You should carefully consider all of the information in this document and, in particular, the risks and uncertainties described below, before making an investment in our H Shares. We are affected materially by requirements and restrictions that arise under laws, regulations, judicial interpretations and government policies in nearly all aspects of our businesses in the jurisdictions where we operate.

The risks described below are not the only risks that may affect us or our **[REDACTED]**. *Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, results of operations, financial condition and growth prospects. If any of the possible events described below occurs, our business, results of operations, financial condition and growth prospects could be materially and adversely affected. The market prices of our H Shares could decline owing to any of these risks, and you may lose all or part of your investment.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to develop new or enhanced products that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected.

We primarily provided PCB products during the Track Record Period. Our customers are constantly seeking new products with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and innovative products and improvements of existing products. In order to gain market share and remain at the forefront of the industry, we must constantly introduce new and innovative products and respond to new and evolving customer demands.

If we fail to anticipate customers' technology roadmap or timely develop new or enhanced products in response to shifts in technology and customer preferences, our revenue could decline, our development and rework costs could rise, and we could lose key customers or our position as their preferred supplier. In particular, we may experience difficulties with product design, development, incorporation of new or advanced materials, marketing or certification, which could delay or prevent our development, introduction or marketing of new or enhanced products or result in a longer time-to-market. If our new or enhanced products do not meet customer needs or we are late to market, we could lose market share and our operating results would be adversely affected.

Our growth and profitability depend on general economic conditions, which in turn may influence the development of the industries that our customers operate in.

Our results of operations are affected by macroeconomic conditions. As our products are primarily used in consumer electronics, automotive electronics, industrial control and household appliances, our customers' ability and willingness to adopt and integrate our products directly impact our business performance. Demand for our products is tied to our customers' production and investment cycles and is influenced by broader economic factors, including inflation, interest rates, access to credit, geopolitical tensions, international trade policies (including tariffs), regulatory changes and overall consumer confidence. At present, global demand in consumer electronics and household appliances remains relatively weak and is in a gradual recovery phase. If the economic environment recovers more slowly than expected, or if consumer electronics and household appliance demand remains subdued, customer orders for our products may decline, which would adversely affect our revenue, results of operations and financial condition.

Similarly, our operating results are affected by cyclicality, either directly or indirectly, in the various industries we serve, including consumer electronics, automotive electronics, industrial control and household appliances. These industries are highly competitive and to a large extent driven by end-user markets. Fluctuations in price and evolving demands within these industries could lead to reduced sales and declining prices for the end products, which will in turn affect our revenue and profit margins. As a result of the foregoing factors, we may experience fluctuations in our results of operations and financial performance.

Specifically, many of our customers face intense competition and continuous pressure to lower the selling prices of their end products. They may therefore impose frequent new requirements, expect ongoing cost reductions and demand improvements in production efficiency and delivery schedules. If we fail to meet these expectations, or if end-market demand deteriorates, our business, results of operations, financial condition and prospects would be adversely affected.

Our future growth depends in part on maintaining and building relationships with customers.

Our products are highly customized to the specifications provided by our customers. To maintain our relationships with these customers, we may be required to develop new products and make modifications to our existing products that involve significant technological challenges, greater design flexibility, as well as participate in lengthy field trials and extensive qualification programs. We cannot assure you that these efforts will result in future orders or long-term business relationships. We also expect these customers to place considerable pressure on us to meet their tight development schedules. In addition, such customers may require extensive, localized technical support, which would require us to significantly expand our customer support capabilities. We may have to devote a substantial amount of our limited resources to these relationships, which could detract from or delay our completion of other important development projects. Such delays could impair our relationships with these customers and negatively impact sales of our products under development. If we cannot meet customer expectations or adapt to evolving requirements in a timely and cost-effective manner, our ability to grow will be limited.

If our production capacity is not adequate, or if we are unable to maintain satisfactory capacity utilization rates and production yields, our ability to satisfy customer demand and our profitability could be adversely affected.

If our production capacity cannot meet market demand, especially if we experience increased demand for our products as we grow our customer base, our ability to deliver products to our customers on a timely basis will be affected. Similarly, if we are unable to meet the overall demand for certain product types or specifications, particularly in the event of production disruptions, inefficiencies from design complexity or quality issues, or during periods when we experience high demand for some or all of our products, our ability to satisfy our customer demands will be affected. In addition, maintaining satisfactory capacity utilization rates and production yields is important to our profitability, as it allows us to spread fixed costs over a larger volume of products. If demand for our products does not meet our expectations, or if our utilization rates or production yields decline due to factors such as equipment malfunction, interruption in utilities, natural disasters, deficiencies in quality control, inadequate sample testing, labor shortages or human errors, our gross margin, profitability and ability to fulfill customer orders may be adversely affected. If we fail to maintain high-quality production standards, our reputation may also suffer, and customers may cancel orders or return products.

In the future, as our business grows, we may need to expand our production capacity through various measures, including the construction of new production facilities. We cannot assure you that our new premises will be ready as scheduled or our production capacity will otherwise be successfully expanded. A number of factors could delay our expansion plans or increase our costs, including (i) failure to raise sufficient funds to establish and maintain working capital to operate our business at the new premises, (ii) failure to obtain environmental and regulatory approvals, permits or licenses from the relevant government authorities in a timely manner, (iii) failure to find new sites for our production facilities, (iv) shortage or late delivery of building materials and production equipment resulting in late delivery of the premises for occupancy and use, (v) various factors affecting construction progress and resulting in late delivery of the premises for occupancy and use, (vi) technological changes, capacity expansion or other changes to our plans for the new premises necessitated by changes in market conditions, and (vii) challenges in recruiting a sufficient number of adequately skilled employees at the time and in the locations we need.

