relationships, compliance with relevant laws and regulations and facilitation of the commercialization and production of our products. Any loss of the service of or changes in the positions of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations. Hiring and integrating suitable replacements into our team also requires significant amount of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the R&D of power semiconductor devices. However, we cannot assure you that we will be able to develop or retain qualified personnel that we will need in order to achieve our strategic objectives. If we fail to respond in a timely manner to the loss of service of or changes in the positions of our key personnel, our business, financial condition and results of operations may be adversely affected.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs.

Our products are incorporated into a variety of end products. The use of end products that adopt our products could result in an unsafe condition or injury as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or information. These factors could result in product liability or warranty

claims; we could be named as a defendant in such claims, and any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subjected to claims as a result of such accidents and bring claims against us to hold us accountable. During the Track Record Period, we were not subject to any such product liability or warranty claims.

We typically provide a warranty period of 12 months for our products. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. For products with quality issues, we typically provide warranties through (i) replacement of defective products, and our replaced products amounted to approximately 1,090.2 thousand, 5,780.1 thousand, 99.0 thousand pieces and 38.8 thousand pieces in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively; or (ii) granting sales allowances to the customer, and such sales allowances amounted to RMB1.1 million, RMB3.6 million, RMB0.5 million and nil, respectively, in 2023, 2024, 2025 and the five months ended May 31, 2026. Warranty, recall, product liability claims, or negative publicity may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting. In addition, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers, adversely affecting our business and operating results.

Any disruption to the operation of our Zhuhai factory could restrict our ordinary business operations and materially and adversely affect our business, financial condition and results of operations.

The operation of our Zhuhai factory may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. The occurrence of any of the forgoing could therefore have a materially adverse impact on our production.

As part of our production operations, we are engaged in certain inherently risky activities, including, among other things, use of special equipment and management of special materials. Therefore, we are subject to risks associated with these activities, including hazardous material leakages, equipment failures, industrial accidents, fires and explosions. These risks can result in personal injuries and fatalities, damage to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences, if significant, could disrupt the operation of our Zhuhai factory and result in business interruption and legal liability, and materially and adversely affect our business, financial condition and results of operations.

Failure to successfully execute capacity expansion plans and our equipment maintenance and upgrades or to effectively utilize our Zhuhai factory may have a material adverse effect on our business, financial condition and results of operations.

Our growth prospects and future profitability depend on our ability to upgrade the production capability and increase production capacity, either generally or with respect to demand from customers for particular products.

To successfully upgrade our production capability and expand production capacity, we need to make cost-effective and efficient upgrade and expansion plans, expand and construct new facilities, maintain and purchase production equipment, and hire and train professionals

necessary to operate such facilities or equipment, all of which may be affected by several factors including, but not limited to the availability of working capital for constructing facilities or purchasing equipment; the delays in completion of construction and shortages or delays in the delivery of equipment; the difficulties or delays which may arise in installing the equipment; and the implementation of new production processes.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected.

In addition, if we do not receive sufficient orders from our customers to effectively utilize our Zhuhai factory, we may be subject to low utilization rates of production capacity for our Zhuhai factory, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new facilities or expansion of any existing facilities and maintenance of expanded production capacity. Further, our Company has entered, and may in the future enter, into agreements for our expansion plans. Any delay or cancellation of our expansion plan or any failure to fulfill related commitments could also subject us to penalties or disputes with various counterparties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we are unable to manufacture or deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our products is crucial to our future financial prospects. Under our mixed business model, we retain in-house capabilities at our Zhuhai factory for certain critical wafer manufacturing and packaging and testing processes, which primarily includes (i) key back-end wafer processing steps, mainly including wafer plating, back grinding and backside metallization, that are critical to achieving low on-resistance, efficient heat dissipation and high current-carrying capacity of devices, and directly affect product yield and reliability, and (ii) WLCSP packaging and testing processes, that ensure the autonomy and control of advanced packaging technologies. Given the scale and operational demands of our Zhuhai factory, we may face difficulties managing our Zhuhai factory and meeting our delivery deadlines when there is a surge in customer demand. If our Zhuhai factory experiences interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. For example, a decline in yield rates would adversely affect our production efficiency and product quality. We may also experience delays in shipments caused by our third-party logistic service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if our production experiences any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to provide raw materials in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

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

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

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

We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. As we expand our business, we need to be able to continue to provide efficient customer support at scale. We may not be able to recruit customer support specialists with sufficient experience in customer support service or to enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' request for return, exchange, technical support or maintenance assistance in a timely manner. Because technical support and maintenance assistance is complex and case-specific, we may not be able to modify the future scope and delivery of such services as our business and product portfolio develop. Under such circumstance, we may fail to compete with changes and updates in the technical services provided by our competitors.

