You should carefully consider all of the information in this document, including the following risk factors before making any [**REDACTED**] *decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The* [**REDACTED**] *of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your* [**REDACTED**]*. The information given is subject to the cautionary statements in the section headed "Forward-Looking Statements."*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our historical results and growth may not be indicative of future performance, and we may encounter difficulties in managing growth and expanding our operations.

During the Track Record Period, we expanded our business and achieved significant revenue growth by developing and launching new products and 3D visual perception solutions and broadening our customer base. In 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, we generated revenue of RMB360.0 million, RMB564.5 million, RMB940.7 million, RMB435.5 million and RMB437.6 million, respectively. We recorded net losses of RMB275.5 million in 2023 and RMB62.9 million in 2024, and shifted to net profits of RMB127.6 million in 2025, RMB59.7 million for the six months ended June 30, 2025 and RMB40.8 million for the six months ended June 30, 2026. However, there can be no assurance that we will sustain such historical growth rates in future periods. Our revenue growth may slow, or our revenue may decline, due to various factors, including weakening demand for our products, intensified competition, technological changes, slower growth in our addressable markets or our inability to identify or capitalize on new growth opportunities.

Even if our business continues to grow, managing that growth will require us to enhance our operational, financial and management controls, reporting systems and internal procedures, recruit and retain qualified personnel and allocate resources effectively. We may encounter difficulties in upgrading our internal systems, coordinating an increasingly complex business and improving operational efficiency at a pace consistent with our expansion. Our existing and planned personnel, systems, policies, procedures and controls may be inadequate to support future operations, and our management team may be unable to manage our expanded business effectively. If we fail to sustain our growth, manage our expansion effectively or implement appropriate systems and controls in a timely manner, we may experience increased costs, operational inefficiencies or delays in responding to business and market developments. Any of these circumstances could materially and adversely affect our business, financial condition, results of operations and prospects.

Our markets and the technologies on which our products rely are rapidly evolving. Failure to keep pace with technological changes, industry standards and customer preferences, or a misjudgment of these developments, may materially and adversely affect our business and prospects.

The industries in which we operate, including the robotic 3D visual perception market, the embodied intelligence data collection devices market, and the dedicated 3D application devices market, are each characterized by rapid technological development, evolving industry standards, changing downstream applications and shifting customer preferences. Competitors may achieve technological iterations or breakthroughs earlier than we do, or alternative technologies may become more attractive, rendering our existing products less competitive or obsolete. If we fail to enhance our six core R&D platforms—optics, chips, algorithms, software, systems and engineering—and products in line with customer requirements and applicable standards, our market position and customer relationships may deteriorate.

We may also misjudge the direction or pace of technological change, market trends or customer demand. In particular, we may misjudge which technology routes will prevail in specific application scenarios, the pace at which the market shifts towards multi-modal perception, the rate at which real-world data collection moves from experimental use to volume deployment, or the extent to which customers require perception suppliers to evolve from component offerings into a Physical AI infrastructure platform combining a spatial-intelligence perception gateway, standardized multi-modal real-world data collection and system-level engineering delivery. We may fail to access important technologies or allocate R&D resources effectively, and any new or enhanced technologies may not achieve market acceptance on the anticipated timetable or at all. If our technology roadmap or

product technology does not align with market requirements, we may be unable to maintain or expand our market share, retain existing customers or attract new customers, which could materially and adversely affect our business, results of operations and prospects.

The industries in which we operate are competitive and may become more competitive. If we fail to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.

The industries in which we operate, including the robotic 3D visual perception market, the embodied intelligence data collection devices market, and the dedicated 3D application devices market, are competitive and are evolving. We compete with global and domestic providers of visual perception products and solutions, comprising both comprehensive vendors that cover multiple technology routes and possess large-scale manufacturing capabilities and specialized players that focus on a particular technology route, product form or downstream application. Compared with us, some competitors may have greater resources and advantages, including longer operating histories, stronger financing capabilities, more mature technologies, broader intellectual property portfolios, more extensive sales and marketing networks and stronger customer relationships. Competition in our industry is no longer based primarily on the performance of individual sensors, but increasingly on comprehensive capabilities spanning full-stack technology, breadth of product matrix, customer coverage, large-scale delivery and ecosystem adaptation. This competition may result in competitive pricing, lower profitability, higher customer qualification thresholds and shorter product life cycles, which could lead to loss of customers and market share, including the leading market positions we currently hold.

There can be no assurance that our technological capabilities, intellectual property portfolio, product offerings, manufacturing capabilities, customer relationships, or industry experience will enable us to compete successfully or to maintain the entry barriers on which our market position depends. If we fail to respond effectively to competitive pressures or evolving customer requirements, or if we incur substantial costs to do so without achieving the expected commercial results, demand for our products and solutions may decline and our revenue, margins and market share may decrease. Any of these developments could materially and adversely affect our business, financial condition, results of operations and prospects.

Our significant R&D investments may adversely affect our profitability and operating cash flow and may not generate the expected benefits.

We believe continued investment in R&D is important to developing and maintaining our technology capabilities and supporting growth. We have therefore committed, and expect to continue committing, substantial financial and other resources to R&D activities. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, we incurred R&D expenses of RMB300.8 million, RMB204.3 million, RMB202.5 million, RMB91.2 million and RMB111.4 million, respectively.

However, our R&D activities generally require capital investment, involve lengthy development cycles and are subject to uncertainties. As a result, they may continue to consume working capital and adversely affect our profitability, operating cash flows and financial condition. There can be no assurance that our R&D efforts will achieve the intended results within the anticipated timeframe, or at all, or that the technologies or products developed through such efforts will be successfully commercialized. Even if commercialized, their market acceptance, sales volumes, pricing or timing of revenue generation may fall short of expectations, and revenue may be insufficient to cover associated costs or recover our investments. If we cannot conduct R&D activities in a timely and cost-effective manner or generate sufficient returns from them, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we fail to develop and launch new products and solutions that meet customer requirements and achieve market acceptance in a timely and cost-effective manner, our business, financial condition and results of operations could be materially and adversely affected.

We must continuously develop and launch new products and solutions and enhance existing offerings to address evolving customer needs. However, new products may fail to meet customer requirements or achieve commercial success. Their development involves uncertainties, including whether we can deliver targeted functionality, performance, quality, reliability and cost-effectiveness; complete customer testing and validation; and achieve

market acceptance within the expected timeframe. New products may also require compatibility with customer platforms and applicable industry standards.

If we fail to develop and launch products that meet customer requirements and gain market acceptance in a timely manner, we may suffer product obsolescence, loss of sales and market share, reduced revenue and lower profitability. If initial sales volumes of new or enhanced products fall short of expectations, development and commercialization costs may exceed expectations and we may incur additional marketing costs or inventory write-downs. Any such failure could materially and adversely affect our business, financial condition and results of operations.

Our future growth depends on the development and commercialization of end markets and application scenarios, which may not occur as rapidly or extensively as anticipated.

Our sales depend on the development and commercialization of both downstream end markets and application scenarios for our products. These markets and scenarios are at development stages and may not mature as rapidly or extensively as anticipated. Factors that could impede growth include evolving customer preferences, macroeconomic conditions, regulatory changes, trade policies, industry cyclicality, emerging alternative technologies, changing technology paths and the timing of new product launches.

Our revenue also depends on our customers' ability to develop, commercialize and achieve market acceptance for their own products. If end-market demand weakens, if new application scenarios develop later or on a smaller scale than anticipated, or if the relevant technology paths and commercialization timetables change significantly, our business, financial condition and results of operations could be materially and adversely affected.

We depend on a limited number of large customers who have significant bargaining power, and our failure to maintain these relationships or attract new customers cost-effectively could materially and adversely affect our business.