Failure to expand our production capacity could hinder our capability to satisfy customer demand and growth prospects. Furthermore, if market demand declines in the future, we may not be able to utilize expanded capacity as planned, which could lead to lower utilization rates, under absorption of fixed costs and a longer payback period on capital investments. We may not recover the costs of constructing new premises or maintaining additional capacity. Delays in or cancellation of expansion projects could also give rise to disputes with contractors, equipment suppliers, financiers or relevant authorities. As a result, our prospects, business, results of operations and financial condition may be materially and adversely affected.

We face intense competition in the global PCB industry.

The global PCB industry in which we operate is highly competitive and includes thousands of companies with widely varying levels of engineering expertise and sophistication, some of which have achieved substantial market shares. General competition in our industries is characterized by price competition and rapid technological changes.

Some of our competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial, sales and marketing, production, distribution, technical and other resources and experience than we do. Our competitors' greater size in some cases may provide them with a competitive advantage with respect to production costs due to economies of scale and their ability to purchase raw materials and utilities at lower prices. In addition, our competitors may be able to devote greater resources to the research and development of technologies, processes and products that are more effective than ours. They may also adapt more quickly to new technologies and changes in customer demand and requirements. Our failure to maintain our competitive position with respect to technological advances, to adapt to changing market conditions and customer preference, or to otherwise compete successfully with existing or new competitors may have a material and adverse effect on our business, financial condition and results of operations.

Our sales may be influenced by seasonality.

Our business is not subject to significant seasonality, and our production and sales activities have historically remained relatively stable throughout the year. However, consistent with the general characteristics of the PCB industry in the PRC, our sales may experience mild seasonal fluctuations due to downstream customer demand patterns, procurement cycles and year-end production scheduling. In particular, demand from certain consumer-electronics and smart-home household appliances customers may increase in the second half of the year in preparation for year-end product launches and peak retail seasons. By contrast, demand from industrial-control and automotive-electronics customers generally follows more stable procurement patterns, which may partly mitigate the overall seasonal impact on our operating results. In addition, our production activities may be temporarily affected by the Chinese New Year holidays in the PRC, during which production activity may slow and some customers may adjust order placement and inventory planning. As a result, our sales, working capital, operating cash flows and results of operations for any interim period may fluctuate from period to period and may not be indicative of our full-year performance.

Increases in costs or the shortage of supply of our raw materials from our suppliers could decrease our profitability.

We have to obtain sufficient quantities of high-quality raw materials at acceptable prices and in a timely manner in order to manufacture our products. The main raw materials used in the manufacture of our PCB products include copper-clad laminates, copper foil, copper ball and prepreg. The pricing of raw materials can be volatile and difficult to predict. The volatility in pricing is often attributable to factors beyond our control, including changes in general economic conditions, currency exchange rates, industry cycles and production levels. There can be no assurances that the price of our raw materials will not significantly increase or fluctuate in the future. If raw material prices rise and we are unable to pass through the increased costs to customers in a timely and effective manner, or offset them through process improvements, yield enhancement, material optimization or product mix adjustments, our profitability and financial results may be adversely affected.

A shortage of any key raw materials could limit the volume of products we are able to produce and increase our production costs, which would depress our margins to the extent we cannot pass the increased costs to customers. We source our principal raw materials from a number of third party suppliers. Deterioration in our relationships with these suppliers, or operational disruptions, capacity constraints, quality issues or the loss or delay of environmental, safety or other regulatory approvals on the part of such suppliers, may result in our failure to secure sufficient quantities of raw materials of satisfactory quality at acceptable costs. During the Track Record Period, we did not experience any significant shortages in the supply of raw materials and did not have significant concentration or reliance on a single raw material supplier. However, there can be no assurance that significant shortages or supply interruptions will not occur in the future. Any of the foregoing could adversely affect our business, results of operations and financial condition.

We may be subject to the risks associated with international trade policies, export controls and economic sanctions, geopolitics and trade protection measures.

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities and other geopolitical challenges. Margins on the sales of products that include components obtained from certain suppliers from other countries and regions could be materially and adversely affected by international trade regulations, including custom duties, tariffs and antidumping penalties. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce ("**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers. Furthermore, if we export our products to other countries and regions which are or become subject to sanctions or export controls, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, in recent years, the United States has imposed a series of tariff increases on imports from China. In 2025, the U.S. government announced a new round of tariff adjustments. As of the Latest Practicable Date, it remained uncertain how the Sino-U.S. and global trade tensions would evolve. Although we primarily sell our products to customers in China and certain overseas markets, we cannot assure you that such customers or other downstream participants will not be affected by elevated tariff levels or changes in trade policies in their respective end markets. Given that our products are generally used as intermediate components, the impact of tariffs is more likely to be transmitted through supply chain adjustments, changes in procurement strategies or shifts in end-market demand. As a result, fluctuations in global tariff regimes may still indirectly affect our sales volumes, pricing strategies or customer relationships. Accordingly, our business, financial condition and results of operations may be materially and adversely affected.

If we experience increases in labor costs, a shortage of skilled labor or deterioration in labor relations, our production costs may be affected.

Labor costs have been fluctuating and may rise in the future. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increases to our customers. We also cannot assure you that we will not experience any shortage of labor, especially skilled roles such as production management and quality control, which are critical to maintaining efficient operations and meeting customer specifications. Any such shortage could hinder our ability to maintain our production schedules and expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. For details of our employee training efforts and welfare, see "Business — Employees" for further details. However, we cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

If our products do not meet our customers' quality standards on a timely basis, our business and financial condition may be negatively impacted.

