An **[REDACTED]** *in the H Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an* **[REDACTED]** *in the H Shares.*

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the **[REDACTED]** *price of the H Shares could decline and you may lose all or part of your* **[REDACTED]**. *This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. You should seek professional advice from your relevant advisors regarding your prospective* **[REDACTED]** *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in the intelligent SiPh manufacturing equipment industry where multiple technology pathways, rapid obsolescence and evolving geopolitical and regulatory regimes present material uncertainties. If we misjudge downstream adoption or fail to sustain differentiation, our business, financial condition and results of operations may be materially and adversely affected.

The SiPh manufacturing equipment industry remains at a relatively early stage of development, with its commercialization path still evolving. The end markets of SiPh devices are characterized by rapid innovation and multiple technology routes. Customers' capex timing is influenced by funding cycles, end-market inventory adjustments and the ramp up of next-generation equipment and solutions. Standards for interfaces, packaging and testing continue to evolve, while export controls, investment restrictions and other regulatory measures can affect regional demand, supplier qualification and cross-border collaboration. Against this backdrop, customers typically impose stringent acceptance, uptime and reliability criteria and require extended qualifications and field trials before granting tool-of-record status.

In this environment, we may allocate resources to technology pathways or downstream solutions that do not achieve large-scale adoption, or fail to timely cover those that ultimately do. In addition, technologies that gain adoption may become obsolete faster than anticipated, requiring accelerated product refreshes, retrofits and upgrades. Furthermore, geopolitical and regulatory changes — including export controls, investment restrictions, standards-setting and data protection — may alter regional demand patterns, constrain supplier choices and lengthen customer qualifications. Demand visibility for our assembly and testing equipment may also fluctuate with customer capex and program timing, which can affect our planning for production and service capacity. As a result, the long-term demand potential, competitive landscape, and profitability of SiPh equipment manufacturing remain uncertain, and there is no guarantee that current development efforts will lead to sustainable commercial success.

If these risks materialize and we do not correctly anticipate the trends and address the needs of downstream technology development, or if we fail to sustain differentiation — such as high linear motion resolution and repeatability, integrated "manufacture-as-test" workflows and modular, software-defined solutions that protect customer investment through reconfiguration and upgrades — we may see longer sales and qualification cycles, lower program win rates, delays in customer acceptance and revenue recognition and reduced attach rates for service, upgrades and software options. Rapid technology shifts may necessitate accelerated R&D and field deployment; if we are unable to execute timely, we could incur cost overruns, higher warranty and field support expenses, or lose market share to competitors. Future regulatory or geopolitical developments could also lead to re-engineering for alternative components, dual-sourcing and additional compliance processes, increasing cost and time to market. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We operate in the PV manufacturing equipment industry where overcapacity and policy-driven demand fluctuations may adversely affect our business, financial condition and results of operations.

Capacity in various parts of the PV value chain has historically expanded rapidly, and the industry has experienced periods of regional or segment-specific overcapacity and margin compression. Downstream project launches and procurement cycles can slow due to macro conditions, financing availability and changes in subsidy and industrial policies. Raw material availability and logistics conditions can fluctuate or be adjusted in response to market prices. These dynamics influence equipment tendering, delivery timetables and acceptance schedules for PV manufacturing solutions. In 2023, 2024 and 2025, we generated revenue of RMB1,490.4 million, RMB1,021.4 million and RMB433.1 million, from the sales of PV manufacturing solutions, respectively. During the Track Record Period, the market selling price for PV manufacturing solutions have followed a consistent downward trajectory. By 2025, capex per GW declined to around RMB120–140 million for TOPCon (from RMB160–180 million in 2023), RMB200–300 million for HJT (from RMB320–380 million in 2023), and approximately RMB230 million for XBC (from RMB300–380 million in 2023), according to CIC.

Under these conditions, downstream equipment and solutions prices may decline and competition may intensify, leading to sustained pricing pressure on PV manufacturing equipment and related intelligent manufacturing solutions. In addition, slower-than-expected downstream project starts, order push-outs or cancelations and elongated decision cycles can reduce order intake and limit factory utilization.

If we fail to maintain the capability of innovation, we may not be able to meet the changing needs of customers, the sales of our equipment and solutions may decrease and we may not be able to compete effectively.

Both industries in which we operate are characterized by constant technology evolution and product innovations. We compete with both local and global companies that focus on developing, producing and commercializing high-end flexible automation equipment and manufacturing execution systems. Our competitive position therefore depends largely on our ability to continually improve our technology, as well as develop and refine our products.

For SiPh assembly and testing equipment, technology cycles are rapid and multiple downstream pathways compete for adoption. Our competitive position depends on sustaining differentiation across hardware, software algorithms and application datasets. If we fail to cover downstream technologies that achieve large-scale adoption, or if adopted technologies become obsolete faster than expected and we do not refresh our equipment and solutions in time, we may face elongated customer qualifications, lower win rates, reduced service and upgrade revenues and margin pressure.

For PV manufacturing solutions, innovation is also critical to address cost-down roadmaps, throughput and yield requirements, and increasing automation and digitalization needs. Our competitiveness depends on improving equipment precision and uptime, enhancing line-level integration and manufacturing execution system ("**MES**") connectivity, and reducing total cost of ownership through process optimization and standardized modules. There is no assurance that we can continuously upgrade technologies in a time- and cost-effective manner, promptly industrialize R&D outcomes, or align our equipment and solutions with evolving customer specifications and project timetables. If we fail to anticipate process changes, or achieve sustained performance gains, our sales could decline and our customer relationships could weaken.