We primarily conduct sales through a direct-sales model to enterprise customers, and a substantial portion of our revenue is attributable to a limited number of major customers. During the Track Record Period, revenue derived from our five largest customers represented 37.6%, 51.5%, 63.9% and 46.6% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Revenue from our single largest customer represented 17.3%, 28.3%, 30.0% and 27.3% of our total revenue for the same periods.

We may need to devote significant time and resources to meeting stringent customer specifications and negotiating terms without assurance of securing orders. Any material reduction or cessation of purchases by major customers, failure to retain existing customers or attract new customers cost-effectively, or inability to compete effectively against alternative suppliers or customers' in-house solutions, could reduce order volumes, compress our margins and materially and adversely affect our business, financial condition and results of operations.

Product development involves significant upfront investment and may not be successful.

The development of our products involves significant upfront investment in R&D, engineering, testing, validation and capacity preparation, often before any binding customer commitment is made. The success of these efforts depends on factors largely beyond our control, including technical feasibility, alignment with evolving customer requirements, changes in customer specifications or platform designs, and the availability of competitive alternatives.

If we fail to meet specifications, applicable industry standards or reliability requirements in a timely manner, we may be unable to complete qualification processes, secure orders or maintain our position on qualified-vendor lists. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Our products and solutions may contain defects or fail to perform as expected, which could reduce market adoption, damage our reputation, expose us to product liability or warranty claims and adversely affect our results of operations.

Our products and solutions integrate complex optical systems, 3D visual sensors, depth-engine chips, firmware, algorithms, software and third-party components, and may

contain latent defects, errors or reliability issues. Such issues may arise from design, manufacturing, supplier-provided materials or customer integration into end products or systems, and may emerge only after volume production, extended use or deployment in new environments. Testing cannot identify all issues before commercial release. When issues occur, they may cause malfunctions and require returns, repairs, replacements, recalls, patches, product redesign or suspension of production or sales. Such remediation could delay customer programs, reduce market adoption, damage our reputation and expose us to product liability, contractual or indemnity claims. We may incur remediation, warranty, litigation and operating costs. These events could materially and adversely affect our sales and results of operations.

Our failure to provide high-quality customer service, technical support and maintenance could harm our customer relationships, reputation and business.

Our products typically require integration into customers' existing systems and may require calibration, troubleshooting and ongoing technical support and maintenance. As our customer base expands and application scenarios diversify, the volume, variety and complexity of service requests are likely to increase. We rely on qualified technical personnel with expertise in our products and their practical applications. We may face challenges in recruiting or retaining sufficient personnel, responding promptly to demand surges or individual issues, or adapting our services to meet evolving customer needs. Inadequate or untimely support may result in prolonged downtime, customer dissatisfaction and attrition, weakened referrals, increased support costs and reputational harm, any of which could materially and adversely affect our business, financial condition and results of operations.

We rely on distributors for a small portion of our sales, and have limited control over their sales, marketing, inventory and compliance practices, which could adversely affect our brand, revenue and results of operations.

We sell a small portion of our products through distributors. In 2023, 2024 and 2025, and for the six months ended June 30, 2026, 1.3%, 2.9%, 4.0% and 7.8% of our revenue was generated through distributors, respectively. We have limited control over our distributors' operations. There is no assurance that our distributors will comply with applicable laws and regulations, effectively market and support our products or maintain their relationships with us. Any failure by our distributors to do so, or any unauthorized use of our brands or intellectual property, could harm our reputation, reduce customer demand and adversely affect our business, financial condition and results of operations.

Shortages, long lead times, quality issues or cost increases for raw materials and key components may disrupt our supply chain, delay deliveries and affect market prices.

Our major raw materials and key components include general-purpose photosensitive chips, laser emitters, optical lenses, diffractive optical elements, filters, self-developed depth-engine chips fabricated on a fabless basis, structural components, electronic components and PCBs. Production capacity for key components, particularly photosensitive chips and laser emitters, is concentrated among a limited number of suppliers. Rapid changes in downstream demand from biometric payment devices and robotics can cause periodic shortages or oversupply, leading to price volatility. Significant raw material price fluctuations may affect our product prices and profit margins. Price expectations may also prompt downstream customers to stockpile or defer procurement, exacerbating supply-demand imbalances and intensifying price volatility. We procure certain key components, such as laser emitters and diffractive optical elements, on a customized basis through limited sources; supply instability could hinder short-term supplier switching and affect production reliability and product quality. We cannot assure you that we will secure sufficient key components on favorable terms during supply shortages. Any failure to procure adequate raw materials or manage our key-component supply effectively may prevent timely product delivery and adversely affect our business, financial condition and results of operations.

We rely primarily on our own manufacturing capabilities but selectively engage third-party contract manufacturers and other service providers, whose failure to meet our quality, capacity, delivery or compliance requirements could adversely affect our business and results of operations.

Our chip design activities are conducted on a fabless basis, and we selectively engage third-party contract manufacturers for certain manufacturing processes and product

categories, including surface mount technology processing for selected printed circuit board assembly boards and complete unit assembly for selected consumer-facing products such as biometrics recognition payment terminals, tablet devices and identity verification devices. We station our own quality and engineering personnel on-site at contract-manufacturer facilities to oversee incoming materials, in-process production, finished-product testing and after-sales handling throughout the product lifecycle. Nevertheless, we have limited control over these third parties' operations. They may fail to follow our production schedules, deviate from our quality standards, experience capacity constraints or labor shortages, or lose qualifications required by our customers. They may also gain access to our know-how, and any leakage could harm our competitive position. Replacing a qualified contract manufacturer requires re-validation and may take time, and seeking indemnity may be costly and may not fully cover our losses. Any of the foregoing could disrupt deliveries, expose us to customer claims and adversely affect our business, financial condition and results of operations.

Our reliance on complex production and testing equipment exposes us to operational and cost risks.

Because our products require precision manufacturing, we and our suppliers rely on production and testing equipment with high specifications and stringent performance requirements. Such machinery involves numerous moving parts and precision components and may suffer unexpected malfunctions, requiring repairs, spare parts or replacement that may not be available promptly. Operational performance and costs can be difficult to predict, and we may incur unplanned capital expenditures, higher maintenance costs or extended downtime. Equipment failures or calibration drift could also reduce production yields. Our contract manufacturers face similar risks in respect of equipment we supply to them. Any of the foregoing could disrupt production, delay deliveries and result in failure to meet contractual obligations, which could in turn harm our reputation, damage customer relationships, reduce market share and adversely affect our results of operations.

Our production and procurement plans may not match customer demand, which could adversely affect our operating results.

We operate under a make-to-stock model and plan procurement and production ahead of demand, with reference to customer orders, demand forecasts and raw material lead times. Our forecasts may be inaccurate because certain application scenarios remain at an early stage of market penetration with volatile demand patterns, customers may revise volume estimates or product launch schedules, and end-market conditions may shift unexpectedly. If demand is overestimated, we may procure too many materials or commit too much capacity, resulting in excess inventory or idle capacity. If demand is underestimated, we may be unable to secure sufficient components or scale production in time, leading to lost sales, contractual liability and damage to customer relationships. Our inability to align procurement, production and customer demand could adversely affect our operating results and prospects.

Our ability to manufacture and deliver products of consistent quality, on schedule and at scale is still evolving, and our capacity expansion and production ramp-up may not proceed as planned.

