RISK FACTORS

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are engaged in a competitive industry, and our operational and financial performance, financial condition, and prospects may be impacted by such environment.

According to F&S, the optical connectivity industry in which we engage is relatively competitive. In 2025, the global market size for optical connectivity components reached RMB205.3 billion in terms of end user spending. In 2025, in terms of revenue from fiber optic assemblies, the Company ranked first globally with a market share of 9.7%. Competition in this industry may further intensify as competitors with longer operating histories, stronger financial, technical, and sales resources may seek to expand their market share by enhancing their product offerings. Furthermore, we may face competition from emerging companies entering our existing markets or competing with us in new markets. Such competitive pressures could lead to a decline in market demand for our products, thereby adversely affecting our operating results. In addition, our competitors may replicate our business model, products, or other factors that have contributed to our current success, potentially eroding our competitive advantages in the marketplace. Therefore, any failure to compete successfully against existing and new competitors could materially and adversely affect our business, operating results, and financial condition.

Moreover, demand in the optical connectivity industry exhibits considerable cyclicality, accompanied by accelerating technological shifts, sustained pricing pressure, evolving industry standards, and frequent fluctuations in supply and demand. As each product cycle matures, or as market expectations shift, demand for certain products may slow, potentially leading to lower capacity utilization, inventory build-up, and price adjustments. Such cyclical changes, inherent to the industry, may impact our profitability. The timing, magnitude, and duration of these fluctuations are often difficult to predict accurately, adding complexity to our operational planning and outlook.

The pace of technological advancement and standardization in the optical connectivity industry presents ongoing challenges to the market relevance of our offerings. As the industry transitions toward high-density connectivity solutions, we face multiple integration risks in transforming emerging technologies into commercially viable products. If compatibility or reliability validation cycles take longer than anticipated, we may miss optimal market entry windows. Premature investment in technologies that have yet to achieve broad-based adoption could also result in inefficient allocation of R&D resources or inventory write-downs.

Our global operations expose us to cross-border regulatory, geopolitical, and operational risks, which may persist and intensify as we continue to expand our business internationally.

A substantial portion of our revenue is generated from customers located outside our home country, and we continue to expand our presence across multiple jurisdictions as part of our long-term growth strategy. Operating across borders naturally exposes us to a range of legal, regulatory, political, and compliance risks that vary by country and region. These factors are often complex and subject to change, and any adverse developments could have a direct impact on our financial performance and operational stability.

The regulatory environments in which we operate are diverse and constantly evolving. Changes in foreign tax rules, including adjustments to tax rates, reinterpretations of existing laws, or new enforcement priorities, could affect our effective tax burden and increase compliance costs. In some cases, the complexity of local requirements related to sales taxes, value-added tax, licensing, or accounting standards may lead to inadvertent non-compliance, potentially resulting in penalties, reputational harm, or operational restrictions. Even with careful oversight, there can be no assurance that our interpretation of such requirements will always align with the views of local authorities.

International trade policies also introduce uncertainty. Shifts in tariffs, duties, export controls, or economic sanctions can affect our ability to move products across borders or may alter the cost structure of our supply chain. Restrictions on trade between China and other countries where we manufacture or sell products could disrupt established patterns of commerce and limit market access. Similarly, changes in foreign regulations governing data privacy, AI, environmental standards, or antitrust matters may require us to adapt our practices, sometimes at significant expense.

Beyond regulatory and trade-related risks, our cross-border operations expose us to a variety of practical and geopolitical challenges. These include difficulties in enforcing contracts or collecting overdue receivables through local legal systems, fluctuations in foreign exchange controls and repatriation restrictions, and the potential for labor disputes or work stoppages at our facilities or those of our suppliers. Political instability or shifts in bilateral relations between China and other countries could also affect our ability to operate freely in certain markets.

The cumulative effect of these risks, should any of them materialize, could increase our operating costs, disrupt our international activities, constrain our market access, or lead to significant financial or reputational harm. While we seek to manage these risks through structured compliance programs and local expertise, the diversity and complexity of the jurisdictions in which we operate mean that some degree of uncertainty is unavoidable. Any such outcomes could materially and adversely affect our business, financial condition, and results of operations.