In addition, in 2023, 2024 and 2025, our R&D expenses amounted to RMB85.8 million, RMB84.4 million and RMB106.3 million, accounting for 5.5%, 7.6% and 11.2% of our total revenue in the respective year. Following acquisition of ficonTEC in 2025, our consolidated R&D expenses may further increase in the future. We cannot assure you that these efforts will be successful or produce our anticipated results. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our development results.

A material portion of our revenue is derived from our top five customers, losing any of our major customers could materially and adversely affect our business, financial condition and results of operation.

A material portion of our revenue is derived from our top five customers. In 2023, 2024 and 2025, revenue from our five largest customers in aggregate amounted for 63.9%, 68.8% and 63.2% of our total revenue for each respective year. See "Business — Sales and Marketing — Major Customers."

We operate in industries where market players tend to have a high concentration of customers. Our PV and SiPh businesses are predominantly project-based and orders from customers do not tend to be very frequently recurring and/or high-volume-based. Given the nature of our business, the customer universe also tends to be relatively limited. We cannot assure that our major customers will not change their business scope or business model nor suspend their operation, while maintaining their operation in compliance with applicable laws and holding appropriate operating licenses and approvals, or they will not encounter any operating or financial difficulties. There is no assurance that we are able to maintain a good relationship with our major customers, or that our major customers will continue to have high demands for our equipment and solutions in the future. Under the aforementioned circumstances, if we are unable to identify suitable new customers within a reasonable period of time, our business, financial condition and results of operation may be adversely affected.

In particular, we expect the SiPh manufacturing equipment and solution to remain concentrated among top-tier telecom and datacom customers. Procurement by these customers is often characterized by stringent qualification requirements, long sales cycles and periodic volume reallocations tied to platform roadmaps and capex budgets. Any reduction, delay, reprioritization, or cancelation of orders by one or more of these top-tier customers could materially and adversely affect our financial condition and overall results of operations.

We have only recently completed the acquisition of ficonTEC and we may pursue further acquisitions, joint ventures and other strategic investments, whose integration may fail or be only partially successful, including risks relating to retention of key management personnel.

We completed the ficonTEC Acquisition in May 2025 and may continue to expand through acquisition in the future. The completion of the ficonTEC acquisition is recent and integration efforts are ongoing to date. If we are unable to fully integrate ficonTEC or other future acquisitions, or only achieve partial integration, our business and financial condition could be materially and adversely affected. Integration risks include challenges in aligning product roadmaps and technology platforms, harmonizing operational processes and internal controls, consolidating supply chains and ERP/MES systems, realizing expected cost and revenue synergies on the anticipated timeline, and integrating sales channels and brand positioning.

In addition, the success of any acquisition depends on retaining key management and technical personnel of the acquired business. If we are unable to retain or appropriately incentivize such personnel at ficonTEC or any future target, it may impair execution, delay product delivery, reduce customer satisfaction, and diminish the anticipated benefits of the transaction.

Going forward, there is no assurance that we will identify suitable targets to expand our business, negotiate commercially acceptable terms for such acquisition, or successfully integrate ficonTEC, any new assets or businesses in the future. Such expansion can be difficult, time-consuming and costly to execute, the regulatory approvals (if required) could be uncertain and lengthy, and we may not be able to secure necessary financing for such expansion. Unsuccessful expansion plans may have an effect on our business and financial condition.

We face valuation risks in acquisitions, where inaccurate estimates of fair value for acquired assets and liabilities could materially reduce our future reported earnings. Inaccurate fair value assessments may lead to overstated asset values, resulting in higher-than-anticipated amortization expenses or future goodwill impairment charges, both of which would adversely impact our business, financial condition and results of operations.

In addition, businesses that we acquire may have unknown liabilities, including liabilities for failure to comply with applicable laws, regulations and rules. We cannot assure you that our due diligence conducted will uncover all material unknown liabilities or other negative developments, such as bankruptcy, insolvency, liquidation or dissolution, or that the acquired businesses will be viable. We may also suffer reputational and financial impact for actual or alleged inferior product qualities that occurred at the targets prior to our acquisition and need to respond to claims initially as dissatisfied customers will likely pursue their claims against the targets and us.

Our future expansion work, which includes but is not limited to identifying suitable targets to expand our business and negotiating commercially acceptable terms for such expansion, and subsequent ramping up and integration efforts would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn, could have an effect on our existing business operations and financial conditions.

There is no assurance that we will be able to fully integrate ficonTEC or any business acquired in the future into our existing operations in an efficient and timely manner. Any delays, unexpected increases in expenses or operational inefficiencies during the integration process could disrupt our business, divert management attention and resources, and adversely affect our ability to realize the expected benefits of the acquisition. As a result, our business, financial condition and results of operations may be materially and adversely affected.

If we are not able to identify, capture or execute opportunities to expand our operations successfully, or if we suffer reputational or financial harm caused by unknown or contingent liabilities of the targets we acquire, our business, financial condition, results of operations and prospects could be affected.