Our PCB products are manufactured to customer specifications for performance, reliability and appearance. If we fail to supply products that conform to agreed specifications or delivery timelines, our relationships with customers may be impaired. Our customers typically conduct incoming inspections, sample testing and periodic audits. They may reject, return or request replacement of products that do not meet their standards, and may seek price adjustments, service credits or other commercial concessions. We may also be required to bear inspection, logistics and replacement costs, or to undertake additional assurance measures requested by customers. A higher level of rejections or returns could increase our operating costs, disrupt production planning, extend delivery lead times and weaken our reputation for reliability.

If we do not promptly implement effective corrective measures and restore customer confidence, we could face contractual penalties, warranty claims or claims for damages, and may experience loss of future business. Even isolated incidents can lead to adverse publicity and heightened audit requirements from customers. Any of the foregoing could adversely affect our sales, margins, results of operations and financial condition.

If we experience operational disruptions, machinery or equipment failure, or if our equipment suppliers fail to perform their contractual obligations, our production schedule and ability to satisfy customer orders could be adversely affected.

Our success and reputation depend on our ability to deliver quality products to customers on time and in the required quantities, which in turn relies on the stable and reliable operation of our production facilities, machinery and equipment. Any operational disruption, machinery or equipment breakdown, failure of newly installed equipment to meet required production standards during setup and testing, or difficulties in applying or adjusting our manufacturing technology could lead to delays in our production schedule, lower inventory levels and reduced ability to fulfill customer orders on time. In addition, our production facilities may be disrupted by natural disasters, fires, technical or mechanical failures, power shortages, explosions, labor strikes, epidemics, loss of licenses, certifications or permits, changes in governmental planning for the underlying land, and regulatory developments. Any prolonged disruption to our production processes could impair our product quality, delivery schedule and customer satisfaction, and may materially and adversely affect our business, results of operations, financial condition and prospects.

We procure most of our production equipment from external suppliers based on our technical specifications, and we cannot assure you that such suppliers will perform their contractual duties as expected. Certain key equipment is available only from a limited number of suppliers, and shortages, delayed delivery or installation, or failure by such suppliers to perform their obligations could disrupt our production operations or hinder our capacity expansion plans. In addition, some of our manufacturing equipment is customized according to our specifications, and such equipment generally involves longer lead times for procurement, installation, debugging and acceptance, while replacement equipment may not be readily available from alternative suppliers. If such equipment is damaged or malfunctions, repair or replacement may be delayed, and disputes may arise in relation to warranty or acceptance. If we are unable to resume normal operations or secure alternative equipment or technical support in a timely and cost-effective manner, our production activities and ability to satisfy contractual requirements may be adversely affected.

We may not be able to construct and operate our production facilities in Thailand as planned or as smoothly as those in the PRC.

To enhance our production capabilities and in line with our business strategies, we are in the process of establishing a production facility in Thailand. We expect to complete the Phase I development of the Thailand facility and begin production in the second half of 2026. The construction and operation of such overseas production facility will be subject to various risks, including differences in local laws and regulations, policy environment, business practices and culture, political and economic conditions, local labor market conditions, trade barriers and other operational uncertainties. In addition, the construction of the Thailand facility may be affected by changes in local laws, regulations or policies, natural disasters, social incidents and other force majeure events, which may result in delays in construction progress, completion or commencement of production.

The ramp-up of production at the Thailand facility is also subject to uncertainties relating to equipment installation, production yield rates, workforce recruitment and training, and the qualification of suppliers and raw materials. As Southeast Asia has become an important destination for new PCB production capacity, competition for skilled labor in Thailand may intensify, which may lengthen recruitment cycles and increase training time and costs. Our Thailand facility will also depend on local and regional supply chains that may not be as mature or stable as those in the PRC. During the initial stage of operations, we may also face higher capital expenditures, capacity ramp-up pressure and greater cross-cultural management complexity, which could adversely affect our short-term profitability. If we fail to meet our planned timelines or performance targets for construction or production ramp-up, or if we incur increased costs or experience delays or disruptions in product deliveries, we may not be able to fulfill customer orders in a timely manner, which could damage our customer relationships and reputation and materially and adversely affect our business, financial condition, results of operations and prospects.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Our inventories mainly include raw materials, work-in-progress, and finished goods. As of December 31, 2023, 2024 and 2025, we had inventories of RMB155.0 million, RMB173.8 million and RMB273.7 million, respectively. Our business model requires us to manage our inventories efficiently.

We depend on our demand forecasts to make purchase decisions for raw materials and consumables and to pace our production progress to manage our inventories. Such demand, however, can change from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and consumables may require certain lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively.

We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and inventory write-offs. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in diminished customer base and loss of revenue, any of which could harm our business, financial condition and results of operations.

Our research and development efforts are not guaranteed to yield the results we anticipate.

To maintain our competitive position and continue to grow our business, we need to continue to develop, update and introduce products and process technologies that address customer needs. This includes engaging in joint development projects with key customers to ensure our products align with their technical requirements. The PCB industry is characterized by ongoing technological advancement and evolving customer specifications. We therefore devote significant human and financial resources to research and development. In 2023, 2024 and 2025, our research and development expenses amounted to RMB42.6 million, RMB39.8 million and RMB42.7 million. However, we cannot assure you that these efforts will achieve the expected outcomes.