If we experience increased customer demand for support and maintenance, our operational expense may increase and adversely impact our financial condition and results of operations. Our ability to attract new customers is highly dependent on our business reputation and on recommendations from our existing customers. If we are unable to provide efficient maintenance and support services with results satisfactory to our customers, our reputation and business may be harmed. In addition, our distributors provide customer service to our indirect downstream customers. We may not be able to continuously monitor or control the quality of customer service provided by our distributors, or make sure that our distributors strictly follow relevant standards and protocols established by us. If our distributors fail to conform to our standards and protocols or provide satisfactory services on our products, our reputation and business may be adversely affected.

If the quality of our products deteriorates, we will incur higher costs associated with returns and exchanges. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time, potentially subjecting us to additional costs and expenses that may not be offset by increased revenue. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, resulting in loss of existing customers or failure to acquire new users, and ultimately affecting our business, financial condition and results of operations.

We may not be able to protect our trade secrets.

In addition to our existing intellectual property rights and/or applications (such as issued patent and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners may intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

We may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others, which can be expensive and time-consuming. Any claims that we assert against perceived infringers could also result in these parties asserting counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors could dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be issued in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, depending on the scope of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure. Defendant counterclaims alleging invalidity or unenforceability are common, and can be asserted on numerous grounds. Third parties may also raise similar claims before the CNIPA or other administrative bodies in China or other jurisdictions. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and potentially all, of the patent protection on our products or product candidates. Such loss of patent protection could materially and adversely affect our business, financial condition and results of operations.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products involved.

The industry in which we operate is patent-intensive. Companies, including us, in this industry routinely seek patent protection for their product designs. Our success depends in a large part on our ability to protect our proprietary technology as well as our products from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We file patent applications in China and other jurisdictions to safeguard technologies we consider commercially important. However, the application process may be costly and time-consuming, and we may not always be able to file or advance all necessary applications. Moreover, some of our patent applications may be rejected or subsequently invalidated due to procedural or technical deficiencies, and even granted patents may not provide meaningful competitive protection as competitors may develop alternative or non-infringing technologies. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products. Moreover, our competitors may allege that certain features of our products fall within the scope of their patents, and initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products.

Whether a product infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. During the Track Record Period, we were not involved in any third party intellectual property rights claims. Nevertheless, despite our efforts in identifying and avoiding intellectual property infringement activities, (i) we may hire employees who have previously worked for our competitors and cannot assure that such employees will not use their previous employers' proprietary know-how, technology and other proprietary information in their work for us, which could result in litigation against us; (ii) in the case where our employees are obligated to assign any inventions created during their work to us under assignment agreement, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing and (iii) our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claimed trademark rights that have not been revealed through our searches of relevant public records. Therefore, our efforts to identify and avoid infringement on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive and time-consuming. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raisingtheir claims, we may be required to suspend our sales efforts of the relevant products in controversy, redesign, reengineer or rebrand such products, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

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

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other relevant jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will be issued as patents in any particular jurisdiction

or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future are issued as patents, they may not be issued in a form that will provide us with any meaningful protection or competitive advantage, or prevent competitors or other third parties from competing with us and gaining competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Our business may be subject to seasonality.

Our results of operations have fluctuated from season to season in the past and are likely to continue to fluctuate due to seasonality. Our results of operations are affected by seasonal fluctuations in demand for our products to be used in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the stocking and sales cycles of customers before or around the public holidays such as the Spring Festival and promotional sales period, we typically experience higher sales in the second half of the year. These seasonal fluctuations may render our results of operations in certain given periods not indicative of our results of operations for the full year.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition.

During the Track Record Period, we received government grants, many of which are non-recurring in nature or are subject to periodic review. For the years/period ended December 31, 2023, 2024, 2025 and five months ended May 31, 2026, the government grants we recognized as other income and gains amounted to RMB2.3 million, RMB2.9 million, RMB1.1 million and RMB1.4 million, respectively. In addition, we and certain Subsidiaries are subject to preferential income tax treatments. Please see "Financial Information — Review of Historical Results of Operations — Other Income and Gains" for details.