Our system-level devices and solutions integrate optics, chips, algorithms and precision assembly, and mass production is technically demanding. In October 2024, we relocated our production operations from Dongguan to Shunde and subsequently ceased production at our Dongguan facility. We currently operate our manufacturing facility in Shunde. We are also developing our Bac Ninh production base in Vietnam. Our experience in balancing volume with quality remains limited relative to the scale we are targeting, and each new technology route and product series may require new processes, equipment and testing standards. We cannot assure you that we will achieve our targeted production volumes on a timely basis, or at all, due to yield fluctuations, quality-control deficiencies, equipment and process ramp-up difficulties, shortages of skilled production personnel and cost overruns. Products affected by design or manufacturing defects may require rework, returns or recalls, expose us to warranty or product liability claims and damage our reputation with customers.

The construction and ramp-up of our Bac Ninh production base in Vietnam require capital expenditures and management attention and may be delayed or cost more than budgeted because of permitting, land, construction, equipment delivery or local labor factors. We have limited operating experience in overseas manufacturing, which exposes us to additional legal, tax, customs, labor and foreign exchange risks in the relevant jurisdictions. Overseas production capacity may fail to achieve expected yields or unit costs within the

anticipated timeframe. If our overseas capacity expansion fails to proceed or scale as planned, we may be unable to meet customer demand or realize expected cost savings and supply-chain resilience while still bearing the associated depreciation and operating expenses. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We primarily rely on reputable third-party logistics service providers to transport our products and raw materials, and disruptions to their services may adversely affect our business operations.

We primarily engage reputable third-party logistics service providers to handle delivery of our products to customer-designated locations and transportation of raw materials procured by us from suppliers to our production facilities. These providers are responsible for customs clearance, where applicable, and the entire transportation process, and the relevant provider bears liability for damage occurring in transit. Nevertheless, we have limited control over these providers, and their services may be disrupted by capacity constraints, freight-rate volatility, port congestion, customs clearance and export-control procedures, adverse weather, natural disasters, epidemics, labor disputes or geopolitical events. Components and raw materials may also be lost, mishandled or damaged in transit, and recovery from a provider may be delayed or insufficient. Any such disruption could delay production or deliveries, cause expedited-freight or replacement costs, expose us to customer claims for late delivery and damage customer relationships, any of which could adversely affect our business operations, financial condition and results of operations.

We may not successfully complete or realize the expected benefits of our acquisitions and investments, which could increase our capital requirements and expose us to integration and financial risks.

We have made and may continue to make acquisitions and investments to complement our technology portfolio and application coverage. Such transactions involve risks including inaccurate valuation or inadequate due diligence, failure to obtain required approvals or complete a transaction as planned, and difficulty integrating personnel, technology, systems and internal controls. We may be unable to exercise control over or realize expected strategic synergies from investments and may be required to provide additional funding or support. Acquisitions and investments may consume capital and management attention and result in goodwill or investment impairment if the target or invested business underperforms. Any of the foregoing could adversely affect our financial condition and results of operations.

Evolving laws, regulations and industry standards for intelligent robots, biometric authentication and spatial sensing technologies may increase our compliance costs or restrict our business.

Our customers use our products to capture and process 3D information relating to individuals and physical environments in biometric authentication, robotic AI perception and other regulated scenarios. Laws, regulations, AI safety frameworks and industry standards applicable to intelligent robots, embodied intelligence and spatial sensing technologies may impose more stringent technical, operational, product-safety, certification, export control or compliance requirements on us and our customers. These requirements may slow adoption in certain application scenarios, require product redesign or additional certifications and increase compliance costs. Failure by us, our employees, customers or partners to comply with applicable requirements could result in penalties, litigation, disputes or reputational harm, and adversely affect our R&D, commercialization and sales activities.

Our success depends on our ability to attract and retain key personnel, and any failure to do so could impair our ability to grow our business and execute our business strategies.

Our business depends on the continued service and performance of our management team and other key personnel, who are responsible for formulating and executing our business strategies, managing operations, identifying and pursuing new business opportunities and driving product innovation. The loss of any member of our management team or other key personnel, or any change in the composition of our management team, could disrupt our operations and delay or prevent implementation of our business plans. We may be unable to identify, recruit or retain suitable replacements in a timely manner or at all, and integrating new personnel may require time, training and resources. Any such loss or transition could adversely affect our operational efficiency, management continuity and corporate culture.

Our future success depends on our ability to attract and retain qualified personnel with expertise in 3D visual perception, Physical AI, and related intelligent hardware applications.

We rely on R&D personnel to develop and enhance our core technologies, products and solutions, and on sales and marketing personnel to maintain customer relationships. Competition for such talent may require us to offer competitive remuneration, training, incentives and other benefits, increasing our expenses and management burden. Any failure to attract or retain qualified personnel, particularly key technical personnel, could disrupt product development, innovation capabilities, customer relationships and operations, and materially and adversely affect our business, financial condition and results of operations.

Failure to obtain, maintain, protect or enforce our intellectual property and proprietary technology, or to safeguard our trade secrets, know-how and other proprietary information, could materially and adversely affect our business and prospects.

Our technology-intensive business relies on patents, software copyrights, trade secrets and proprietary know-how across our 3D visual perception technology stack. Pending patent applications may not be granted, and issued patents may be narrow in scope, subject to invalidation or otherwise insufficient to prevent competitors from replicating our technologies or developing alternatives. Confidentiality, invention-assignment and non-compete agreements may be breached or fail to provide adequate protection, while employees, collaborators, suppliers or contract manufacturers may intentionally or inadvertently disclose or misappropriate our trade secrets and proprietary information. Policing unauthorized use and enforcing our intellectual property rights may require us to initiate legal proceedings and may also be costly, time-consuming and uncertain, diverting management attention and R&D resources.

Patent laws, examination standards and judicial or administrative interpretations in the Chinese mainland and other jurisdictions continue to evolve. Changes may narrow the scope of patentable subject matter or patent claims, raise thresholds for patent validity or enforcement, restrict available remedies or lead to reinterpretation of issued patent claims. Our existing patents may also be challenged, narrowed, invalidated, held unenforceable or otherwise diminished in value, and competitors may be able to circumvent or design around them. Any such development could impair our ability to protect our products and technologies and materially and adversely affect our competitive position, business and prospects.

We may be subject to intellectual property infringement, misappropriation or other claims that may be costly, restrict our ability to use important technologies and materially and adversely affect our business and results of operations.

We operate in a highly competitive technology field and develop complex products incorporating numerous technologies. We may unknowingly infringe third-party patents, unpublished patent applications or trademarks not identified through prior searches. Our employees may also inadvertently use proprietary know-how or trade secrets from former employers. Any intellectual property claim against us, regardless of merit, may be costly, time-consuming and distracting to management. An adverse outcome could require us to pay substantial damages, cease using certain technologies or suspend product sales, redesign or rebrand products, or obtain royalty-bearing licenses that may not be available on commercially acceptable terms. Such disputes could also cause customers to terminate, defer or reduce their orders, materially and adversely affecting our business and results of operations.

Open-source software and third-party technologies used in our products and solutions may expose us to additional risks and liabilities.

Our products and solutions may incorporate open-source software and technologies licensed from third parties. These licenses may impose obligations relating to attribution, disclosure, source-code release, redistribution or patent rights. Failure to identify or comply with these obligations could expose us to claims, injunctions, damages, additional license fees, compulsory release of proprietary source code, or require us to redesign, replace or suspend affected products or solutions. Third-party licenses or support may also be terminated or modified, and their terms or costs may change adversely. Any of these circumstances could adversely affect our operations and financial condition.

Failure to comply with patent procedural requirements may reduce or eliminate our patent protection.

Obtaining and maintaining patent protection requires compliance with procedural, documentary and fee-payment requirements imposed by governmental patent agencies,

including the CNIPA. These requirements include timely responses to official actions, submission of properly executed and legalized documents and payment of periodic maintenance fees. Inadvertent errors or missed deadlines may result in abandonment or lapse of a patent or patent application, or partial or complete loss of priority or patent rights. Restoration may be unavailable or require substantial time and expense. Competitors could then use the affected technology or enter the relevant market without restriction, which could materially and adversely affect our business, financial condition and results of operations.