Even where research and development achieves the intended results, we may be unable to apply the relevant technologies and bring new products to market in a timely manner, or at all. Delays in translating development results into customer qualifications and mass production may limit any early mover advantage. A failure to keep pace with technological developments or to meet changing customer requirements could adversely affect our business, results of operations and financial condition.

Our intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed.

Our success depends in part on our ability to obtain and maintain trade secrets and patent protection for our technologies, processes and products as well as to successfully enforce our intellectual property rights and to defend our intellectual properties against third-party challenges, such as unauthorized replication, reverse engineering and design theft. In the event that our issued patents and patent applications do not adequately provide coverage for our technologies, processes or products, we would not be able to exclude others from developing or utilizing these technologies, processes and products. Furthermore, the degree of future protection of our proprietary rights is uncertain because legal means may not adequately protect our rights or permit us to gain or keep our competitive advantage.

As our technologies involve unpatented, proprietary technologies, processes, know-how or data, we primarily rely on trade secret protection and agreements to safeguard our interests. However, trade secrets are difficult to protect. While we use reasonable efforts to protect our trade secrets, including requiring our employees and suppliers who may have access to trade secrets to enter into confidentiality agreements or other agreements including confidentiality provisions with us, such persons may unintentionally or willfully disclose our information to competitors. In addition, confidentiality agreements or other agreements including confidentiality provisions may not be enforceable or provide an adequate remedy in the event of unauthorized use or disclosure. It may be difficult to prove or enforce a claim that a third party had illegally obtained and used our trade secrets. In addition, our competitors may independently develop technologies that are equivalent or superior to our trade secrets, in which case, we would not be entitled to enforce our trade secrets, and our business could be harmed.

We may encounter future litigation by third parties based on claims that our technologies, processes or products infringe the intellectual property rights of others or that we have misappropriated the trade secrets of others. We may also initiate lawsuits to defend the ownership of our inventions and our trade secrets. It is difficult, if not impossible, to predict how such disputes would be resolved. Litigation relating to intellectual property rights is costly and diverts technical and management personnel from their normal responsibilities. Furthermore, we may not be able to prevail in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of non-infringement by others to our intellectual property or an invalidation of our patents may result in the use by competitors of our technologies or processes and sale by competitors of products that resemble our products.

Delivery delays, poor handling by third party logistics service providers or disruptions in the transportation network may adversely affect our business.

We use third party logistics service providers to deliver certain of our products. Disputes with or terminations of our contractual relationships with our logistics service providers may lead to delayed deliveries or higher logistics costs. As we do not have any direct control over these logistics service providers, we cannot assure the quality or timeliness of their services. Delays, damage or loss in transit, or other issues arising from transportation capacity shortages, adverse weather, natural disasters, labor actions, traffic or port congestion, customs or quarantine procedures, or other unforeseen events could result in lost orders, reduced sales and harm to our reputation.

We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If our cooperation with logistics service providers is disrupted, our ability to supply products in required quantities, within required time frames, or at competitive prices may be affected, which could adversely impact our business, financial condition and results of operations. In addition, our suppliers sometimes deliver materials to us through third party logistics service providers. Delays in delivery could adversely impact our suppliers' ability to timely deliver materials to us, and our ability to deliver to our customers.

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

We believe that maintaining and enhancing our well-recognized brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products and services, and the constant emergence of new industry standards and practices.

In addition, the successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and materially and adversely affect our business, financial condition and results of operations.

Any failure to fully comply with present or future environmental, safety and occupational health laws and regulations in the PRC may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain PRC laws and regulations relating to environmental, safety and occupational health matters. Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance on a regular basis to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our production process in the future.

Our production process produces pollutants such as wastewater, waste gas and solid waste. The discharge of wastewater and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should the PRC impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

In addition, we are subject to various ESG rules and regulations by governing bodies, including the Stock Exchange and the SFC once we become a public company, as well as regulatory authorities in China. We must also adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks. Investors are increasingly focused on ESG issues and tend to incorporate ESG performance into their investment decisions, while customers are becoming more environmentally conscious, preferring products with green and environmentally friendly design and production. For details, see "Business — Environmental, Social and Governance." Our efforts to comply with new and changing laws, regulations and social trends may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities, which may adversely affect our business, financial condition or results of operations.

Our business depends on the continuing efforts of our key personnel performing vital functions.

Our business operations rely on the continued service of our management, particularly the members of our senior management team. If one or more members of our management are unable or unwilling to continue their employment with us, we may not be able to replace them in a timely manner, or at all. We may incur additional costs to recruit, train and retain qualified personnel, and our execution of business plans could be affected.

There is no assurance that we can retain key personnel on terms acceptable to us, or prevent them from joining or establishing competing businesses. Contractual protections, including confidentiality and non-competition undertakings where applicable, may be difficult to enforce or may not fully protect our interests. Loss of the services of key personnel, or failure to attract and retain qualified successors, could adversely affect our operations, project delivery, customer relationships and financial performance.

Our business may be affected by geopolitical uncertainties, such as tariffs, war, terrorism, public health issues, natural disasters and other business interruptions.

Geopolitical uncertainties, such as tariffs, war, terrorism, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our customers and suppliers. Our operations may also be interrupted by events beyond our control, including natural disasters, extreme weather, flooding, fire, power shortages or curtailments, water supply constraints, industrial accidents, labor disputes, public health emergencies, transportation interruptions, demonstrations or strikes, and security incidents. Such events could reduce demand for our products, prevent us from obtaining raw materials or components on a timely basis, hinder our ability to manufacture and deliver products, or increase logistics and compliance costs. Facility shutdowns, restricted access to sites, workforce absences, travel limits or border controls may create delays and inefficiencies in our production and delivery schedules. Recovery from major events can require significant time and expense, and insurance coverage may not be sufficient to cover all losses. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks relating to overseas sales.