If we cease to be entitled to such government grants or preferential tax treatment or if the relevant PRC laws and regulations change, our other income and gains may decrease and/or our income tax expenses may increase, which could adversely affect our business, financial condition, results of operations and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations, and prospects.

Fair value change for financial assets at fair value through other comprehensive income may adversely affect our results of operations and financial condition.

We endorsed or discounted certain bank acceptance bills in our routine management and recorded a carrying amount of financial assets at fair value through other comprehensive income ("**FVTOCI**") amounted to RMB36.5 million, RMB24.5 million, RMB18.3 million and RMB37.4 million as of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Please see Note 21 to the Accountants' Report in Appendix I to this document for further details.

We face exposure to fair value change for the financial assets at FVTOCI. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, stability of the capital markets and regulatory environment, will not result in any fair value losses in the future. If we incur such fair value losses, our business, financial condition and results of operations may be materially and adversely affected.

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

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB3.9 million, RMB6.7 million, RMB4.7 million and RMB2.5 million as of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Please see "Financial Information — Selected Balance Sheet Items — Contract Liabilities." There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

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

We are exposed to credit risk related to delay in payment and defaults of our customers or related parties. As of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our trade and bills receivables amounted to RMB79.5 million, RMB134.7 million, RMB117.8 million and RMB130.6 million, respectively, and our trade and bills receivables turnover days were 36 days, 62 days, 56 days and 53 days in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, while our current portion of prepayments, deposits and other receivables amounted to RMB40.5 million, RMB60.9 million, RMB79.3 million and RMB79.3 million respectively, and non-current portion of prepayments, deposits and other receivables amounted to RMB62.0 million, RMB20.0 million, RMB31.7 million and RMB8.7 million, respectively. We may not be able to collect any, if not all, such trade receivables and prepayments and other receivables due to a variety of factors that are beyond our control, including long payment cycle, adverse operating condition or financial condition of our customers, and our customers' inability to pay caused by their end customers' delay in payment. In such circumstances, we may have to make impairment provisions and our liquidity and financial condition will be adversely affected.

We may be subject to inventory obsolescence risk.

Our inventories were RMB173.5 million, RMB134.4 million, RMB188.2 million and RMB206.5 million as of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our inventory turnover days were 151 days, 108 days, 93 days and 102 days, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories. We cannot guarantee that we will be ableto maintain proper inventory levels for our raw materials, outsourced processing materials and finished products. We maintain our inventory levels based on our internal forecasts of customer demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our

inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business, financial condition and results of operations may be materially and adversely affected.

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

Our main products such as medium-and-low-voltage power semiconductor devices, must comply with (i) national and industry technical standards including GB/T 4589.1, GB/T 12560, GB/T 4586 and GB/T 29332 promulgated by the National Technical Committee 78 on Semiconductor Devices of Standardization Administration of China; (ii) international industry standards such as IEC 60747, JEDEC JESD22, AEC-Q101; and (iii) mandatory certification requirements administered by governmental authorities, including the State Administration for Market Regulation, the European Commission, the Federal Communications Commission and Underwriters Laboratories, the Ministry of Economy, Trade and Industry, and the Korea Standards Association. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products uncompetitive with products designed and developed by our competitors. As a result, we could be required to invest significant time and effort and may incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards or requirements, we could miss opportunities to achieve crucial design wins which in turn could have a material adverse effect on our business, financial condition and results of operations.

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

During the Track Record Period, substantially all of our business operations were based in China and substantially all of our revenue was derived from our sales in China. As such, we are dependent on policies affecting the semiconductor industry in China. In recent years, the PRC government has implemented policies or policy changes to stimulate growth in the semiconductor industry. Many semiconductor companies, including us, have leveraged such favorable policies. Our success, continuous growth and prospects depend and will continue to depend on policies favorable to the semiconductor industry in the foreseeable future. However, we cannot assure you that the PRC government will implement additional policies favorable to us, or maintain the policies currently in effect with regards to the semiconductor industry that benefit us. As a result, if such policies change or terminate in the future, our business, financial condition, results of operations and future business growth could be materially and adversely affected.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

To remain competitive and expand our business, we may need additional capital to support our operations, fund research and development activities, finance sales and marketing efforts, enhance its infrastructure, and pursue potential acquisitions. Our ability to obtain such capital on favorable terms is subject to a number of factors, including our market position and financial condition, prevailing market conditions for financing activities in China, and broader macroeconomic and geopolitical conditions.