Our financial performance and operational results during the Track Record Period may not be indicative of our future performance, and there is no assurance that we will be able to achieve or sustain revenue growth or historical levels of profitability.

During the Track Record Period, we recorded revenue of RMB500.4 million, RMB889.4 million and RMB2,104.8 million in 2023, 2024, and 2025, respectively. Over the same periods, our gross profit amounted to RMB189.7 million, RMB373.2 million and RMB830.9 million, respectively. While these figures reflect our performance during the Track Record Period, they should not be interpreted as a reliable indicator of future growth or financial results. Historical performance is inherently limited as a basis for projection, and there can be no assurance that we will sustain similar trends or growth rates moving forward. Our operating expenses may increase at a pace that outpaces revenue growth, and place pressure on profitability. Even if revenue continues to grow, there is no guarantee that such growth will translate into improved financial outcomes or that we will be able to replicate past performance. Accordingly, past results should not be relied upon as a forecast of future performance.

In assessing our business prospects, consideration should be given to the risks and uncertainties commonly faced by companies operating in emerging markets and rapidly evolving industries. These include, among others, our ability to navigate macroeconomic conditions affecting the regions in which we operate, to expand our customer base while deepening relationships with existing clients, to scale production capacity in line with demand, to sustain and enhance operational efficiency, and to execute and integrate acquisitions or investments effectively. Our failure to manage any of these challenges could have a material adverse effect on our business, financial condition, and results of operations.

The potential of our business growth depends on growth of the addressable markets of our current and prospective products and solutions. If our products and solutions do not achieve market acceptance or the addressable market develops slower or differently than we expect, our business, results of operations and financial condition could be materially and adversely affected.

Our growth prospects are closely tied to the continued expansion of the markets we serve, particularly in areas such as data center infrastructure, telecommunications network upgrades, and emerging applications like AI and cloud computing. The adoption of optical connectivity assemblies in these segments depends on a range of factors beyond our control, including the pace of technological standardization, capital expenditure cycles of major cloud service providers, and the

willingness of end-users to migrate to higher-speed or higher-density architectures. If the anticipated growth in these addressable markets does not materialize, or if the growth rate slows down more than expected, we may face excess production capacity, underutilized resources, and diminished rates of returns on our research and development investments.

Even in growing markets, market acceptance of our specific products and solutions is not guaranteed. Customers may prefer competing technologies, delay procurement decisions due to economic uncertainty, or impose qualification requirements that we are unable to meet in a timely manner. If our products fail to gain traction with key customer segments, or if the market shifts toward alternative solutions that we are not well-positioned to supply, our revenue and profitability could be materially and adversely affected. Our ability to maintain our growth therefore depends not only on market expansion but also on our success in aligning our product development and commercialization efforts with evolving customer needs and industry trends.

We are subject to risks associated with availability and volatility in the prices of materials used in the production of our products.

Our cost structure is significantly affected by price of raw materials, which consistently represent a substantial portion of our production costs. During the Track Record Period, raw material costs accounted for 71.7%, 69.9% and 71.1% of our total cost of sales in each year, respectively. As a result, changes in the prices of the materials we use can directly affect our margins and overall profitability. Prices of raw materials are influenced by factors beyond our control, including global commodity markets, supply chain conditions, inflation, geopolitical developments, global economic conditions and market demand, many of which are difficult to predict. If prices increase and we are unable to pass such increases on to our customers in a timely manner, our profitability may be adversely affected. Although lower prices may reduce our costs, continued price volatility may create uncertainty in our planning and operations.

We rely on certain key suppliers for critical raw and feed materials used in our production processes. While we maintain multiple suppliers for most other materials, any disruption in supply from these key sources, whether resulting from supplier-specific issues, capacity constraints, geopolitical factors, economic sanctions or other reasons, could significantly interrupt our operations.

Our bargaining power may be limited in negotiations with certain suppliers that hold dominant market positions. In addition, because we import certain key materials from overseas, we are exposed to additional logistical complexities and costs, and any delays in delivery from foreign suppliers could disrupt production and harm our operating results. Although we have measures in place to manage these risks, including maintaining relationships with multiple suppliers, monitoring market trends and holding inventory at levels intended to mitigate short-term disruptions, such measures may not fully protect us from sustained increases in procurement costs or prolonged instability in supply. If any of these events occur, our financial condition, results of operations and competitive position may be materially and adversely affected.