Cyberattacks, security breaches, system failures or unauthorized access to data could materially and adversely affect our operations and compromise confidential information.

We rely on information technology systems to support our operations, including R&D, production, procurement, finance, supply chain management and customer service. We collect and store primarily commercial and transactional information relating to customers, suppliers and other counterparties, as well as personal information of employees, job applicants and designated contacts at partner organizations, primarily names and contact information, through our enterprise email and ERP systems. We have implemented policies and procedures governing data storage, transfer, copying, backup and destruction, and restrict and log access to relevant databases and backup files. Nevertheless, our systems and those of third-party vendors may be vulnerable to cyberattacks, malware, actions by unauthorized or negligent insiders, power outages, hardware or software failures and telecommunications disruptions. Despite our security controls, evolving cyber threats may evade detection, and we cannot assure you that our measures will prevent or mitigate all security incidents. Any security incident could interrupt operations, compromise our intellectual property, trade secrets or stakeholder data, impair product performance, delay financial reporting or cause internal-control deficiencies, and result in substantial remediation, litigation and regulatory costs, contractual liabilities and reputational harm. Any of these events could materially and adversely affect our business, financial condition and results of operations.

We may incur additional costs or fail to obtain, maintain or renew the approvals, permits, licenses, certificates and other regulatory filings necessary for our operations and production.

Our business operations require various regulatory approvals, permits, licenses and certifications. Changes in applicable laws, regulations or their interpretation, as well as expansion of our business activities, may require us to obtain new or updated authorizations, the approval of which is not assured and may involve significant costs and time. If any required authorization expires, is revoked or cannot be obtained, maintained or renewed in a timely manner, or if we fail to comply with applicable requirements, we may be subject to fines, mandatory rectification, suspension or restriction of operations, confiscation of unlawful gains or delays in business expansion plans, any of which could materially and adversely affect our business, financial condition and results of operations.

Our international expansion exposes us to regulatory, economic, political, operational and cultural risks.

While our products have historically been sold primarily to customers in the Chinese mainland, expanding our global footprint and overseas sales is an important part of our future growth. However, our efforts to increase overseas sales may not be successful. Overseas operations expose us to risks including (i) the costs and difficulties of establishing a local presence, staffing and managing operations and providing after-sales support; (ii) compliance with differing legal and commercial requirements, including antitrust, data-protection and intellectual-property laws; (iii) local business customs and cultural differences; and (iv) legal procedures for overseas investments and operations, including obtaining necessary licenses, approvals, filings and registrations. If we are unable to avoid or mitigate these risks effectively, our international expansion may be impaired or our international business may fail to achieve or sustain profitability, materially and adversely affecting our business, financial condition, results of operations and prospects.

We or our customers may become subject to sanctions, export controls or other restrictions imposed by the U.S. or other governments, which could adversely affect our reputation, business operations, customer relationships and ability to access capital markets.

Our business operations involve transactions with customers, suppliers and other counterparties across multiple jurisdictions. The U.S., United Nations, European Union and

other governments and organizations maintain various restricted-party lists, including the U.S. Entity List, Specially Designated Nationals and Blocked Persons List, Military End-User List, and similar lists in other jurisdictions. These lists are updated frequently and unpredictably, often driven by geopolitical factors beyond our control.

If we, any of our affiliates, or any of our directors, officers or key personnel were to be designated on a restricted-party list, we could be prohibited or restricted from engaging in certain transactions, accessing U.S.-origin or controlled technologies, components and software, or conducting business with counterparties subject to those jurisdictions. Such designation could also impair our ability to maintain banking relationships, raise capital from international investors, and attract or retain customers and business partners. Even absent formal designation, heightened scrutiny of companies operating in our industry may cause counterparties or investors to adopt a more cautious approach, reducing our access to capital and commercial opportunities.

In addition, if any of our customers or suppliers is designated on a restricted-party list, we may be required to discontinue business with them to avoid potential sanctions or export-control violations, which could disrupt our supply chain or reduce our revenue. We conduct ongoing screening of counterparties, but the sudden and unpredictable nature of list designations means we cannot guarantee that our counterparties will remain unrestricted. Any of the foregoing could materially and adversely affect our reputation, business operations, customer relationships, ability to access international capital markets and results of operations.

We are subject to the risks associated with international trade and investment policies, tariffs, and other restrictive measures, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to the impact of evolving international trade policies, export control regimes and economic sanctions that apply to China-based entities and to the broader semiconductor industries. Governments and supranational organizations, including the United States and other countries, have in recent years imposed, and may further impose or expand, laws, regulations and policies relating to export controls, investment restrictions, tariffs, import and export licensing, supply chain security, data and cybersecurity, foreign ownership or participation in strategic sectors, and sanctions on certain countries, regions, entities and individuals. Many of these measures specifically target or affect semiconductor and related technologies, and may directly or indirectly affect our access to overseas markets, customers, suppliers, technologies, equipment and capital.

Our products, technologies and certain of our raw materials and equipment may be, now or in the future, subject to export controls or licensing requirements under the laws and regulations of jurisdictions such as the United States, the EU or other countries. Changes in export control classifications, the addition of new items, technologies, software or entities to control lists, the imposition of new end-use or end-customer restrictions, or the adoption or expansion of sanctions programs could restrict or delay our ability or the ability of our business partners to, among other things, (i) obtain, import or use certain advanced production equipment, software, materials or components necessary for our R&D and manufacturing; (ii) export or re-export our products or technologies to certain customers, regions or applications; or (iii) provide services, technology transfer or technical assistance to certain counterparties. If we or any of our subsidiaries, customers, suppliers or other business partners become subject to sanctions, export restrictions, import bans, additional licensing requirements or other restrictive measures, our operations, supply chain, sales and business development activities could be disrupted.

In addition, changes in international policies or geopolitical tensions, including those involving China and other countries, may result in retaliatory measures, such as reciprocal sanctions, "unreliable entity" designations, enhanced national security reviews, restrictions on cross-border investment or technology cooperation, or heightened scrutiny on products and services with potential dual-use or strategic applications. These developments may (i) limit or delay our ability to expand into or maintain our presence in certain overseas markets; (ii) cause certain foreign customers or suppliers to reduce, suspend or terminate their cooperation with us due to compliance concerns or perceived political or regulatory risks; (iii) require us to adjust our product specifications, technology roadmap, supply chain structure or customer mix in ways that are suboptimal or more costly; and (iv) increase our compliance and operational costs, including for legal, consulting and internal control resources.

We may be required to modify our business practices, product offerings or contractual arrangements, change our sourcing strategies, localize certain parts of our supply chain or manufacturing processes, or seek alternative suppliers, technologies or markets in response to changes in international policies, export controls and sanctions. There can be no assurance that we will be able to implement such adjustments in a timely, cost-effective or commercially feasible manner, or at all. Any inability to secure alternative supply arrangements or to maintain access to key markets and technologies on acceptable terms could result in supply disruptions, delays in product development or delivery, reduced product performance or competitiveness, or loss of existing and potential customers.

Moreover, the interpretation and enforcement of export control laws and sanctions are complex, constantly evolving and may involve uncertainties. Even unintentional or perceived non-compliance, or association with entities or individuals that are or become sanctioned or subject to export controls, may expose us to investigations, fines, penalties, debarment, restrictions on our ability to engage in certain transactions, reputational damage and other adverse consequences. Any of the foregoing events, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations, as well as our prospects and our ability to execute our growth strategy.