Our PV manufacturing solutions business may face order reduction and collection uncertainties.

Since 2024, our PV manufacturing solutions business has experienced year-on-year declines in orders and revenue. Certain of our customers have experienced delays in payment to us compared to the terms stipulated in their contracts. We have proactively implemented a range of remedial measures through commercial, and other relevant channels. Where necessary, we will also pursue legal channels to recover overdue payments, which we have done in history. See also "Financial Information — Selected Balance Sheet Items — Trade and Bills Receivables." Saved as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material difficulty in the collection of trade receivables.

We also face specific risks at the project and customer level, including near-term demand softness, order push-outs or cancelations, acceptance delays and challenges in receivables collection. If these adverse trends persist or intensify, we may encounter customer defaults, delays in collecting receivables, impediments to business development, higher working capital requirements and increased dispute or litigation costs, any of which could materially and adversely affect our business, financial condition and results of operations.

Our SiPh manufacturing equipment business may face operational challenges due to capacity shortfall, which could limit our ability to capture high growth and market share.

As the SiPh device market expands, we are scaling both production capacity (for system builds, configurations and upgrades) and service capacity (for installation, qualification, field support and upgrades). Our current resources and organizational setup may not fully support the anticipated pace of growth across key regions. Ramps in headcount, tooling, supplier throughput and field service coverage may take longer than expected, and regional deployment of resources may lag demand.

If market demand for our SiPh manufacturing equipment accelerates faster than anticipated, our available capacity — across production and services — may not scale quickly enough to meet customer requirements. While we are expanding system build capacity (including configurations and upgrades) and enhancing service capacity (installation, qualification, field support, and upgrades), increases in headcount, tooling, supplier throughput, and regional field coverage may take longer than expected.

If we are unable to expand teams, optimize organizational structures and strengthen production and service capabilities in line with our business plans, we may face longer lead times, delayed customer acceptances, slower upgrade cadence and reduced operational efficiency. Insufficient after-sales infrastructure can also lead to slower response times, increased customer complaints and higher churn risk. These factors may hinder our ability to win and scale new projects, thereby limiting our ability to seize growth opportunities and gain market share. Any of the foregoing could materially and adversely affect our business development, competitive position and financial condition.

Our SiPh manufacturing equipment business may face supply-chain scale-up challenges that could result in delivery delays, higher costs or missed growth opportunities.

As demand in the SiPh sector accelerates, we are expanding our delivery, service and supply capabilities to support increased system shipments, field upgrades and new R&D engagements. This includes qualifying additional suppliers (for example, suppliers for items such as motion systems, cameras and precision parts), increasing production throughput and ramping field service coverage across key regions. While these actions are intended to improve responsiveness and reduce costs, rapid scale-up introduces execution risks.

We cannot assure you that our supplier qualification and supply chain build-out will always keep pace with surging customer demand. Constraints or variability in supplier performance, longer-than-expected qualification cycles for new components and learning-curve effects in newly ramped production lines or service teams may lead to extended lead times, out-of-sequence builds, higher rework and inspection costs, or schedule slips. In addition, if newly qualified components do not consistently meet our technical and reliability specifications, we may incur additional expenses for engineering changes, dual-sourcing, enhanced incoming quality control, or field remediation, which could disrupt delivery schedules and increase warranty risk.

If we are unable to scale the SiPh manufacturing business in line with market growth — while maintaining our quality, performance and reliability standards — we may face delayed customer acceptances, elongated revenue recognition, higher operating costs and missed opportunities to capture new programs or market share gains, which could materially and adversely affect our business, financial condition and results of operations.

Material price fluctuations in our raw materials, shortages in supplies or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations.

We engage a number of suppliers for the procurement of raw materials and components including welded frame structural components, basket transfer tracks, and other automated equipment items. In 2023, 2024 and 2025, procurement from our five largest suppliers in aggregate amounted for 33.2%, 37.8% and 43.5% of our total purchases amount for each respective year. See "Business — Supply Chain — Major Suppliers." Our PV manufacturing solutions, which relies on a broader set of commodity and semi-commodity inputs, including fixed boat side frames and transfer welding base frames, as well as localized supplies, is exposed to fluctuations in material prices, availability and logistics conditions. Our SiPh manufacturing business is subject to similar supply risks, including extended lead times and stringent qualification requirements for critical precision components and software; disruptions or delays in these specialized inputs could affect delivery schedules and project execution.

There can be no assurance that prices of raw materials and components will not fluctuate, that supplies will not tighten due to changes in industry development, social and economic conditions, regulatory environment or trade relations, or that quality issues will not arise at suppliers. Such events may impede our ability to secure stable supplies at reasonable prices, lead to delays or rescheduling in our PV project deliveries and increase our costs. If we are unable to pass through cost increases, qualify alternate sources in a timely manner, or mitigate logistics disruptions, our ability to perform our contractual obligations to customers may be affected, which could materially and adversely impact our business, financial condition and results of operations. While similar risks exist for our SiPh manufacturing equipment business, we currently believe the impact of raw material price swings is relatively less significant in that segment due to our supplier arrangements.

Selling our equipment and solutions in international markets exposes us to uncertainties in understanding and adapting to local markets, which may adversely affect our business, financial condition and results of operations.