If our products fail to consistently meet our customers' quality standards or delivery requirements, our business relationships, revenue, and financial performance could be adversely affected.

In our industry, customer satisfaction and the continuity of our business relationships depend heavily on our ability to consistently deliver products that meet required quality specifications. If our products fall short of customers' quality standards or technical requirements, or if we are unable to complete deliveries within agreed timeframes, the consequences may extend beyond our own operations. Our customers' production schedules or the performance of their end products could be disrupted, potentially leading to dissatisfaction, reduced orders, or loss of business. Over time, such outcomes could also affect how our brand is perceived in the market.

When products do not perform as expected or fail to meet delivery commitments, customers may respond by rejecting shipments, requesting replacements, or returning goods. These situations often trigger a cascade of follow-on activities, including additional inspections, rework, expedited logistics, each adding cost and complexity to our operations. Production plans may need to be adjusted, and resources diverted from other priorities. Perhaps more significantly, restoring a customer's confidence after quality incident demands sustained attention from management and technical teams, and even with those efforts, there is no guarantee that the relationship will return to its prior state.

Beyond transactional consequences, we are also subject to ongoing quality audits and assessments conducted by our major customers. These evaluations are not mere formalities; they directly influence our standing as a supplier. Failing to meet audit criteria or losing certification status can have immediate and tangible effects. Orders may be paused, qualification for future projects may be delayed or withdrawn, and our ability to participate in new business opportunities may be constrained. Such developments, should they occur, would not only strain existing customer relationships but also limit our capacity to expand our customer base, with potential material implications for our business, financial condition, and results of operations.

Any delay or default in the collection of our trade and other receivables could adversely affect our liquidity position and cash flow management.

A significant portion of our assets is represented by trade and bill receivables, which arise from sales made in the ordinary course of business. As of December 31, 2023, 2024, and 2025, the carrying amounts of our trade and other receivables stood at RMB160.9 million, RMB277.7 million and RMB555.2 million, respectively. While these balances reflect our sales activity, they also expose us to the risk that customers may not settle their obligations within the agreed credit periods, or in some cases, may fail to pay altogether.

Delays in payment can arise for reasons beyond our control, such as our customers having liquidity constraints, operational disruptions, or changes in their financial circumstances. When receivables remain outstanding beyond expected timeframes, our cash flow and working capital position may come under pressure. This, in turn, could affect our ability to allocate resources in line with planned expenditures, invest in ongoing operations, or respond to emerging business opportunities.

In more pronounced scenarios, where customers are unable to meet payment obligations despite our collection efforts, we may be required to recognize provisions for expected credit losses. Such provisions, if material, could have a direct impact on our profitability and financial position. While we monitor our receivables portfolio and maintain credit control procedures, there can be no assurance that we will be able to mitigate these risks fully or avoid potential losses arising from customer defaults. Any sustained deterioration in collection performance could materially and adversely affect our business, financial condition, and results of operations.

We are subject to risks of significant fluctuations or deterioration of financial performance due to our customer concentration.

Given the structure of our industry, a substantial portion of our revenue has historically been derived from a limited number of key customers. During the Track Record Period, revenue from our five largest customers accounted for 81.3%, 87.6% and 90.6% of our total revenue in 2023, 2024 and 2025, while revenue from our single largest customer represented 44.7%, 42.4% and 63.2% over the same periods. Any disruption in our relationship with any of these major customers could materially affect our sales and profitability.

We establish master framework agreements with certain customers, under which individual purchase orders are placed periodically based on their specific project needs and deployment schedules. While these framework agreements provide a foundational basis for our commercial relationships, they do not guarantee minimum purchase volumes or commit customers to any

specific procurement levels. Consequently, even with established framework agreements in place, our customers retain significant discretion over the timing and quantity of orders they place, and there can be no assurance that they will continue to purchase from us at historical levels or at all. Any reduction in order volumes from one or more of our major customers could materially and adversely affect our business, financial condition, and results of operations.