On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued a final rule titled Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Outbound Investment Rules**") to implement Presidential Executive Order 14105, issued on August 9, 2023. The Outbound Investment Rules took effect on January 2, 2025. It imposed certain investment prohibition and notification requirements, additional diligence responsibilities, and record-keeping requirements on U.S. persons and their controlled foreign entities involving new investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities involving certain sectors ("**Covered Foreign Persons**"). U.S. persons subject to the Outbound Investment Rules are prohibited from making or are required to report certain investments in Covered Foreign Persons, which are defined as "covered transactions." Covered transactions may include, among other things, acquisitions of equity interests, certain debt financing transactions, the formation of certain joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund.

Sheppard, Mullin, Richter & Hampton LLP, our Legal Advisors in relation to the Outbound Investment Rules, has advised us that our AI activities described below do not constitute covered AI system development under the Outbound Investment Rules. We acquire and use existing AI systems, test them and then integrate them with our hardware using software, but we do not do or plan to do integration design in the AI systems or models themselves, or modify, customize, configure or fine-tune them, or repurpose their performance, function or capability, nor do we do or plan to do any other activities that constitute AI system development under the U.S. Treasury Department's outbound investment regulatory guidance. Our Legal Advisors in relation to the Outbound Investment Rules has also advised us that our activities do not fall within the prohibited categories under the Outbound Investment Rules. Because one of our business activities is the design of integrated circuits, we engage in one of the covered activities that can require notification under the Outbound Investment Rules. However, our Legal Advisors in relation to the Outbound Investment Rules has advised us that a [**REDACTED**] to the H Shares in the [**REDACTED**] or [**REDACTED**] of [**REDACTED**] H Shares after the [**REDACTED**] by a U.S. person that does not grant the U.S. person rights beyond standard minority shareholder protections would, provided the H Shares are publicly traded when acquired, be an excepted transaction pursuant to 31 C.F.R. §850.501 and therefore would not constitute a "covered transaction" under the Outbound Investment Rules and would not require notification to the Treasury. Investors should seek their own legal advice on the application of the Outbound Investment Rules, including the availability of this exception, to their investments. However, we cannot predict how the Outbound Investment Rules will be enforced, and neither can we guarantee that there will not be an expansion to the scope of the Outbound Investment Rules, a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future.

We may be subject to anti-corruption, anti-bribery, anti-money laundering and similar laws, and any non-compliance could expose us to significant penalties and reputational damage.

Our operations span multiple jurisdictions, requiring us to engage with customers, suppliers, agents, consultants and other business partners, including government agencies and

state-owned entities. As a result, we are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws that prohibit improper payments, excessive gifts and other benefits and require accurate record-keeping and robust internal controls. Despite our policies and training programs, we cannot guarantee full compliance by our Directors, employees or third-party representatives, and we may be held liable for their misconduct. Any actual or alleged violation could lead to whistleblower complaints, adverse media coverage, regulatory investigations, fines, disgorgement, remediation costs, civil or criminal liability, operating restrictions and reputational harm, each of which could materially and adversely affect our business, financial condition and results of operations.

Our employees or other third parties may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We rely on our employees, manufacturers, suppliers, distributors and other partners to conduct business on our behalf. These individuals or entities may act beyond their authority, violate applicable laws, regulatory standards or requirements, internal policies or contractual obligations, misuse our assets, data, chops, seals or confidential information, falsify records, commit operational fraud, conceal errors or conflicts of interest, or cause product, data-security or other compliance breaches. Such misconduct may be difficult to detect or prevent despite our codes of conduct, training programs and whistleblower channels. We may be held liable for their actions and may be unable to recover resulting losses or obtain adequate indemnification from responsible parties. Any actual or alleged misconduct could result in regulatory investigations, civil or criminal penalties, litigation, remediation costs, loss of customers and material harm to our reputation, business, financial condition and results of operations.

We are subject to risks relating to lawsuits, claims, disputes, regulatory investigations or other legal proceedings, which could adversely affect our business, results of operations and reputation.

We may from time to time become a party to litigation, legal disputes, claims, administrative proceedings or other administrative measures arising from contractual disputes, labor or employment matters, intellectual property infringement or misappropriation, product quality or safety issues, data protection and privacy, anti-corruption or compliance matters, or alleged misconduct or negligence of our employees, agents or other representatives. We may also become subject to investigations, inquiries or enforcement actions by regulatory or governmental authorities, which could result in fines, penalties, sanctions or other restrictions and give rise to follow-on civil claims. Our Directors, officers, employees and their affiliates may also be subject to litigation or regulatory proceedings, and we may be obligated to indemnify them in relation to such matters. These disputes and claims may evolve into lengthy and costly proceedings and damage our reputation, thereby adversely affecting our customers and relationships with business partners and other stakeholders. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business or that we will always be able to resolve them on commercially acceptable terms. Any adverse judgment, settlement or even the announcement of proceedings could require payments, damage our reputation, reduce customer and investor confidence and materially and adversely affect our business, financial condition, results of operations and prospects.

Our insurance coverage may not be sufficient to cover all losses, liabilities or risks incurred in the course of our operations.

We have obtained insurance to cover certain potential risks and liabilities. Our employee-related insurance consists of statutory social insurance and employer liability insurance. We have also purchased export credit insurance, property insurance covering our headquarters building and our Shunde production base, and certain product liability insurance. For further details, please see "Business — Insurance." However, insurers in the Chinese mainland and other jurisdictions in which we operate may offer a limited range of commercial insurance products. As a result, we may be unable to obtain insurance against all types of risks we face in our operations in the Chinese mainland and overseas, and our coverage may not be adequate to compensate for all losses that may occur, particularly loss of business or operations. This potentially insufficient coverage could expose us to claims and losses. Any business disruption, litigation, regulatory action, epidemic disease, adverse weather or natural disaster could also expose us to costs and divert resources. There is no assurance that our insurance coverage will be sufficient to cover any loss or that we will be able

to claim successfully under our current policies in a timely manner, or at all. If we incur a loss that is not covered by our insurance policies, or the compensation is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Evolving ESG expectations and related reporting obligations may expose us to potential liabilities, increased costs, reputational harm and other adverse effects on our business.

To identify, manage and mitigate ESG and climate-related risks, we may incur additional costs and expenses that could affect our financial performance. We monitor metrics including energy and power consumption, greenhouse-gas emissions and waste generation in connection with risks arising from our operations and supply chain. Our ESG initiatives and employee-related policies may require additional capital and operating expenditures, which could compress our profit margins.

In addition, ESG-related regulatory and disclosure requirements, including ESG disclosure mandates in the jurisdictions where we operate, may increase compliance and selling-related costs. Any failure to adapt to new regulations, achieve ESG targets or meet evolving expectations of customers, investors and other stakeholders could materially and adversely affect our results of operations and financial condition.

Unfair competition, harassment or other harmful conduct by third parties may harm our reputation and disrupt our operations.

We may from time to time be subject to unfair competition, harassment, malicious interference or unsubstantiated complaints lodged with regulatory authorities by third parties. Such conduct may give rise to inquiries, inspections or formal investigations by government and regulatory authorities, which could disrupt our operations or harm our reputation. Responding to and addressing such allegations may divert significant management time and corporate resources, and there is no assurance that we will be able to resolve all such claims promptly, satisfactorily or comprehensively.

Negative publicity or rumors concerning us, our products, our management, Directors, employees, Shareholders, customers, business partners or their affiliates, or our industry generally, may materially and adversely affect our reputation and business.