If our capital need is materially different from those currently planned, we may initiate financing activities for additional capital sooner than anticipated. Such financing may not be available on favorable terms on a timely basis, or at all. If we cannot obtain adequate capital on terms favorable to us, or at all, we may not be able to continue our operations, R&D and sales and marketing efforts, take advantage of future opportunities or respond to competitive pressures. Under these circumstances, our business, financial condition, results of operations and prospects may be adversely affected.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business, financial condition and results of operations.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including the disclosure or misappropriation of proprietary information, counterparty defaults and non-performance, and reputational risks arising from negative publicity associated with such third parties or alliances.

In addition, we may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals and approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts. Future acquisitions and the subsequent integration of new assets and businesses may entail risks including increased operating expenses and capital requirements, share dilution, incurrence of debt, goodwill impairment and contingent liabilities, diversion of management attention and resources, difficulties in assimilating operations, talent, intellectual property and products of acquired businesses, and the loss of key personnel and business relationships.

If we fail to address the risks related to our future acquisitions and subsequent integration of new assets and businesses, we may not be able to realize the anticipated benefits of such acquisitions and our reputation, business, financial condition and results of operations may be adversely affected.

We may not be able to manage our growth effectively and our business, financial condition and results of operations may be adversely affected.

The success of our business depends on our ability to manage our growth effectively, which requires significant human and financial resources. Effectively managing our growth requires us to successfully develop and upgrade our products, monitor and control expenses, expand and optimize our production capabilities, improve our supply chain, enhance our administrative infrastructure and systems, refine our talent management structure and recruit key personnel, develop customer and distributor relationships, strengthen our internal controls and reporting systems, and address unforeseen operational challenges in a timely manner. If we fail to effectively manage these requirements, our expenses may increase and our ability to execute our business strategies may be compromised, which could have a material and adverse effect on our business, financial condition and results of operations.

In addition, developing international markets requires significant investment of capital and human resources, which may adversely impact our current performance. We may not be able to identify profitable international markets. Even if we identify profitable international markets, our ability to enter and compete in such markets may be constrained by factors including limited international business experience of ourselves and our distributors, competition from well-established local competitors, differing demand dynamics and customer

preferences, compliance with applicable local laws and regulations, and potentially adverse tax consequences. Any of such circumstances could adversely affect our reputation, business, financial condition and results of operations.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased custom duties, tariffs, taxes and other costs and political instability. Margins on the sales of products that include components obtained from certain suppliers from other countries and regions could be materially and adversely affected by international trade regulations, including custom duties, tariffs and anti-dumping penalties. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

In recent years, the United States has increased export controls restrictions on China through the EAR, administered by the BIS, which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

In addition, on August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern granting 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 "**Final Rule**") to implement the Executive Order of August 9, 2023. The Final Rule has become effective on January 2, 2025. The Final Rule applies to investments by U.S. person as to "covered transactions" involving "covered foreign person" associated with a "country of concern" in "covered activities" in three sectors pertaining to national security technologies and products: (1) semiconductors and microelectronics, (2) quantum information technologies and (3) artificial intelligence.