We have sold our products and services to foreign customers and such overseas operations are subject to a number of risks, including but not limited to: foreign exchange administration and exchange rate fluctuations; increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries; difficulties and costs related to providing after-sales services and customer support in these markets; difficulty with staffing and managing overseas operations; failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations; difficulty and cost relating to compliance with different commercial and legal requirements, including but not limited to export laws, sanction laws and regulation, and tax laws of the overseas markets in which we offer or plan to offer our products; failure to obtain or maintain permits for our products or services in these markets; inability to obtain, maintain or enforce intellectual property rights; stringent consumer protection and product compliance regulations on our customers' products; unanticipated changes in prevailing economic conditions and regulatory requirements; and trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

The occurrence of any of these risks could negatively impact our overseas sales and consequently our business, financial condition and results of operation.

Our historical financial and results of operations during the Track Record Period are not indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

You should not rely on our historical results to predict our future financial performance. In 2023, 2024 and 2025, our revenue amounted to RMB984.1 million, RMB1,042.8 million and RMB1,179.9 million, respectively. In 2023, 2024 and 2025, our net profit amounted to RMB118.1 million, RMB123.3 million and RMB124.7 million, respectively. However, our historical revenue and net profit may not be indicative of our future growth. There are inherent risks in using such historical financial information of ours to project or estimate our financial performance in the future, as it only reflects our past performance. There is no assurance that we will be able to maintain our historical growth in the future.

Furthermore, as the market and our business evolve, we may modify our strategies, including our operations, products and services, and sales and marketing approaches. These changes may not achieve the expected results and may have a material and adverse impact on our results of operations and financial condition. Our operating expenses may increase potentially at a rate faster than our revenue growth, which would adversely affect our profitability. Therefore, we cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all.

Accordingly, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in emerging markets and dynamic industries, including, among other factors our ability to (i) successfully navigate macroeconomic and other factors that affect the markets in the countries and regions where we operate, (ii) expand our customer base, and to retain and expand business our existing customers, (iii) maintain and expand our production capabilities, (iv) manage and further improve operational efficiency, and (v) execute acquisitions and investments, as well as successful integration. We may not be able to successfully address these or other challenges, which could adversely impact our business, results of operations and financial condition.

Failure to collect our trade and bills receivables in a timely manner may adversely affect our liquidity.

We may not be able to collect our trade and bills receivables in a timely manner, and we may face difficulty collecting receivables for reasons beyond our control, such as customers delaying payment past the relevant credit periods granted or being unable to pay us when payments are due. We had total trade and bills receivables with net carrying amounts of RMB461.0 million, RMB455.9 million and RMB471.7 million as of December 31, 2023, 2024 and 2025, respectively. Any significant delay or default in our collection of trade and bills receivables may impose pressure on our cash flow and working capital and reduce the pool of available financial resources relative to our expectations and expenditure plans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us.

We believe that our current cash and cash equivalents and the anticipated cash flows from operations will be sufficient to meet our anticipated cash needs for the next 12 months from the date of publication of this document. We may, however, require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. We may not be able to obtain additional funds on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, general market conditions for capital raising and debt financing activities and economic, political and other conditions in the markets in which we operate.

Our insurance coverage may be insufficient to cover all of our potential losses.

We maintain insurance coverage over our daily operations and the shipment of our products in transportation. We cannot assure you that our insurance will provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs and diversion of our resources, which could have a material and adverse impact on our business, results of operations and financial condition.

Our information systems may experience system failures, interruptions or security breaches.

Our business operations rely on our information systems for various functions. These systems are critical for maintaining operational efficiency, data accuracy and timely decision-making. However, our information systems are subject to various risks, including system failures, cyber-attacks, data breaches and other security incidents. Any such event could disrupt our operations, compromise our data, and result in significant remediation costs, legal liabilities and reputational damage. Furthermore, our information systems need to be regularly updated and upgraded to keep pace with technological advancements and changing business needs. These updates and upgrades require significant investment and may cause system disruptions or compatibility issues.

We also engage certain third-party service providers for the development, upgrade and maintenance of certain information systems. Any failure of these third-party service providers to meet their service obligations could affect the performance of our information systems. Furthermore, any breach of contract or termination of services by these third-party service providers could result in disruptions to the operation of our information systems and we may incur additional costs and experience delays in finding alternative service providers.

Our risk management and internal control systems may not be adequate or effective.

Due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot assure you that such systems will be able to timely identify, mitigate and manage all our exposure to risks.

Our risk management and internal controls also depend on the proficiency of and implementation by our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

We rely on our business partners, other industry participants, employees, suppliers, customers or other third parties that we collaborate with. Any failure to detect or prevent fraudulent or illegal activities or other misconduct by such parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers, trading partners, sales partners or other third parties that we collaborate with, that could subject us to liabilities, fines and other penalties imposed by government authorities. Although we have established internal control policies and relevant contractual covenants, we cannot assure you that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties could materially and adversely affect our business.

We may from time to time become a party to litigation, other legal and contractual disputes, claims and administrative or other regulatory proceedings.