We generate revenue from various markets. In 2023, 2024 and 2025, our revenue from jurisdictions other than Chinese Mainland amounted to RMB336.8 million, RMB289.3 million and RMB657.7 million, respectively, representing 21.5%, 26.2% and 69.3% of total revenue in each respective year. As we maintain and expand our international footprint, we must tailor marketing, sales, delivery and service models to local market practices, regulatory requirements and customer expectations in each jurisdiction.

If we fail to effectively understand local market conditions, adapt our commercial and service approaches, or manage the foregoing risks, our order intake, delivery schedules, customer satisfaction and profitability could be adversely affected, which may materially and adversely impact our business, financial condition and results of operations.

Issues with product quality or product performance may cause us to incur significant warranty expenses, damage our market reputation, decrease our sales or reduce our market share.

The quality and performance of our equipment and solutions are critical to the success of our business and to maintaining long-term relationships with our customers. Product quality and performance can be affected by factors beyond our control. In addition, quality and performance may be impacted by manufacturing or testing-related factors. We cannot assure you that our measures will always be effective or strictly observed by our employees and suppliers, or that all equipment and solutions will consistently meet each customer's specifications, acceptance criteria and uptime targets.

If our equipment and solutions do not meet our customers' quality or performance standards, we may face rework and field remediation, extended on-site support, concessions or price reductions, delays in customer acceptance and revenue recognition, and significant warranty or replacement costs. We could also be subject to claims or legal proceedings. Such issues may lead to customer dissatisfaction, negatively affect our relationships with existing customers, hinder repeat orders and referrals, and make it more difficult to win new projects after competitive benchmarks or pilot runs. Any resulting reputational harm, loss of business or reduced share at key accounts could materially and adversely affect our sales, market position, business, financial condition and results of operations.

Our business depends substantially on the continuing efforts of our senior management and our ability to attract and retain key employees and a skilled labor force.

Given the highly specialized and technical nature of our business, we must attract, develop and retain senior management members, and a sizable workforce of skilled engineers, software developers, process and systems experts, field service personnel and other key employees. Our talent needs span several markets where we operate and deliver — principally Germany (including ficonTEC's engineering, manufacturing and service teams) and China (engineering, manufacturing and service teams for PV manufacturing equipment) — each with distinct labor pools, regulatory frameworks and competitive dynamics. If one or more of our senior management members, highly skilled employees or other key personnel are unable or unwilling to continue their services with us, we may not be able to replace them easily, in a timely manner, or at all, particularly for roles requiring deep domain expertise and customer qualifications.

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

Labor costs have been fluctuating and may rise in the future. Our cost of labor and staff costs included in operating expenses amounted to RMB131.4 million, RMB127.5 million and RMB205.6 million in 2023, 2024 and 2025, respectively. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

In particular, unionization and collective bargaining activities, as well as strikes or other industrial actions, are more common in certain jurisdictions where we operate or plan to expand, including the EU and the United States. 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.

Unexpected equipment failures or accidents may lead to production curtailments or shutdowns, property damage or personal injuries.

Our equipment and solutions are manufactured through sophisticated production processes under tightly controlled environments across production centers. Any equipment failures, utilities interruptions, or inappropriate operation, handling or storage during our production processes may lead to accidents causing property damage, personal injuries, or production curtailments or shutdowns. Such incidents may trigger adverse publicity, reputational damage, monetary compensation, fines or penalties and remediation costs, and may disrupt delivery schedules and customer acceptance timelines. Our work injury and medical insurance may be insufficient to cover all related losses and liabilities.

Our future success depends on our ability to operate our production centers in a cost-effective manner in China, Germany and other locations, which are subject to risks and uncertainties.

We operate production sites globally. Our ability to manufacture competitively depends on maintaining optimal utilization across these sites to achieve economies of scale, manage mix and complexity, and enhance production efficiency. Utilization and cost performance are subject to factors beyond our control, including fluctuations in market demand, product mix variability, labor availability, utilities and facility costs and maintenance and upgrade needs. Failure to manage these factors may lead to under-utilization, expedited costs, yield drag during ramps and higher operating expenses.

We may need to invest meaningfully in localization of processes, supplier qualification, workforce recruiting and training, and IT and compliance systems. Unforeseen adverse economic, regulatory, social or political developments in these jurisdictions — such as changes in labor laws, environmental standards, industrial policy, incentives, or local content rules — could lead to project delays, cost increases, asset impairment risks, or loss of key personnel, and may adversely affect our business, financial condition and results of operations.

Our patents and other non-patented 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 equipment and solutions as well as to successfully enforce our intellectual property rights and to defend our intellectual properties against third-party challenges. 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. 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, these efforts cannot completely prevent such persons from unintentionally or willfully disclosing 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. In addition, our competitors may independently develop technologies that are equivalent 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 equipment and solutions 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. 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 equipment and solutions.

Interruption in or failure of information technology ("IT"), control and communication systems that we manage, including cyberattacks or other privacy or data security incidents that result in security breaches of these systems, could materially and adversely affect us.

We rely on IT systems and network infrastructure that we manage to collect, use, transmit, store, dispose of and otherwise process electronic information. Cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. Such theft, loss or fraudulent use of information, or other unauthorized disclosure of personal or sensitive data, may lead to high costs to notify and protect the impacted persons. It could also subject us to litigation, losses, liabilities, fines, or penalties, any of which could materially and adversely affect our business and results of operations.