Negative publicity, rumors, defamatory statements or allegations concerning our Company, our products, our management, Directors, employees, authorised representatives, business partners or product offerings may be disseminated and amplified through the internet and social media without independent verification or a reasonable opportunity for us to respond. Actual or perceived issues concerning our products, services, management, employees, business partners or compliance could also trigger such publicity. We may be unable to refute or clarify such content promptly or effectively. Negative publicity, whether true or unfounded, may erode customer and investor confidence, strain relationships with business partners, impair our ability to attract and retain management and technical personnel and hinder business expansion. Any of these circumstances could materially and adversely affect our business, financial condition, results of operations and future prospects.

Our business and supply chain may be materially and adversely affected by force majeure events, war, natural disasters, outbreaks of contagious diseases or other business disruptions.

Our business could be materially and adversely affected by natural disasters, widespread health epidemics or pandemics, wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may affect our industry and cause temporary closure of facilities used by us or our business partners, severely disrupting operations. Our operations could also be disrupted if employees of ours or our business partners were suspected of having an epidemic or pandemic illness, requiring quarantine or facility disinfection. In addition, our revenue and profitability could be materially reduced to the extent that such events harm the global or Chinese economy in general.

Our WVR structure may limit the influence of holders of our H Shares and other Shareholders.

We have adopted a weighted voting rights structure. The WVR Beneficiary is Dr. Huang, who is the founder, chairperson of the Board, executive Director and general manager of our Company. For details, please see "Share Capital — A-Share Weighted Voting Rights

Structure." This concentrated voting power may limit or restrict the ability of holders of our H Shares and other Shareholders to influence corporate matters, and we may take actions that they do not view as beneficial. The [**REDACTED**] of our H Shares could be adversely affected.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We only recently achieved net profitability after a history of net losses.

We recorded net losses of RMB275.5 million and RMB62.9 million in 2023 and 2024, respectively, before shifting to profitability with net profits of RMB127.6 million in 2025 and RMB59.7 million and RMB40.8 million for the six months ended June 30, 2025 and 2026, respectively. There can be no assurance that we will sustain profitability in future periods. Our revenue growth and operating performance depend on various factors, including our ability to develop and commercialize new products and solutions, enhance customer services and compete effectively in our markets.

We expect costs and expenses to increase as we expand our operations and continue to invest in R&D. If we are unable to generate sufficient revenue to offset these costs or manage expenses effectively, we may incur further losses and may be unable to achieve or maintain profitability.

We have recorded net operating cash outflows in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operating cash outflows in the future.

We recorded net cash flows used in operating activities of RMB159.8 million in 2023 and RMB86.3 million in 2024. Our operating cash flow improved substantially thereafter, with net cash flows from operating activities of RMB82.7 million in 2025, RMB84.4 million for the six months ended June 30, 2025 and RMB13.9 million for the six months ended June 30, 2026, respectively. For details, see "Financial Information — Liquidity and Capital Resources". There is no assurance that we will not experience net cash outflows from operating activities in the future. If we are unable to generate sufficient cash flow for our operations or otherwise obtain sufficient funds to finance our business, our liquidity, financial condition and prospects may be adversely affected. We cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to obtain additional cash, we will incur additional financing costs, and we cannot assure you that we will obtain financing on terms acceptable to us, or at all.

Sustained high operating costs or unanticipated cost overruns could adversely affect our profit margins, profitability, cash flows, liquidity and financial condition.

Our operating expenses consist of selling and marketing expenses, administrative expenses and R&D expenses. During the Track Record Period, we recorded operating expenses of RMB504.4 million, RMB386.6 million, RMB371.9 million, RMB171.7 million and RMB205.3 million in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 140.1%, 68.5%, 39.5%, 39.4% and 46.9% of our total revenue for the same periods. We expect to continue incurring operating expenses as we advance our R&D activities, support our operations and prepare for or pursue commercialization, while the timing and amount of revenue generation remain uncertain. Because many operating expenses are fixed or incurred upfront, increases or cost overruns may occur before we generate sufficient revenue, may result in significant cash outflows and may not be recoverable or fully passed on to customers. If we cannot control or manage operating expenses effectively, our profit margins may decline, profitability may be delayed or reduced, operating cash flows and liquidity may be strained and our financial condition could be materially and adversely affected.

If we fail to obtain or generate sufficient capital when needed, or if financing is available only on unfavorable or commercially unacceptable terms, our liquidity, financial condition, operations and growth prospects could be materially and adversely affected.

We may require additional capital in the future to fund ongoing operations, capital expenditures and business expansion. There can be no assurance that we will generate sufficient cash from operations or obtain external financing on favorable or commercially acceptable terms. If operating cash flows are insufficient and we cannot obtain additional

financing when required, or can do so only on unfavorable terms, we may have to reduce or defer capital expenditures, delay or scale back expansion plans or other business initiatives, and our operations and growth prospects may be adversely affected. Financing may also impose restrictions, preferences or covenants that limit our flexibility or adversely affect the rights of existing Shareholders. Any failure to obtain or generate sufficient capital when needed, or to do so on favorable or commercially acceptable terms, could materially and adversely affect our liquidity, financial condition and ability to pursue our business plans and strategies.

Our exposure to credit risk on trade and bills receivables may adversely affect our liquidity, cash flows, results of operations and financial condition.

As of December 31, 2023, 2024 and 2025, and June 30, 2026, our trade and bills receivables amounted to RMB83.2 million, RMB154.3 million, RMB137.1 million and RMB129.5 million, respectively. The corresponding loss allowance for impairment of trade and bills receivables, representing expected credit losses, was RMB7.1 million, RMB10.6 million, RMB9.5 million and RMB8.9 million, respectively. Our ability to collect these receivables in full and on time depends on, among other things, the financial condition of our customers, conditions in their end markets, their ability to obtain payment from end-users and the effectiveness of our credit-control and collection measures. If any major customer experiences financial distress, delays payment, defaults or becomes insolvent, we may be exposed to concentrated credit losses. An increase in aged receivables may slow turnover, constrain working capital and require additional loss allowances for impairment of trade and bills receivables, impairment charges or write-offs. Our estimates of expected credit losses (ECLs) depend on historical loss experience, ageing, customer-specific circumstances and forward-looking information and may prove inadequate if actual collection outcomes are worse than expected. Collection disputes or litigation may also be costly, time-consuming and unsuccessful. Any failure to collect trade and bills receivables in full or on time could materially and adversely affect our liquidity, cash flows, profitability and financial condition.

If we fail to manage our inventory effectively, we could lose sales or incur high inventory-related expenses, which could adversely affect our operating results and financial performance.

Our inventories primarily consist of raw materials, finished goods, goods in transit, work in process and contract performance cost. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our inventories amounted to RMB159.0 million, RMB219.9 million, RMB185.6 million and RMB256.2 million, respectively. During 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, we recognized write-down of inventories to net realisable value of RMB7.7 million, RMB16.1 million, RMB18.4 million, RMB4.3 million and RMB9.7 million, respectively. We make procurement and production plans based on customer orders, sales forecasts and expected demand, and these forecasts may not accurately reflect actual market conditions. If we maintain insufficient inventory, we may experience raw-material or component shortages, production interruptions, delayed deliveries and lost sales. If we maintain excess inventory, or if customer orders change or are cancelled, product cycles shorten, technology changes or market demand declines, we may incur higher storage and financing costs, offer discounts or recognize additional provisions against inventories, write-downs of inventories to net realisable value or write-offs due to slow-moving, obsolete or unsaleable inventory. Excess inventory may also tie up cash that could otherwise be used for operations or expansion. Any failure to manage inventory levels, turnover and provisioning effectively could materially and adversely affect our business, results of operations, financial condition and liquidity.

Changes in the fair value of our financial assets and uncertainties inherent in their valuation may adversely affect our results of operations and financial condition.