We may from time to time be subject to various litigation, legal or contractual disputes, claims, or administrative proceedings in the ordinary course of our business, including, but not limited to, various disputes with or claims from our suppliers, customers and other third parties. Ongoing or threatened litigation, legal or contractual disputes, claims or administrative proceedings may divert our management's attention and other resources. Furthermore, any litigation, legal or contractual disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors such as the subject matter of the disputes, the likelihood of loss, the monetary amount at stake and the parties involved. If any adverse verdict, judgment or award is rendered against us or if we settle with any third parties, we may be required to pay significant monetary damages or assume other liabilities. In addition, as our A Shares will continue to be traded on the Beijing Stock Exchange, we are required to comply with the listing rules of the Beijing Stock Exchange, as well as regulations issued by the CSRC and its local branches. Failure to comply with these rules and regulations could result in regulatory actions, including supervisory interviews, regulatory letters, warning letters, fines and other penalties. Such actions may have an adverse impact on our business operations and financial performance. In addition, negative publicity arising from litigation, legal or contractual disputes, claims or administrative proceedings may damage our reputation and have a material and adverse impact on our business, results of operations and financial condition.

We may make acquisitions, establish joint ventures and conduct other strategic investments, which may not be successful.

To further expand our business and strengthen our market-leading position, we may form strategic cooperation or make strategic investments and acquisitions to fuel business growth. Acquisitions involve numerous risks, including difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, difficulties in executing new business initiatives, entering markets or lines of business in which we have no or limited direct prior experience, the possible loss of key employees and customers and difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected. These transactions may also cause us to (i) significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, (ii) issue Shares that would dilute our current Shareholders' percentage ownership, or (iii) incur asset write-offs and restructuring costs and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or investee companies and restrictions under regulations relating to anti-monopoly. At the same time, these transactions are often complex and require substantial management time and resources. There can be no assurance that our acquisitions, joint ventures and other strategic investments will be successful and will not have a material and adverse impact on our business, results of operations and financial condition.

We face risks in relation to the inability to obtain and maintain the approvals, licenses and permits required for our operations.

We are required to maintain various approvals, licenses and permits in order to operate our business. These approvals, licenses and permits are granted upon satisfactory compliance with, among other things, the applicable laws and regulations. Also, they may be valid only for a fixed period and subject to renewal and accreditation.

We may experience difficulties, delays, or failures in obtaining the necessary approvals, licenses and permits for our businesses. In addition, there can be no assurance that we will be able to obtain or renew all of the approvals, licenses and permits required for our existing business operations in a timely manner, or at all. If we fail to obtain and/or maintain required approvals, licenses, or permits, our ongoing business could be interrupted, and our expansion plan may be delayed.

Complying with government regulations may require substantial expenses, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expenses and divert substantial management time and resources to resolving any deficiencies. We may also experience negative publicity arising from such deficiencies, which could have a material and adverse impact on our business, results of operations and financial condition.

Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

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

Fluctuations in exchange rates may adversely affect our results of operations.

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

During the Track Record Period, we derive a portion of our revenue from markets outside of the Chinese Mainland. As we operate part of our business in various jurisdictions, we have made, and may continue to make, equity and other investments outside of China. Through other gains or losses, we had net foreign exchange gains of RMB2.3 million and RMB4.7 million in 2023 and 2024, respectively, and had net foreign exchange losses of RMB2.5 million in 2025.

There is no assurance that future fluctuations in exchange rates would not have a material adverse impact on our financial condition and results of operations. If we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance may be adversely affected.

In addition, the proceeds from the **[REDACTED]** will be received in Hong Kong dollars, and we expect a portion of which to be spent in RMB. As a result, any appreciation of the RMB against the Hong Kong dollar may result in a decrease in the value of our net proceeds from the **[REDACTED]**. Conversely, any depreciation of the RMB against the Hong Kong dollars may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could have a material and adverse impact on our business, results of operations and financial condition.

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

Companies operating in the PRC are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of employees in the Chinese Mainland. According to applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and contribute to social insurance funds and housing provident fund for the benefits of their employees.

During the Track Record Period, we and certain of our PRC subsidiaries did not make adequate contributions to social insurance and housing provident funds for certain employees with the relevant social insurance or housing provident funds authorities in the PRC. Our PRC Legal Advisor is of the view that the likelihood that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote provided that there are no significant changes in current policies, regulations, local government supervision, and law enforcement requirements related to social insurance and housing provident fund and based on the following reasons: (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties with respect to social insurance or housing provident funds; (iii) we have obtained written confirmations from competent local government authorities which confirmed that no administrative penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; and (iv) we will make full contributions or pay any shortfall within a prescribed period if demanded by the relevant government authorities. Although we have not been subject to any administrative penalties, there is no assurance that our historical and current practices with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in the Chinese Mainland. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. See "Regulatory Overview — Laws and Regulations on Employment and Social Welfare" for further details. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in the Chinese Mainland, we may be exposed to penalties or be required to compensate employees.

We are subject to risks in relation to leased properties.

We currently lease several premises in China. Under the PRC laws and regulations, commercial lease agreements in general are required to be registered with the local land and real estate administration bureau. We may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, we had not registered two commercial lease agreements for our leased properties. If we receive notice from the relevant PRC government authorities requiring us to complete the registration within the prescribed time frame and if we fail to do so, the maximum aggregate amount of potential administrative penalties we would be subject to in terms of these lease agreements is RMB20,000. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

We may be ordered to rectify, pay fines or demolish certain properties for failure to obtain required construction approvals.