Any material changes in our relationships with related parties and connected persons would have a material adverse impact on our business, financial conditions and operating results.

We conduct business with related parties. In addition, we have also entered into certain transactions with parties who are our connected persons and these transactions will continue following the [**REDACTED**]. See note 41 to "Appendix IA — Accountants' Report of The Group" and "Connected Transactions." Our ongoing operations, financial position and results of operations are closely dependent on maintaining stable and favorable relationships with such related parties or connected persons, which may include entities or individuals associated with our management, major shareholders, or affiliates. We cannot guarantee that we will not be subject to heightened regulatory scrutiny or negative market perception, which could adversely affect our reputation and our ability to conduct business. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results and prospects.

In addition, any material deterioration, modification or termination of our business relationships with such related parties or connected persons due to disputes, changes in ownership or management, legal or regulatory developments, or other factors could result in increased costs, supply chain disruptions, loss of revenue or loss of business opportunities. We may also encounter difficulties in sourcing alternative business partners on comparable terms or within a commercially reasonable timeframe.

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 work-in progress and equipment and solutions. Disputes with or terminations of our contractual relationships with our logistics service providers could result in delayed delivery of equipment and solutions or increased costs. In addition, we may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer equipment and solutions in sufficient quantities, on a timely basis, or at prices acceptable to our customers.

If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to equipment and solutions or any other issue due to transportation shortages, natural disasters, labor strikes or other factors, we may lose customers and sales, and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third party logistics service providers. Delays in delivery could adversely impact our suppliers' ability to timely deliver materials to us, and in turn our ability to deliver to our customers.

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

Our solutions and equipment are sold globally. As such, we face risks associated with international trade regulations and geopolitical developments.

Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. As of the Latest Practicable Date, certain of our products sold into the U.S. from China were subject to a combined effective tariff rate of approximately 30%. In addition, as of the Latest Practicable Date, our equipment and solutions originating from Germany and sold into the U.S. were subject to an effective tariff rate of approximately 15%. There is no assurance that the effective tariff rate applicable to our equipment and solutions will not change in the future.

We generally only have limited export of our PV manufacturing equipment to the United States, and given our customer base, we do not expect this to change in the near future. We did not generate any revenue from the export of PV manufacturing equipment to the United States in 2023. In 2024, we exported a limited amount of PV manufacturing equipment to the United States, which accounted for approximately 2.7% of our total revenue for the year. In 2025, we exported PV equipment spare parts and services to the United States, which accounted for approximately 0.5% of our total revenue for the year.

Similarly, we export a limited amount of our SiPh manufacturing equipment to the United States. Historically, ficonTEC exported certain SiPh manufacturing equipment to the United States from Germany, which accounted for 13.6%, 16.1%, 8.9% and 9.6% of its revenue in 2022, 2023, 2024 and the four months ended April 30, 2025, respectively. Customers for the SiPh manufacturing equipment based in United States are primarily fabless companies who typically purchase our equipment and deploy them at foundries and OSATs located outside of the United States for the production of their devices. However, should such arrangement changes in the future, the U.S. tariffs may have an impact on our results of operations.

In addition, during the Track Record Period, only a small portion of our equipment was exported from Chinese Mainland to the EU, and the ultimate destinations of those products are primarily countries outside the EU. Only a small part was exported to ficonTEC's EU production facilities during the Track Record Period. In addition, EU tariffs on Chinese products sold into the EU – which also cover intra-group transactions-range from 0% to 2.7% as of the Latest Practicable Date. We also face the risk of potential adverse changes in the European and German regulatory environment, in particular, the introduction or expansion of tariffs and restrictions on the import of goods from China or of local content/production requirements for publicly purchased or subsidized goods and/or services in order to protect the business of local competitors or for other foreign and security policy considerations. Should we increase our sales from Chinese Mainland to the EU, or the EU tariffs on Chinese products increase significantly, our business operation and financial condition may be materially and adversely affected.

Regarding U.S. export controls, in recent years, the BIS issued several interim final rules to limit China's access to advanced integrated circuits and manufacturing equipment.

In addition, the BIS also maintains lists of individuals and entities subject to enhanced export control restrictions. The U.S. has recently strengthened export control and economic sanctions on China, including adding certain PRC entities or individuals onto Entity List and other sanctions lists that limit their access to items subject to U.S. export control regulations. Due to the unpredictable nature of these decisions, it is challenging to foresee developments in this area.

Pursuant to our legal advisor as to international sanctions and export control laws, Katten Muchin Rosenman, we are not subject to U.S. export control regulations, as our products were primarily developed and manufactured in China and Germany and did not contain more than 5% U.S.-origin content by value, and their manufacturing process (including the manufacturing process of their production line) did not use any sensitive U.S. technologies or software. However, if we need to source such technologies and components in the future or if the U.S. export control regulations change from time to time going forward, the cumulative effect of these regulatory and policies could affect our operations and financial results, and could increase our compliance burden.