During the Track Record Period, we held financial assets at fair value through profit or loss ("**FVTPL**"), including structured deposits and wealth management products. As of December 31, 2023, 2024 and 2025 and June 30, 2026, such financial assets amounted to RMB388.4 million, RMB345.0 million, RMB310.1 million and RMB164.0 million, respectively. The fair value of these financial assets may fluctuate with market interest rates, issuer creditworthiness, liquidity conditions and the performance of issuers or underlying assets. Where observable market inputs are unavailable or limited, valuations may depend on models, assumptions and management estimates, which may differ materially from actual realizable values. Fair-value changes are recognized in profit or loss, and we recorded net fair value loss on financial assets at FVTPL of RMB6.5 million in 2023 and net fair value gains on

financial assets at FVTPL of RMB0.1 million, RMB2.5 million, RMB0.5 million and RMB1.0 million, respectively, 2024 and 2025, and for the six months ended June 30, 2025 and 2026. Redemption delays, defaults, adverse market movements or limited liquidity may prevent us from realizing these assets in a timely manner or at their carrying value. Any significant adverse valuation changes could cause earnings volatility, require impairment or write-downs, reduce liquidity and materially and adversely affect our results of operations and financial condition.

We may not continue to receive government grants, subsidies, preferential tax treatment or other industry-specific supportive policies, and any reduction, cancellation or repayment of such benefits could adversely affect our results of operations.

In 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, we recognized government grants of RMB42.1 million, RMB37.2 million, RMB55.7 million, RMB25.5 million and RMB14.8 million as other income, representing 11.7%, 6.6%, 5.9%, 5.9% and 3.4% of revenue, respectively. Government grants, subsidies, preferential tax treatment and other industry-support policies are subject to applicable policies, government discretion and our continued qualification and compliance. We cannot assure you that we will continue to qualify for or receive these benefits or that comparable benefits will remain available. If relevant authorities reduce, cancel, deny renewal of or require repayment of these benefits, or change applicable eligibility criteria or policy scope, our other income may decrease, taxes, costs or cash outflows may increase, and our profitability, cash flows and financial condition could be adversely affected.

Share-based payments may increase our expenses and adversely affect our financial condition.

We operate share incentive schemes to provide incentives and rewards to eligible participants who contribute to the success of our operations. Our employees, including Directors, receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments. To further incentivize our employees, we may grant additional share-based compensation in the future, which may increase our operating expenses and adversely affect our financial condition. In addition, the issuance of additional Shares for share-based awards could dilute the ownership percentage of our existing Shareholders.

Fluctuations in foreign exchange rates may adversely affect our results of operations and financial condition.

Because we operate in markets outside the Chinese mainland, we are exposed to fluctuations in foreign currency exchange rates, which may adversely affect our financial condition. Certain portions of our revenue are primarily denominated in USD. If our overseas purchases or sales increase, overseas financing activities are carried out, cross-border fund flows increase or other foreign-currency-denominated transactions occur, we may be exposed to greater foreign-exchange risk. There can be no assurance that we will have sufficient foreign currency to satisfy our foreign-currency-related requirements at any given exchange rate. It is difficult to predict how market forces or government policies may affect the exchange rate between the Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future.

Furthermore, [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. Any appreciation of the Renminbi against the U.S. dollar, Hong Kong dollar or another foreign currency may decrease the value of those [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and dividends payable on, our Shares in foreign currency. There are limited instruments available to us to reduce our foreign-currency exposure at reasonable cost. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects and could reduce the value of, and dividends payable on, our Shares in foreign-currency terms.

Our capital expenditures on property, plant and equipment may increase depreciation expenses and affect our profitability.

We built our proprietary manufacturing base for our products in Shunde. To expand production capacity, we are constructing our Bac Ninh production base in Vietnam and expanding our production base in Shunde. We intend to procure dedicated production equipment and build high-specification clean-room facilities. These undertakings will require upfront capital expenditures. Once property, plant and equipment are commissioned and put

into commercial operation, they will result in an increase in annual depreciation expenses. Until production lines operate at full capacity and achieve expected economies of scale, higher depreciation will weigh on gross-profit margins. In addition, disappointing market demand, supply-chain interruptions or delays in production ramp-up may cause low utilization rates for our manufacturing facilities. Substantial fixed-cost outlays without corresponding revenue growth could materially and adversely affect our business, financial condition and results of operations.

Our investments in associates and equity investments designated at FVOCI may not generate expected returns and may expose us to financial and operational risks.

We have made equity investments in associates and equity investments designated at fair value through other comprehensive income ("**FVOCI**") as part of our strategy to access complementary technologies, expand application scenarios and support ecosystem development. As of June 30, 2026, we held investments in associates of RMB18.5 million, which are accounted for using the equity method with carrying values subject to our share of investees' profits or losses and potential impairment. In addition, we held equity investments designated at FVOCI of RMB101.1 million as of June 30, 2026, representing our non-current investments in unlisted companies. We generally do not control these investees' operations, strategies or governance, and their performance depends on factors beyond our control, including management capability, market conditions, competitive dynamics and technological development. There can be no assurance that investees will achieve their business objectives, generate anticipated returns or distribute dividends. The fair value of our FVOCI investments is subject to significant volatility based on investees' operating performance, financing activities and market conditions, and we have in the past recorded full write-downs of certain investments as a result of operational abnormalities at investees. If investees experience operational difficulties, losses, disputes among shareholders or changes in strategic direction, we may be required to recognize impairment losses or fair value declines, provide additional funding or write off our investments. Any impairment, loss or failure to realize expected synergies from our investments could adversely affect our financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in global or regional economic, political and social conditions, government policies, laws, regulations and industry practices could adversely affect our business and operations.

We conduct our business in China and overseas markets. Our sales and profitability depend on global economic conditions and the demand for the end products in the markets in which our customers operate. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodity prices, inflation and the availability and cost of capital and credit have been, and will continue to affect the markets where we and our customers operate.

In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Additionally, the ongoing trade tensions between the United States and the PRC may have a material adverse impact on the economies of not merely the two countries concerned, but the global economy as a whole. The uncertainty surrounding the U.S. government's tariff policy has sustained volatility across global markets, as the potential for disrupted trade flows could have far-reaching economic consequences. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Furthermore, we may not accurately assess the impact of changing market and economic conditions on our business and operations. Any financial difficulties experienced by our suppliers could result in product delays, increased accounts receivable defaults and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. There can be no assurance that we would have sufficient foreign exchange to meet

our foreign exchange needs under any exchange rate environment. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the "**SAFE**"); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any shortage of foreign currency reserves may restrict our capacity to source sufficient foreign currency for dividend payments to our Shareholders or settle other cross-border payment liabilities. If we fail to obtain the requisite SAFE approvals to convert RMB into foreign currencies for the aforesaid purposes, our core business operations may be materially disrupted.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han[2008] No. 897) (國稅函[2008]897號), a 10% withholding tax is normally applicable to dividends paid to non-PRC resident enterprise holders of H Shares, and any gains from the transfer of H Shares by such holders may also be subject to 10% PRC income tax.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, and Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號), dividends paid to non-PRC resident individual holders are generally subject to a 10% withholding tax, or 20% for holders in jurisdictions without a tax treaty with the PRC. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui [1998] No.61) (財稅[1998]61號),gains of individuals from the transfer of listed shares may be exempt from individual income tax, and as of the Latest Practicable Date, no provision had expressly required the collection of individual income tax from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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

Failure to comply with rapidly evolving laws, rules, policies and other obligations regarding cybersecurity, privacy and data protection may materially and adversely affect our business.