As of the Latest Practicable Date, we had not obtained construction planning approval (建設工程規劃許可證), construction permit and approval (建築工程施工許可證) and construction completion and acceptance (建設項目竣工驗收) for four owned properties situated on two parcels of land for which we had land use right, including a former boiler room currently vacant, two guard rooms and an ancillary room. The total gross floor area of these properties is approximately 395.38 sq.m., representing less than 1% of the total gross floor area of our properties.

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if corrective measures can be taken, we may be ordered to rectify within a time limit and face a fine ranging from 5% to 10% of the construction cost. If corrective measures cannot be taken, we may be ordered to demolish our properties. If the relevant properties cannot be demolished, we may face confiscation of tangible objects and face a fine of no more than 10% of the construction cost. Although we believe that demolition of such properties, if we are ordered by the competent authorities to do so, would not materially affect our operations as they serve ancillary functions and are mainly used for placing ancillary equipment, gatekeeping and storage of sundries, and do not constitute our core production and operation premises, any penalties, rectification or demolition may still result in additional costs and may have a an adverse effect on our business operations and financial performance. The estimated demolition costs for these properties are approximately RMB70,000 in aggregate. Mr. Wang Xuegen, our executive Director and a Controlling Shareholder, has undertaken to bear all costs and expenses relating to any demolition, reconstruction and relocation, and all fines and losses incurred by us in connection therewith.

The preferential tax treatments granted by the PRC government may become unavailable.

Certain of our PRC subsidiaries are subject to the PRC corporate income tax at a standard rate of 25% on their taxable income, but the Company and one of our PRC subsidiaries were accredited as "High and New Technology Enterprises," and are entitled to a preferential income tax rate of 15%. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that relevant entities will be able to renew the same preferential tax treatments upon expiration. If any such change, cancelation or discontinuation of preferential tax treatment occurs, the Company and the relevant PRC subsidiaries will be subject to the PRC enterprise income tax, at a rate of 25% on taxable income. As a result, the increase in our tax charge could lead to a material and adverse impact on our results of operations and financial condition.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

Changes in economic, political and social conditions could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

We derive revenue from and operate in multiple jurisdictions. As such, changes in any of these jurisdictions could have a material and adverse impact on our future prospects, business, results of operations and financial condition. For example, a substantial part of our revenue is derived from our businesses in the PRC during the Track Record Period. Accordingly, our future prospects, business, results of operations, and financial condition are, to a material extent, subject to economic, political and legal developments in the PRC. We will continue to pay close attention to the changes in the market and policy environment of our core operating markets, and adjust our business strategies in a timely manner to respond to relevant changes. Moreover, if foreign governments implement laws or regulations restricting investment in Chinese entities and we are deemed to be subject to such restrictions, the investment and transactions in our Shares, our business prospects, results of operations, financial conditions and future capital raising may be adversely affected.

China's economy has experienced significant growth over the past decades. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. Changes in the business environment in China and the other jurisdictions in which we operate could have a material and adverse impact on our business, results of operations and financial condition.

Any uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

We are subject to certain uncertainties embedded in the legal systems of some geographic markets where we operate. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject the enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until some time after the violation. In addition, administrative and court proceedings in some of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

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

The service of legal documents or the enforcement of judgments rendered by courts outside the Chinese Mainland in respect of us or our management shall comply with the statutory procedures and requirements of the Chinese Mainland.

We are a company incorporated under the PRC laws, and a majority of our assets are located in the Chinese Mainland. In addition, most of our Directors and senior management reside in the Chinese Mainland. As a result, it may be complex for investors to effect service of process outside of the Chinese Mainland upon us, our Directors or senior management or to enforce judgments obtained against us in courts outside the Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the Chinese Mainland only if the jurisdiction has a treaty with the Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of the Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. The service of process and the recognition and enforcement of foreign court judgments and arbitral awards in the Chinese Mainland are subject to the Civil Procedure Law of the PRC and other applicable laws and regulations, as well as relevant international treaties or reciprocal arrangements to which the PRC is a party. The recognition and enforcement of foreign court judgments and arbitral awards are subject to the statutory conditions and procedural requirements of the enforcing jurisdiction, which is a common feature of cross-border judicial practice in various jurisdictions around the world. We will assess and handle relevant matters in strict accordance with the applicable laws of the relevant jurisdictions. On January 14, 2019, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in the Chinese Mainland and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of 2008 Arrangement which is made before the effective date of 2019 Arrangement.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the establishment of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See "Regulatory Overview — Regulations on Securities and Overseas Listing" for further details.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial conditions and business prospects.

We are subject to the foreign exchange administration regulatory system.

The conversion of RMB into foreign currencies and cross-border remittance are subject to the foreign exchange administration laws and regulations of the PRC. Under the current PRC foreign exchange regulatory framework, foreign exchange transactions under the current account (including dividend distribution to overseas shareholders) can be processed at designated foreign exchange banks in the PRC by presenting authentic transaction documents, without prior approval from the State Administration of Foreign Exchange. Cross-border foreign exchange transactions under the capital account are subject to the relevant regulatory approval and filing procedures.

The PRC foreign exchange administration laws and regulations may be updated from time to time in line with domestic and international economic developments. Meanwhile, various jurisdictions around the world have formulated corresponding regulatory rules on cross-border capital flow and foreign exchange conversion. Changes in the above regulatory requirements may affect our ability to convert currencies and conduct cross-border fund remittances, and thus have an impact on our dividend distribution and cross-border business operations. We will continue to track the changes of relevant foreign exchange policies and conduct cross-border fund activities in strict accordance with the applicable regulatory requirements.