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

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "**Final Rule**") or the "Outbound Investment Rule". The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

Pursuant to our legal advisor as to the U.S. Outbound Investment Rule, Katten Muchin Rosenman, we are not a covered foreign person (as defined in the Final Rule) as we do not engage in any of the covered activities referred to in the definition of "notifiable transaction" or "prohibited transaction." In particular, our high-precision assembly and testing systems for SiPh devices is used to manufacture and test SiPh devices, which, based on common taxonomy and their functional characteristics, are generally categorized as optoelectronic devices (i.e., devices primarily used for optical transmission/processing) rather than electronic integrated circuits (such as logic or memory ICs) covered by the Final Rule. However, there is no assurance that the Treasury will take the same view. U.S. persons engaged in a "covered transaction" (as defined under the Final Rule) that involves the acquisition of an equity interests (including the [**REDACTED**] of H Shares in the [**REDACTED**]) in a covered foreign person may need to make a notification to Treasury pursuant to the Final Rule. If Treasury were to deem us to be a covered foreign person, that, could limit our ability to raise capital or contingent equity capital from U.S. investors. Future changes in the Final Rule and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects, in which case the value of our H Shares may also be materially and adversely affected.

Our business may be impacted by geopolitical tensions, war, terrorism, public health issues, natural disasters and other business interruptions.

War, terrorism, geopolitical tensions, 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 business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes and other events beyond our control. Such events could decrease demand for our equipment and solutions, make it difficult or impossible for us to make and deliver equipment and solutions to our customers, or to receive materials from our suppliers, and create delays and inefficiency in our supply chain. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

We may be involved in legal and other disputes and claims from time to time arising from our operations and any litigation, legal and contractual disputes, claims, administrative proceedings or regulatory matters against us and any failure to comply with relevant laws and regulations may expose us to legal risks.

We may be, from time to time, involved in litigation, other legal proceedings or disputes with our employees, suppliers or customers during the ordinary course of business operations related to, among other things, products and other types of liability, labor disputes or contractual disputes. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management's attention from our business activities. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our reputation, business, prospects, financial condition and results of operations.

During the Track Record Period, we, our Single Largest Shareholder Group and certain directors and senior management members were subject to regulatory measures imposed by the Shenzhen Stock Exchange and the CSRC in connection with historical information disclosure matters of our Company including financial reporting and accounting errors, failure of our controlling shareholder to make required pre-disclosure before disposal of shares, and failure to disclose repurchase and return-guarantee arrangements relating to the ficonTEC acquisition. We cannot assure you that similar or more severe events will not occur in the future. If we fail to continue to comply with applicable information disclosure requirements, we could be subject to other regulatory measures and our reputation and results of operations could be adversely affected.

Macroeconomic factors have had and may continue to have a material and adverse effect upon our business, financial condition and results of operations.

The global PV industry is affected by macroeconomic factors, including changes in overseas, national, regional and local economic conditions. Any deterioration of the global economy, fear of recession and decreases in customer confidence may lead to a reduction of orders. These macroeconomic factors could materially and adversely affect our financial condition and results of operations. For SiPh equipment and solutions, our business is likewise exposed to macroeconomic cycles and financial market conditions.

The occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets that could impact the availability of credit generally may have a material and adverse impact on financing available to us. Renewed turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION

Our financial information included in this document has been prepared in accordance with the IFRS, which may be different from the financial information prepared in accordance with the PRC GAAP.

We have prepared the consolidated financial information included in this document in accordance with the IFRS. As our A Shares are also listed on the Shenzhen Stock Exchange, we have historically prepared our financial information in accordance with the PRC GAAP and the relevant regulatory requirements as published by CSRC. The recognition and measurement of the fair values of the consideration transferred for business combination are different under the PRC GAAP and the IFRS, which result in difference in the goodwill recognized arising from the acquisition. In accordance with the PRC GAAP and the relevant regulatory requirements as published by CSRC, the consideration for the ficonTEC

Acquisition was approximately RMB1,226.6 million, while in accordance with the IFRS, the consideration transferred for was RMB1,892.9 million. As a result of such difference, the amount of goodwill recognized per IFRS Financial Information was RMB666.3 million higher than that under PRC GAAP financial statements. See "Financial Information — Material accounting policies and estimates — Difference in accounting treatment of recognition of goodwill under the PRC GAAP and the IFRS and Their Impacts on Our Accountants' Report" for details. Potential [**REDACTED**] should consult their own professional advisers for an understanding of any differences that may exist between the PRC GAAP and the relevant regulatory requirements as published by CSRC and the IFRS, and how those differences might affect their analysis of the financial information included in this document.

Any impairment of goodwill could have a material adverse effect on our results of operations.

As of December 31, 2025, our goodwill amounted to RMB1,661.3 million, primarily as a result of the ficonTEC Acquisition. During the Track Record Period, we conducted regular review and impairment assessment on carrying amounts of our goodwill, property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. In particular, according to our accounting policies, we may only retain an asset when it is capable of generating enough cash to pay for itself and, preferably, produce some profit, failing which, its carrying amount would have to be reduced to reflect the loss of capability to produce cash and profit. Such test involves business judgment of our management, which is subjective in nature and subject to inherent limitations and risks. Declines in market conditions, a trend of weaker than anticipated financial performance of our reporting units, a decline in our share price for a sustained period of time or an increase in the market-based weighted average cost of capital, among other factors, are indicators that the carrying value of our goodwill may be impaired. Any impairment of our goodwill could have a material adverse effect on our results of operations.

We may not be able to timely fulfill our obligations in respect of contract liabilities to our customers or at all.