Our current reliance on a limited number of significant customers, also constrains our ability to negotiate product pricing. While we continue to seek to reduce costs to mitigate pricing pressures, there is no guarantee that we can achieve proportional cost reductions or sustain our current cost-saving momentum. We may consider adjusting our pricing strategies in response to intensified competition, but such adjustments may not necessarily ensure customer retention or market stability.

Our revenue may be subject to material fluctuations or declines due to factors such as decisions by significant customers to source from competitors, loss of major customers without adequate replacement, reductions in purchase volumes or prices, delays or cancellations of procurement orders arising from infrastructure project changes, or the failure of significant customers to make timely payments. These factors introduce uncertainty and unpredictability into our sales, which may fluctuate depending on customer demand and ordering patterns. Given the nature of the optical connectivity industry, we anticipate that our dependence on a limited number of significant customers will persist for the foreseeable future. There can be no assurance that our relationships with major customers will continue to strengthen, or that these customers will continue to make significant purchases from us. Any failure to maintain existing customer relationships or to expand our customer base could materially and adversely affect our business, financial condition, results of operations, and prospects.

Our business, financial condition and results of operations may be materially and adversely affected by international policies, export controls and economic sanctions.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries.

In particular, the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury administers U.S. sanctions programs targeting certain countries, entities, and individuals. These sanctions generally prohibit U.S. persons, and in certain circumstances non-U.S. persons through the extraterritorial application of U.S. sanctions laws, from engaging in transactions with, or providing goods or services for the benefit of, sanctioned countries, entities, or individuals.

In addition to sanctions measures, the United States has imposed export controls measures that directly or indirectly affect China-based technology companies. The Bureau of Industry and Security ("**BIS**") maintains lists of individuals and entities subject to enhanced export control restrictions. One such list, the Entity List, includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organizations, individuals, and other legal entities. In recent years, the United States has added an increasing number of entities, including several in China, to the Entity List and other restricted or prohibited parties' lists. Due to the sudden and unpredictable nature of these decisions, it is challenging to foresee developments in this area. The United States 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 certain U.S.-origin goods. Moreover, there is a likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products.

Sanctions laws and regulations are subject to ongoing changes, and additional countries, entities, and individuals may from time to time become subject to sanctions or other restrictive measures. New sanctions requirements, restrictions, or enforcement priorities may also be introduced, which could increase regulatory scrutiny on our business activities or result in certain activities being considered inconsistent with applicable sanctions laws or regulations. Accordingly, no assurance can be given that our business will be entirely free from sanctions-related risks or that our operations will at all times satisfy the expectations or interpretations of the relevant authorities in the United States, the European Union, the United Kingdom, Australia, or other jurisdictions. Our business, financial condition, and reputation could be adversely affected if the authorities of the United States, the European Union, the United Kingdom, Australia, or any other relevant jurisdiction determine that any of our activities violates applicable sanctions laws or regulations, or otherwise provides a basis for sanctions designation or enforcement action against our Group. Prior to November 2024, we had limited transactions with only one customer located in jurisdiction subject to international sanctions. Revenues derived from such customer amounted to RMB41,836.7 during the Track Record Period. Our last transaction with such customer was completed in November 2024, and since then, we have ceased all transactions with customers located in sanctioned jurisdictions. For details on our business operations in the regions subject to international sanctions, please see "Business — Historical Transactions Subject to Potential Sanction Risks" in this document.

Our results of operations are exposed to risks in relation to escalating trade tensions.

Our operations can be influenced by developments in international trade policy, particularly the evolving dynamics between China and the United States. Heightened tensions in the Sino-U.S. trade relationship, manifested through tariffs and other trade barriers, pose risks to the cost and availability of raw materials, components, and finished goods that are either sourced from or destined for these key markets. In addition, our results of operations can be affected by ever-changing tariff rules, regulations, and/or policies. In early 2025, the United States issued a series of EO that reshaped the tariff regime for imports from various jurisdictions. These included significant tariffs on products originating from the PRC, and the repeal of the De Minimis Exemption for PRC-origin goods under USD800 (effective May 2, 2025). According to our advisor as to U.S. tariffs laws and regulations, as of the Latest Practicable Date, for products originating from the PRC and shipped to the United States, the applicable tariffs may include: (i) "Section 301" tariffs that have been imposed since 2019 (ranging from 7.5% to 25%); and (ii) standard customs duties (i.e., MFN duties).