After consultation with our U.S. Foreign Investment and International Sanctions Legal Advisor and taking into account their view, our Directors believe that the Final Rule has no material adverse impact to our business operations, financial performance and the [**REDACTED**] as we are not a "covered foreign person" (each as defined in the Final Rule) as we do not engage in any covered activity as defined in the Final Rule. We do not engage in any activities in the AI sector as defined under the Final Rule. We do not currently intend to use our proceeds for designing or developing AI systems as defined under the Final Rule. Our business operations do not involve the development or production of technologies in the semiconductor and microelectronics, quantum information technologies, that meet the specific technical thresholds for covered activities. Since "integrated circuits" is an undefined term in the Outbound Investment Security Program regulations, based on the scope of items that are categorized as "integrated circuits," within Note 1 to ECCN 3A001 on the Commerce Control List, as well as other provisions of Category 3 (e.g., ECCN 3A090), after consultation with U.S. Foreign Investment and International Sanctions Legal Advisor and taking into account their view, our Directors are of the view that, we are not engaged in "covered activities." This understanding is also consistent with industry practice wherein Semiconductor Field Effect Transistors (MOSFETs) and Insulated Gate Bipolar Transistors (IGBTs) semiconductor devices are components of an integrated circuit rather than an integrated circuit itself. In particular, our products are discrete power semiconductor devices which perform power switching and current control functions in electronic circuits. Such products are independent discrete semiconductor components rather than the switching functionality embedded in an integrated circuit, nor a standalone integrated circuit product. As advised by U.S. Foreign Investment and International Sanctions Legal Advisor, our directors confirms that our products do not meet the criteria for "prohibited transactions" or "notifiable transactions" under the Final Rule, as we do not engage in any activities related to quantum computing or AI systems. In addition, our future use of [**REDACTED**] in AI-related scenarios is not expected to be used in activities constituting "prohibited transactions" or "notifiable transactions" under the Final Rule. In particular, the AI-related scenarios are not expected to (i) involve sanctioned entities, (ii) be used for "military end users", "government intelligence or mass-surveillance end use", or (iii) be trained with a computing power greater than 10^23 computational operations, or (iv) be used for cybersecurity applications, digital forensic tools, penetration testing tools or control of robotic systems. Even if our activities fall within the definition of the Outbound Investment Security Program regulations in the future, we may be eligible for the Publicly Traded Securities Exception ("**PTSE**") upon [**REDACTED**]. The PTSE allows U.S. persons' or their non-U.S. person subsidiaries to purchase our publicly traded securities provided that the U.S. persons' or their non-U.S. person subsidiaries would not be afforded rights beyond "standard minority shareholder protections". Therefore, our directors are of the view that the Final Rule does not have material adverse impact to our operations, financial performance or investment prospects, on U.S. persons' ability to participate in the [**REDACTED**], and our ability to attract [**REDACTED**] from U.S. persons including in this [**REDACTED**] and subsequent to our [**REDACTED**]. [**REDACTED**] that are U.S. persons should consult their own legal counsel regarding the applicable compliance requirements, including their notification obligation and any applicable exception, under the Final Rule in connection with this [**REDACTED**]. The Final Rule nonetheless may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, affecting the [**REDACTED**] sentiment towards us, and therefore negatively impacting our ability to raise capital.

During the Track Record Period, our products were offered to our downstream customers in China and overseas. However, we cannot assure you that our downstream customers will not engage in the export of their goods incorporating our products into the U.S. or other countries and regions, and that such export will not be subject to the restrictions introduced by the U.S.

or other states and political entities. Furthermore, if we export our products to other countries and regions which are or become subject to sanctions or export controls, our business, financial condition and results of operations may be materially and adversely affected.

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

Our business growth and results of operations may be adversely affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global and regional macroeconomic conditions including fluctuation of interest rates, inflation level, conditions in the industries in which we operate, unemployment, labor and healthcare costs, access to credit, consumer confidence and other factors beyond our control may pose risks and materially and adversely affect the demand for our products. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, financial condition, results of operations and prospects.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate, our business, financial condition and results of operations may be materially and adversely affected.

The industry we operate in is highly regulated. For example, under the current PRC regulatory scheme, a number of governmental authorities jointly regulate major aspects of our industry. We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. Please see "Regulatory Overview" and "Business — Licenses, Approvals and Permits" for more details. Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to sanctions and penalties. Moreover, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner as the licenses may only be valid for a limited period of time. Neither can we assure you that these licenses are sufficient to conduct all of our present or future business. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate, we may be subject to various penalties, such as confiscation of the revenue that were generated through unlicensed activities, or the suspension or revocation of our licenses and approvals. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover all losses or potential claims, which would affect our business, financial condition and results of operations.

We have maintained insurance policies to cover various aspects of our business, including logistics and transportation and employee accident insurance to secure our business continuity. However, the amount of coverage, depending on the insurance policies to which we subscribe, may not be adequate to fully compensate all types of loss, damage and liability we may suffer

in the future. For example, insurances covering loss from acts of war, terrorism, or natural disasters may be unavailable or cost prohibitive. In addition, we cannot guarantee that our policies can be renewed on similar or acceptable terms, or at all. If we suffer unexpected severe losses or losses that far exceed the policy limits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products. Any negative publicity, whether warranted or not, could adversely affect our business.

We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide competitive products and to strengthen business relationship with our customers. The successful promotion of our brand depends on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals by our customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our reputation and business. If our brand and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

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

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

Failure to detect or prevent fraudulent or illegal activities or other misconduct by suppliers, customers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our suppliers, customers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. We cannot assure you that our internal policies or contractual covenants would be effective in preventing fraudulent or illegal activities by our suppliers, customers or other third parties or such fraud would not happen. Any illegal, fraudulent, corrupt or collusive activity by our suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed

by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our suppliers, customers or other third parties could materially and adversely affect our business.