Our contract liabilities comprise advances received from our customers. We typically require our customers to pay the consideration for their purchases from us upon or prior to the delivery of the equipment and solutions. In 2023, 2024, and 2025, we had contract liabilities of RMB204.2 million, RMB98.8 million, and RMB157.4 million, respectively. See note 31 to "Appendix IA — Accountants' Report of The Group." Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. If disruption to any of our suppliers occurs, we may fail to fulfill our contract obligations or meet market demand for our equipment and solutions, and our business, results of operations, liquidity and financial condition could be adversely affected.

We require a significant amount of cash to fund our operations and future business developments. If we cannot obtain additional funding on terms satisfactory to us when we need it, our growth prospects and future profitability may be materially and adversely affected.

Capital requirements are difficult to plan in the highly dynamic and rapidly changing industry that we are in. From time to time, we will continue to need significant capital to fund our operations and manage our capacity in accordance with market demand. Our continued ability to obtain sufficient external financing is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flow, general market conditions for financing activities, financial, political and other conditions in the PRC and elsewhere. Sufficient external financing may not be available to us on a timely basis, on reasonable market terms, or at all. As a result, we may be forced to curtail our expansion and modifications plans or delay the development of new equipment and solutions until we obtain such financing.

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

While PRC corporate income tax has a standard rate of 25% on a company's taxable income, the Company and one of our subsidiaries were entitled to a preferential income tax rate of 15% during the Track Record Period in relation to our PV business. 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 the Company and our PRC subsidiaries 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 subsidiary 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.

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

To operate our business effectively and meet our consumers' demands and expectations, we maintain a certain level of inventory to meet customer needs and ensure timely delivery of our equipment and solutions. As of December 31, 2023, 2024 and 2025, we had inventories of RMB500.6 million, RMB205.2 million and RMB410.5 million, respectively. In 2023, 2024, and 2025, our inventory turnover days were 150 days, 164 days, and 181 days, respectively. We determine our level of inventory based on historical sales data, customer order volumes, demand forecasts and supply chain capacity fluctuations. Such an assessment is inherently uncertain. We cannot assure that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence or inventory shortage. Inventory levels in excess of demand, or substantial decrease in the expected market price of our equipment and solutions, may result in inventory write-downs or write-offs, and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Furthermore, if we underestimate the demand for our equipment and solutions, we may not be able to have a sufficient number of equipment and solutions to meet such unanticipated demand, which could result in delays in the delivery of our equipment and solutions and negatively affect our reputation.

Fair value change of financial assets at fair value through profit or loss may affect our results of operations.

Our financial assets at fair value through profit or loss primarily consist of fund investments and structured deposits. As of December 31, 2023, 2024, and 2025, we had financial assets at fair value through profit or loss classified under current assets of nil, RMB15.0 million, and RMB48.5 million, respectively. See note 23 to "Appendix IA —

Accountants' Report of The Group." The methodology that we use to assess these financial assets involves a significant degree of management judgment and is inherently uncertain. We cannot assure you that market conditions and regulatory environment will create fair value gains on those financial assets or that we will not incur any fair value losses on those financial assets in the future. If we incur such fair value losses, our results of operations and financial condition may be adversely affected.

We are subject to credit risk in collecting trade and bills receivables due from customers.

Our trade and bills receivables primarily consisted of trade receivables from third parties, related parties and subsidiaries. As of December 31, 2023, 2024, and 2025, the net carrying amount of our trade and bill receivables was RMB362.4 million, RMB518.7 million, and RMB751.0 million, respectively; the impairment of our trade and bills receivables was RMB70.4 million, RMB86.8 million, and RMB147.2 million, respectively; and our trade and bills receivables turnover days amounted to 82 days, 146 days and 244 days, respectively. See "Financial Information — Selected Balance Sheet Items — Trade and Bills receivables."

There can be no assurance that we will be able to maintain our trade and bills receivables turnover days at a reasonable level. Should the credit worthiness of our customers deteriorate, or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected.

In addition, there may be a risk of delay in payment by our customers within their respective credit period, which in turn, may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from the customers or that they will settle our trade and bills receivables in a timely manner. If settlements from customers are not made in a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based payments.

We adopted the Share Incentive Plans in the past. See "Appendix IV — Statutory and General Information — 2021 Restricted Share Incentive Plan." To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives in the future. Issuance of Shares with respect to our equity incentive plan may dilute the shareholding of our existing Shareholders and incur substantial share-based compensation expenses that could have a material and adverse impact on our results of operations.

We historically received government grants, and we may not receive such grants or subsidies in the future.

In 2023, 2024 and 2025, we recorded government grants of RMB2.8 million, RMB1.7 million, and RMB8.6 million, respectively in relation to our PV business. Not all of the government grants are recurring in nature. See "Financial Information — Principal Components of Results of Operations — Other Income." Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the local government.

In addition, the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government grants in the future, or that such government grants we have already received will not be required to be returned. If we are unable to receive the government grants in the future at the same level as we had during the Track Record Period, our financial condition and results of operations for the period may be adversely affected.

Failure to meet obligations under our loan agreements may lead to default and loss of control over subsidiaries.