To mitigate tariff-related risks, we have implemented a range of measures across our supply chain and customer engagements. A majority of our export business is conducted on an "ex-works" basis, where we fulfill our delivery obligations by placing the goods at the disposal of the buyers at our premises. Under these arrangements, the buyers are responsible for clearing the goods for export and import, as well as bearing any applicable tariffs and other costs associated with the transport and collection of the products. A substantial portion of our imported raw materials is processed under bonded customs regulations, which defer tariff liabilities and reduce the impact of import duties on our cost structure. In addition, we work closely with key U.S. customers to facilitate country-of-origin certifications based on the core raw materials used in our products, enabling tariff exemptions where applicable. These measures have helped mitigate the direct financial impact of tariff fluctuations. However, there can be no assurance that they will remain effective or sufficient in the face of future policy changes or further escalation of trade tensions.

There is no assurance that such tensions will ease or that future tariff measures will not be reintroduced or expanded. Any further escalation could lead to increased procurement costs, customs duties, and reduced pricing flexibility, thereby pressuring our profit margins. Depending on the scope, duration, and geographic reach of such measures, our long-term planning and international growth initiatives may also face significant challenges.

We are exposed to foreign currency exchange risk.

Our operations span multiple countries and regions, and a portion of our bank balances, as well as trade and other payables, and trade and other receivables, is denominated in currencies other than Renminbi, which is our Group's reporting currency. During the Track Record Period, our procurement transactions were primarily settled in Renminbi and U.S. dollars, while our sales were predominantly denominated in U.S. dollars. Such multi-currency exposure subjects us to foreign exchange risk, as fluctuations in the exchange rates between these currencies and the Renminbi may affect the carrying value of our monetary assets and liabilities, as well as our reported revenue and expenses.

Exchange rate movements are influenced by a range of factors beyond our control, including shifts in monetary policy, geopolitical developments, and broader economic conditions. In particular, changes in U.S. monetary policy may contribute to a strengthening of the U.S. dollar, which could exacerbate exchange rate volatility, affect capital flows in emerging markets including China, and influence the financing environment for Chinese companies with international operations. Such dynamics may, in turn, have indirect effects on our business and financial results.

Our historical exposure to currency fluctuations is reflected in the statement of profit or loss in the variability of our foreign exchange gains and losses. We recorded net foreign exchange losses in the consolidated statements of profit or loss of RMB0.4 million in 2023, and net foreign exchange gains of RMB10.9 million and RMB1.3 million in 2024 and 2025, respectively. These fluctuations illustrate the inherent uncertainties associated with currency movements and their potential impact on our financial performance.

We currently do not engage in foreign exchange hedging activities. While we monitor our currency exposures as part of broader treasury management, there can be no assurance that we will be able to mitigate the effects of adverse exchange rate movements. Future fluctuations could result in net exchange losses that materially affect our results of operations.

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

Labor costs represent a significant component of our overall cost structure, and these costs are subject to fluctuation based on a range of external factors. Inflationary pressures, adjustments to statutory minimum wage levels, evolving government mandates regarding employee benefits and social insurance contributions, as well as competition for skilled talent in the markets where we operate, all contribute to the variability and potential upward trajectory of labor expenses. If labor costs continue to rise, our production costs could increase correspondingly. While we may seek to mitigate such pressures through pricing adjustments, there can be no assurance that we will be able to pass on these cost increases to our customers in a timely manner or to a full extent. Any failure to do so could compress our profit margins and affect overall financial performance.

In response to sustained increases in labor expenses, we may need to reassess our workforce allocation or accelerate investments in automation and process optimization. Such measures, while potentially beneficial over the longer term, may involve upfront capital outlays and could temporarily disrupt operational efficiency during the transition period. There is no guarantee that these initiatives will fully offset the impact of rising labor costs or that they can be implemented without unintended operational challenges.