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be involved in commercial or contractual disputes, legal and administrative proceedings, and claims arising out of the ordinary course of our business. We cannot assure you that we will not be involved in various disputes in the future, which may expose us to additional risks and losses. In addition, existing or future disputes, proceedings and claims may be costly to defend or resolve. We may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies. Any claims, disputes, inquiries, investigations and proceedings may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, financial condition and results of operations.

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

We may engage from time to time in acquisitions and other strategic investments in order to expand our production capacity, diversify our product portfolio, gain access to new markets and stable sources of raw materials or acquire new technologies. However, there can be no assurance that our efforts, any past or future acquisitions or investments, will be successful or that we will achieve the anticipated strategic benefits and financial returns from such transactions. Risks associated with our acquisitions and investments include challenges in integrating the operations and brands of acquired companies or investees, delays or reductions in anticipated synergies, adverse changes in regulations, technology or economic conditions beyond our control, potential increases in indebtedness and exposure to contingent liabilities, diversion of management attention from existing operations, and unanticipated write-offs, impairment charges or goodwill impairment.

We are also subject to valuation uncertainties, as determining the fair value of acquired businesses, assets and liabilities involves significant judgment and assumptions. If our assessments prove inaccurate, or if post-acquisition performance deteriorates, we may be required to record impairment losses that could materially affect our financial results. Acquisitions may also require substantial cash outlays, potentially dilutive equity issuances or increased amortization and other expenses relating to intangible assets and goodwill. If we fail to address any of the foregoing risks, our business, financial condition and results of operations may be materially and adversely affected.

Our non-compliance with relevant social insurance and housing provident fund contribution laws and regulations in the PRC could lead to retrospective contribution and imposition of fines and penalties.

During the Track Record Period, we failed to pay the social insurance contributions and housing provident fund contributions in full for our employees. As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in compliance with the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management center may require us to pay the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. If these enforcement actions were taken by relevant authorities, our financial condition and results of operations could be materially and adversely affected. Additionally, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall, overdue charges or penalties retroactively, thereby adversely affecting our financial condition and results of operations.

If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and take rectification measures as soon as possible within the specified period. During the Track Record Period and up to the Latest Practicable Date, no penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, based on the above, the likelihood that the relevant social insurance and housing provident fund authorities would take initiative to recover the shortfall of social insurance and housing provident fund contributions from us or impose material administrative penalties on us due to our failure to provide full social insurance and housing provident fund contributions for our employees during the Track Record Period is remote.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people's court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the people's court shall uphold such claim. While we fail to make full social insurance contributions for certain employees during the Track Record Period, our Group has made social insurance contributions for all employees, and there have been no agreements with, or commitments from, employees waiving the social insurance contributions. As of the Latest Practicable Date, we had not received any notices from the relevant authorities regarding complaints by employees concerning social insurance contributions, nor have any penalties been imposed or orders for retroactive payments been issued by such authorities. Therefore, we believe this Interpretation will not have a material adverse effect on our operations or financial condition.

Our legal right to some leased properties may be challenged.

We lease properties mainly for offices and employee dormitories. As of the Latest Practicable Date, with respect to our two out of seven leased properties in China, we have not received real estate ownership certificates or proof of authorizations from the lessors or the property owners and the lease filing procedures of the four leased properties have not been completed. Under the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We cannot assure you that we will be able to comply with the relevant laws and regulations by completing all required filings of our existing and future lease agreements in China. We may be required by relevant government authorities to file future lease agreements for registration within a time limit, and may be subject to a fine ranging from RMB1,000 to RMB10,000 for such non-registration exceeding such time limit. Moreover, if the lessor was not the owner of the property and the lessor had not obtained consent from the owner or their lessor, our lease could be challenged by third parties. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA AND OTHER JURISDICTIONS

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

The majority of our business assets are located in China and substantially all of our sales and revenue is currently derived from China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies with respect to, among other things, quality and safety control, and supervision and administration of companies in our industry. Please see "Regulatory Overview" for details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and

regulations to our businesses is still evolving. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis and may have retroactive effects. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

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

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

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

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

Most of our revenue and expenditures were denominated in Renminbi. We recorded net foreign gains of RMB128 thousand in 2024, and recorded net foreign exchange losses of RMB72 thousand and RMB468 thousand in 2023 and 2025, respectively and recorded net foreign exchange losses of RMB250 thousand and RMB165 thousand for the five months ended May 31, 2025 and 2026, respectively. Any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations.