We do not have access to or control over the data stored in our products once they are sold to customers. In the course of conducting our business, we collect and process commercial and transactional information relating to customers, suppliers and other counterparties, as well as personal information of employees, job applicants and designated contacts at partner organizations, primarily names and contact information. We collect such business, contact and transaction-related information mainly through our enterprise email and ERP systems and seek to collect only information necessary for our business purposes. We have implemented data-management protocols governing the storage, transfer, copying, backup and destruction of data, and limit access to relevant personal-information databases and backup files to authorized personnel with access logged. See "Business — Data Privacy and Security." We are subject to local and overseas laws relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and Regulations on Network Data Security Management (《網絡數據安全管理條例》). Should our data processing activities

be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liabilities, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

As of the Latest Practicable Date, we had not been notified of being classified as a critical information infrastructure operator (CIIO); we had not received any inquiry, notice or warning from any PRC government authorities, and had not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the [**REDACTED**]. Our PRC Legal Advisors are of the view that we are not required to apply for cybersecurity review for the purpose of the [**REDACTED**]. As the definitions for terms such as "affect or may affect national security" are broad, and there remains uncertainty as to how these rules will be enacted and interpreted, we cannot guarantee that the Cybersecurity Review Measures and Regulations on Network Data Security Management (《網絡數據安全管理條例》) will not be interpreted in a way that will adversely affect us.

In addition, regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

Our offshore subsidiaries may be treated as a resident enterprise for tax purposes in Chinese Mainland.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of Chinese mainland with "de facto management bodies" located in Chinese mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家税務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the "**Circular 82**"), specifies that certain Chinese-controlled offshore incorporated enterprises will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within Chinese mainland; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in Chinese mainland; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within Chinese mainland; and (iv) at least half of the directors with voting rights or senior management reside within Chinese mainland.

If our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries' global income, except that the dividends they receive from our Chinese mainland subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." The EIT on our subsidiaries' global income could increase our tax burden and affect our cash flows and profitability.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate, and our related-party transactions and cross-border intra-group arrangements may be subject to regulatory scrutiny and transfer-pricing adjustments.

Some of our subsidiaries are entitled to preferential tax treatment under PRC law, and any changes to such treatment or increases in our effective tax rate could increase our tax liability. The PRC government may also amend regulations on income, withholding,

value-added and other taxes, and non-compliance could result in penalties or fines. In addition, our overseas operations expose us to complex and varying tax regimes across jurisdictions, and changes in overseas tax policies may require us to divert additional managerial and financial resources.

We also engage in transactions with related parties and conduct cross-border intra-group transactions in the ordinary course of business. These transactions are subject to scrutiny by PRC tax authorities and transfer pricing regulations. The tax authorities may challenge the pricing of our intra-group transactions, resulting in transfer-pricing adjustments, additional tax liabilities, interest and penalties. Evolving regulations on related-party transactions, transfer pricing documentation requirements and cross-border payments may increase our compliance costs and expose us to audit risk. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We may be exposed to regulatory penalties and additional costs if we fail to make full social insurance and housing provident fund contributions or comply with labor dispatch requirements, and any labor shortages, increased labor costs or other factors affecting our labor force may adversely affect our business, profitability and reputation.

PRC law requires execution of written labor contracts, wages to be no lower than local minimum wage standards and full payment of social insurance and housing provident fund contributions. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees based on their actual salaries. Shortfalls may trigger orders to make up arrears, and with respect to social insurance, late payment fees of 0.05% per day, fines of one to three times the amount of the arrears may also be incurred. If we are ordered to make up any shortfalls, we may be required to pay arrears, late fees and fines. If we do not pay the full amount of housing provident fund for certain employees as required, we may be ordered to pay the shortfall within a prescribed period and, if we fail to do so, be subject to court enforcement.

Furthermore, our manufacturing operations are labor-intensive, relying heavily on skilled workers for manufacturing and equipment maintenance. We compete for labor with other companies, and there is a limited supply of experienced skilled workers. We may also face labor shortages due to seasonal factors such as Chinese New Year, regional wage disparities that draw workers to other regions, or labor disputes and work stoppages that may lead to manufacturing disruptions. Wages and contribution bases continue to rise, and competition for experienced labor is intense. If labor costs rise faster than expected and such cost increases cannot be passed on to customers, our profitability may suffer. Work-related injuries may result in claims, investigations, fines or suspension of operations.

Any arrears, late fees, fines, additional contributions, increased labor costs or other costs arising from our social insurance, housing provident fund or labor dispatch arrangements, as well as any labor shortages, disputes or work-related injuries, could materially and adversely affect our business, financial condition and results of operations.

It may be difficult for [REDACTED] to affect service of process, enforce foreign judgments or bring actions against us or our management in certain jurisdictions.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may not be possible to affect service of process upon most of our Directors and senior management outside the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. However, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Although we will be subject to the Listing Rules and the Hong Kong Takeovers Code upon the [**REDACTED**] of our H Shares on the Stock Exchange, the [**REDACTED**] of H

Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Hong Kong Takeovers Code do not have the force of law in Hong Kong.

RISKS RELATING TO THE [REDACTED] AND OUR H SHARES

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong SAR.

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

There has been no prior public market for our H Shares, and an active trading market may not develop or be sustained after the [REDACTED].

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of [**REDACTED**]. The initial [**REDACTED**] for our H Shares to the [**REDACTED**] will be the result of negotiations, and the [**REDACTED**] may differ from the [**REDACTED**] of the H Shares following the [**REDACTED**].

We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]). However, the [**REDACTED**] on the Stock Exchange does not guarantee that an active and liquid [**REDACTED**] for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will not decline following the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of our H Shares could be materially and adversely affected.

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

Our A Shares are listed on the STAR Market of the Shanghai Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the STAR Market, and our H Shares will be [**REDACTED**] on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. With different trading characteristics, the H Share and A Share market have divergent [**REDACTED**] volumes, [**REDACTED**] and [**REDACTED**] bases, as well as different levels of retail and [**REDACTED**] participation. As a result, the [**REDACTED**] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the [**REDACTED**] of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares, as well as any information released by us in connection with the listing of our A Shares on the STAR Market of the Shanghai Stock Exchange, when evaluating the [**REDACTED**] in our H Shares.

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

The [**REDACTED**] and [**REDACTED**] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the [**REDACTED**] of and [**REDACTED**] for our H Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced volatility, including price declines after their [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their [**REDACTED**]

may affect the overall investor sentiment towards PRC-based companies [**REDACTED**] in Hong Kong and consequently may impact the [**REDACTED**] of our H Shares. These factors may affect the [**REDACTED**] and [**REDACTED**] of our H Shares, regardless of our actual operating performance.

Future [REDACTED] or perceived [REDACTED] of significant amounts of our H Shares in the public market following the [REDACTED] could materially and adversely affect the [REDACTED] of our H Shares.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**] market, or the [**REDACTED**] of new shares or other securities, or the perception that such [**REDACTED**] or [**REDACTED**] may occur. Future [**REDACTED**], or anticipated [**REDACTED**], of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and significant dilution and may experience further dilution if we [REDACTED] additional H Shares in the future.

If the [**REDACTED**] of our H Shares is higher than the net tangible book value per H Share of our H Shares immediately prior to the [**REDACTED**] of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] net tangible book value. If we [**REDACTED**] additional H Shares in the future, [**REDACTED**] of our H Shares in the [**REDACTED**] may experience further dilution in their shareholding percentage.

There can be no assurance whether and when we will pay dividends in the future, and payment of dividends is subject to applicable PRC laws.

We did not declare dividends during the Track Record Period and there is no assurance that dividends of any amount will be declared or distributed by us in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders.

Certain facts, forecasts, statistics, estimates, market data and statistics contained in this document may not be accurate, complete or reliable.

Certain facts, forecasts and statistics contained in this document are derived from publicly available sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this document. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information from official government sources has not been independently verified by us, the Joint Sponsors, [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. 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 similar statistics presented elsewhere. In all cases, [**REDACTED**] should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts and statistics.