We recorded bank borrowings, including pledged borrowings during the Track Record Period. The pledged borrowings were primarily obtained from bank loans secured by our pledge of 100% equity interests in two of our subsidiaries, which holds a portion of our interest in ficonTEC. For details, see note 32 to "Appendix IA — Accountants' Report of The Group."

If we fail to meet our repayment or other obligations under the relevant loan agreements, we may be in default (potentially triggering cross-default provisions under our other financing arrangements), and the lenders may enforce the pledges and dispose of the pledged equity interests. Such enforcement could result in the loss of our equity interests in such subsidiary and adversely affect our control over this subsidiary, which in turn may have a material impact on our business, financial condition and results of operations.

Fluctuations in foreign currency exchange rates could adversely affect our business.

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 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.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

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

We operate our business globally – in Chinese Mainland, Germany and overseas. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Additionally, we are a company incorporated under the PRC laws and a majority of our assets are located in Chinese Mainland and Germany, our financial condition, results of operations and prospects are subject to economic, political, and legal developments in China and Germany. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

It may be complex to effect service of process upon us or our management or to enforce against them or us any judgments obtained from foreign courts.

We are a company incorporated under the PRC laws and a substantial amount of our assets are located in Chinese Mainland. In addition, most of our Directors and senior management reside in Chinese Mainland. As a result, it may be complex for investors to effect service of process outside of Chinese Mainland upon us, our Directors or senior management or to enforce judgments obtained against us in courts outside Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese Mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in Chinese Mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible. 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 Chinese Mainland and those in Hong Kong.

Failure to comply with the Social Insurance Law or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions.

Companies with operation in Chinese Mainland 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 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, one of our PRC subsidiaries did not make adequate contribution to social insurance for certain employees as required by relevant PRC laws and regulations. There is no assurance that our historical and current practices with respect to the contribution of social insurance plans will at all times satisfy the government authorities in 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 within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in Chinese Mainland, we may be exposed to penalties or be required to compensate employees. Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous and may involve substantial financial resources as well as other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, among other things. Such events could impact our results of operations and financial condition.

We engaged with a third-party human resources agency to pay social insurance premium and housing provident funds.

During the Track Record Period, we engaged a third-party human resources agency to pay social insurance premium and housing provident funds for certain of our employees. Pursuant to the PRC laws and regulations, we are required to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. The contributions to social insurance premium and housing provident funds made through third-party accounts may not be viewed as fully compliant, and as a result, during the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty or labor arbitration application from employees for their agency arrangement with the third-party human resources agency, and our PRC Legal Adviser is of the view that the risk of our Group being subject to any material penalties or being ordered to make back-payments for such historical arrangements is remote. Furthermore, if such human resource agency fails to pay the social insurance premium or housing provident funds for and on behalf of our employees in full as required by applicable PRC laws and regulations, we may also be subject to additional contributions, late payment fees and/or penalties imposed by the relevant PRC governmental authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations.

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

Failure to register lease agreements in the future may result in penalties.

We lease several premises from third parties in China. Under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. The lease agreements for two of our leased properties in China have not been registered with the relevant PRC government authorities. We may be subject to fines if we fail to register the relevant lease agreements 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.

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 are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividends to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial condition and business prospects may be affected.

RISKS RELATING TO THE [REDACTED]

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

As we are listed on the Shenzhen Stock Exchange and will be [**REDACTED**] in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions. Under current PRC laws and regulations, without the approval of 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. The H Share and A Share markets have divergent [**REDACTED**] volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable, and you should not place undue reliance on the trading history of our A Shares when evaluating your [**REDACTED**] decision.

In addition, as our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. The information announced by us in connection with the A Share listing is based on PRC regulatory requirements, industry standards and market practices in Chinese Mainland, which differ from those applicable to the [**REDACTED**], and may not be directly comparable to the information contained in this Document. Prospective [**REDACTED**] in the H Shares should rely only on the information included in this Document when making their [**REDACTED**] decisions.

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

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us and may not be an indication of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares may be materially and adversely affected.

The price and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [**REDACTED**] price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the [**REDACTED**] of and [**REDACTED**] volumes for our H Shares. The share price of some of these companies has experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment toward Chinese Mainland-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares.

Future sales or perceived sales of substantial amounts of our Shares in the public market could negatively affect the price of our Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our H Shares in the public market, the [**REDACTED**] of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

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

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

Our management may spend the net [**REDACTED**] 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 [**REDACTED**] from the [**REDACTED**] for, among other things, technological innovation and product development, strategic investments, global sales network expansion, and working capital and other general corporate purposes. See "Future Plans and Use of [**REDACTED**]." However, our management will have discretion as to the actual application of our net [**REDACTED**].

There can be no assurance that we will declare and distribute any amount of dividend in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under the IFRS accounting standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under the IFRS accounting standards. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and require approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Our Company is a PRC tax resident and is subject to PRC tax on its global income, and the dividends payable to [REDACTED] and gains on the sale of our H Shares by our [REDACTED] are subject to PRC tax.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H shares through the sale or transfer by other means of H shares.

There remains significant uncertainty as to the interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax or EIT on gains derived by holders of our H Shares from their disposition of our H Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

Certain facts, forecast and other statistics in this Document obtained from government and official sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this Document are derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by the Company and the Joint Sponsors, 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. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

You should read the entire Document carefully and only rely on the information included in this Document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

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

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

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