We are a Chinese Mainland enterprise, and we are subject to the Chinese Mainland tax on our global income. As such, any gains on the sales of H Shares and dividends on the H Shares may be subject to the Chinese Mainland income taxes.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, the Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from the Chinese Mainland sources payable to investors that are non-Chinese Mainland resident enterprises, which do not have an establishment or place of business in the Chinese Mainland, or which have an establishment or place of business in the Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within the Chinese Mainland unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the Chinese Mainland paid to foreign individual investors who are not Chinese Mainland residents are generally subject to a Chinese Mainland withholding tax at a rate of 20% and gains from the Chinese Mainland sources realized by such investors on the transfer of shares are generally subject to a 20% Chinese Mainland income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in the Chinese Mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發 [1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese Mainland resident individual holders of H Shares are generally subject to individual income tax of the Chinese Mainland at the withholding tax rate of 10%, in which the non-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between the Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with the Chinese Mainland are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the Chinese Mainland and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese Mainland resident individuals on the sale of shares of the Chinese Mainland resident enterprises listed on overseas stock exchanges.

If the Chinese Mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-Chinese Mainland resident Shareholders, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence do not have tax treaties or arrangements with the Chinese Mainland may not qualify for benefits under such tax treaties or arrangements.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of the Chinese Mainland and Hong Kong.

As our A Shares are listed on the Beijing Stock Exchange and our H Shares will be **[REDACTED]** on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

The characteristics of the A Share and H Share markets may differ.

Our A Shares are listed and traded on the Beijing Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Beijing Stock Exchange and our H Shares will be **[REDACTED]** and traded on the Hong Kong Stock Exchange. Under current laws and regulations of the Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. 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 performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

There has been no prior public market for our H Shares.

Prior to the completion of the **[REDACTED]**, there has been no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the **[REDACTED]**. The **[REDACTED]** for our H Shares to the public will be the result of negotiations between us and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the market price of our H Shares following the completion of the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the H Shares. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the market price of our H Shares will not decline following the **[REDACTED]** .

Furthermore, the price and trading volume of our H Shares may be volatile. The following factors, among others, may affect the volume and price at which our H Shares will trade:

- variations in our revenue, earnings and cash flow;
- announcement of new investments, business collaborations, strategic alliances or acquisitions;
- any unexpected business interruptions resulting from epidemics, natural disasters or power shortages;
- any major changes in our Directors, senior management or other key personnel;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete with our competitors effectively;
- political, economic, financial and social developments; or
- fluctuations in market prices for our products or raw materials.

Moreover, shares of other companies listed on the Stock Exchange with operations and assets in China have experienced significant price volatility in the past. It is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, investors in our H Shares may suffer substantial losses.

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

Substantial future sales or the expectation of substantial sale of our Shares in the public market following the **[REDACTED]** could materially and adversely affect the price of our H Shares. Future sales of a significant number of our Shares by our Controlling Shareholders or other existing shareholders in the public market after the **[REDACTED]**, or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through offerings of our Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by it or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors or otherwise. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the market price of the H Shares. Sale or issuance of a substantial number of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the H Shares.

In addition, while investors subscribing shares in the **[REDACTED]** are not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreements to dispose part or all of the H Shares they hold either immediately, or within a certain period upon the completion of the **[REDACTED]** for legal and regulatory, business and market, or other factors. Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material adverse effect on the market price of our H Shares and could cause substantial volatility in the trading volume of our H Shares.

Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interests of our other Shareholders.

Upon the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), our Controlling Shareholders will be entitled to exercise an aggregate of **[REDACTED]**% of the voting power at general meetings of our Company. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates or positions on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional H Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. See "Relationship with our Controlling Shareholders" for further details.

We have significant discretion as to how we will use the net proceeds of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the **[REDACTED]** to, among other things, expand our production capacity and supplement working capital. See "Future Plans and Use of Proceeds" for further details. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this **[REDACTED]**.

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you whether and when we will pay dividends in the future.

We have declared dividends in the past. However, we cannot assure you that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of the Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are at the discretion of our Directors, after taking into account various factors, including our results of operations, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of the Chinese

Mainland. See "Financial Information — Dividend Policy" for further details. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the foreign exchange administration regulatory system of the Chinese Mainland, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of the Chinese Mainland to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange administration regulatory system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further adjusting the regulatory requirements for the remittance of RMB into or out of the Chinese Mainland.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Beijing Stock Exchange.

As our A Shares are listed on the Beijing Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Beijing Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in the Chinese Mainland, which are different from those applicable to the **[REDACTED]**. The presentation of financial and operational information for the Track Record Period disclosed on the Beijing Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

Certain statistics contained in this document are derived from publicly available official sources.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the PCB industry in China and internationally. Such information and statistics have been derived from various official governments and other publications. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information and statistics from official government sources have not been independently verified by us, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any of our or their respective directors, executive officers or representatives or any other person involved in the **[REDACTED]** and no representation is given as to their accuracy. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

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

We may be subject to press and media coverage prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the **[REDACTED]**. The press and media may include certain financial information, industry comparisons, profit forecasts and other information about us that does not appear in this document.

You should rely solely upon the information contained in this document, the **[REDACTED]** and any formal announcements made by us in Hong Kong in making your investment decision regarding the H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding ourselves or the **[REDACTED]**.

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, reports or publications. Accordingly, prospective investors should not rely on any such information, reports or publications in making their investment decisions regarding the **[REDACTED]**.

In making their decisions as to whether to invest in our H Shares, prospective investors should only rely on the financial, operational and other information included in this document, the **[REDACTED]** and any formal announcements made by us in Hong Kong. By applying to purchase our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document, the **[REDACTED]** and any formal announcements made by us in Hong Kong.