Additionally, the [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the [**REDACTED**] from the [**REDACTED**]. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us, thereby adversely affecting our business, financial condition and results of operations. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial condition or results of operations.

Our operations are subject to PRC tax laws and regulations.

As a company incorporated in China, we are subject to PRC tax laws and regulations. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

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

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税法》) 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税和防止偷漏税的安排》) 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税和防止偷漏税的安排>第五議定書》) issued by the STA 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税法》), 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税有關問題的通知》) issued by the STA, 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 investment in our H Shares may be materially affected.

We are subject to the approval, filing or other requirements of PRC governmental authorities in connection with capital raising activities, including this [REDACTED].

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulations governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

In addition, on December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the revised Cybersecurity Review Measures (《網絡安全審查辦法》) with effect from February 15, 2022, according to which critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further provide that an online platform operator who possesses personal information of over one million users and intends to list in a foreign country must be subject to the cybersecurity review. Our PRC Legal Advisor is of the view that the term of "listing on a foreign stock exchange" under the Cybersecurity Review Measures exempts listing in Hong Kong from the mandatory obligation of ex-ante declaration of cybersecurity review. Furthermore, the governmental authorities have discretion to initiate a cybersecurity review on any data processing activity if they deem such activity affects or may affect national security. The identification of critical information infrastructure operators is subject to specific identification rules stipulated by relevant industry regulators and the notice from the relevant regulators pursuant to the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》). As of the Latest Practicable Date, we had not received any notification classifying us as "critical infrastructure information operator" from the relevant supervisory authorities. There can be no assurance that the relevant PRC government authorities would not determine us as "critical infrastructure information operator" in the future. Our directors further confirm that, as of the Latest Practicable Date, we had not been subject to any cybersecurity review initiated by the CAC or any other relevant PRC governmental authorities.

On September 30, 2024, the State Council published the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the "Data Security Regulations"), which provides that network data processors conduct network data processing activities that affect or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. The Data Security Regulations provide no further explanation or interpretation as to how to determine what constitutes "affecting national security." As such, there remain uncertainties of interpretation, application and enforcement of the evolving relevant laws and regulations, and future regulatory changes may impose additional restrictions.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [**REDACTED**] or future capital raising activities before settlement and delivery of the H Shares [**REDACTED**] hereby. Consequently, if you engage in market [**REDACTED**] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Listing Trial Measures for future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any such circumstances regarding such approval, filing or other requirements could materially and adversely affect our business, results of operations, financial condition, prospects, reputation, and [**REDACTED**] price of the H Shares.

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

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

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

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

RISKS RELATED TO THE [REDACTED]

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

The price at which our H Shares will trade after the [**REDACTED**] will be determined by the marketplace, which may be affected by factors beyond our control, including our financial performance, changes in analysts' estimates and research coverage, the prospects and development stage of our business and the industry in which we operate, the valuation of comparable publicly traded companies, general market sentiment, changes in PRC laws and regulations, our actual or perceived competitive position, and broader political, economic, financial and social conditions.

There was no public market for our H Shares prior to the [**REDACTED**], and there is no assurance that an active and liquid market will develop or be sustained after [**REDACTED**]. The [**REDACTED**], which will be determined through negotiation with the [**REDACTED**], may not reflect the post-[**REDACTED**], and if an active market does not develop, the market price and liquidity of our H Shares may be materially and adversely affected. In addition, the Hong Kong Stock Exchange has from time to time experienced significant volatility in trading prices and volumes that have affected the market prices of securities of companies quoted on the Hong Kong Stock Exchange. As a result, [**REDACTED**] in our H Shares may experience volatility in the market price of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

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

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] are not exercised), the Controlling Shareholders will be together interested in and control approximately [**REDACTED**]% of our total issued Shares and voting rights in our Company. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our results of operations and prospects.

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our

strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

Should the [REDACTED] be higher than the net tangible book value per Share, subject to pricing, you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

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

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there has been press and media coverage regarding us 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.

Certain facts, forecast and statistics contained in this document are derived from publicly available official government sources and they may not be reliable.

Certain facts, forecast and statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from the official government sources were not prepared or independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [**REDACTED**] should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.