At the same time, maintaining stable and constructive relations with our employees remains important to our long-term development. Our ability to innovate, serve customers, and grow our business depends in large part on the expertise, experience, and commitment of our workforce. For further information, see "Business — Employees." However, despite our efforts to foster a positive work environment, labor disputes remain a possibility. Any deterioration in labor relations could lead to disruptions such as strikes or work stoppages, claims or legal proceedings, and damage to our reputation within the industry. Such events could result in the loss of key personnel, increased

recruitment and training costs, erosion of institutional knowledge, and interruptions to our business operations. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations, and prospects.

Technological innovation and R&D capabilities are key to our success. If we fail to keep up with the evolution of technologies, enhance our R&D capabilities, or to achieve anticipated R&D milestones, that could materially and adversely affect our competitiveness and profitability.

Maintaining competitiveness in our industry requires continuous innovation to support the timely introduction of new and enhanced products. The process of developing technologically advanced products, however, is inherently complex and uncertain. It demands frequent innovation, access to highly skilled personnel, accurate anticipation of technological shifts and market trends, and substantial financial investment. During the Track Record Period, our research and development expenses accounted for 2.7%, 3.6% and 2.5% of our total revenue in 2023, 2024 and 2025, respectively. Over the Track Record Period, our cumulative research and development expenses were RMB97.6 million. As of December 31, 2025, our R&D teams numbered 216 employees. This level of resource allocation reflects the central role that R&D plays in achieving our strategic objectives. At the same time, the failure of key R&D initiatives could result in significant resource drain and lost opportunities, with potential consequences for our financial performance.

Product development timelines may not always proceed as planned. Delays may arise from a range of factors — shifts in product specifications or customer requirements, unexpected technical challenges, difficulties in recruiting or retaining specialized personnel, constraints in reallocating engineering resources, or the fast pace of technological change and the emergence of competing offerings. These variables are often difficult to anticipate or control. While we strive to manage development processes effectively, there is no guarantee that we will always bring new or upgraded products to market according to our intended schedules.

Beyond internal development efforts, external factors also shape the competitive landscape. When other companies introduce products based on new technologies, or when industry standards move in new directions, our existing products may face pressure on pricing, performance, or market acceptance. Staying aligned with industry evolution is therefore not just a matter of internal capability, but also of responsiveness to broader shifts that are often beyond our control.

We may not be able to continue our international expansion strategy efficiently.

Our revenue during the Track Record Period has been predominantly derived from international markets. Building on this established global presence, we continue to seek opportunities to further broaden our geographic footprint. Such efforts are expected to support our goal of deepening market penetration and building a more globally diversified revenue base.

Expanding into unfamiliar markets, however, brings with it a range of uncertainties and operational challenges. Unlike our home market, where we have accumulated years of experience and established relationships, new geographies often present different regulatory frameworks, business customs, and customer expectations. We may find ourselves competing against companies that already have well-established local operations, deeper familiarity with regional dynamics, or stronger connections with local customers and suppliers. Success in these markets will require us to adapt quickly to local conditions while maintaining the quality and reliability that underpin our brand.

The continued execution of our overseas expansion plan will demand significant resources across multiple dimensions. We will need to commit managerial attention, technical expertise, and financial capital to support new operations, while also building local teams capable of driving sales, managing relationships, and navigating regional business environments. Recruiting and retaining qualified personnel with relevant market knowledge will be critical, as will be the ability to provide

effective customer support tailored to the needs of clients in each region. If we are unable to assemble the right teams or if our sales efforts fail to gain traction, the returns on our investment may fall short of expectations.

Beyond the initial setup phase, integrating new overseas operations into our existing corporate structure presents its own set of challenges. Ensuring consistency in quality control, supply chain coordination, and operational oversight across geographically dispersed sites requires careful planning and execution. There is no guarantee that we will be able to manage this expansion efficiently or that the benefits we anticipate will materialize within our expected timeframes. Any missteps in execution could limit our ability to capture new opportunities, achieve our strategic objectives, or sustain our competitive position in an increasingly globalized industry.

Failure to maintain inventory levels in line with the approximate level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

Effective inventory management is essential to our ability to fulfill customer orders and maintain operational continuity. To support timely delivery and align with production schedules, we maintain stocks of both raw materials and finished goods based on internal planning forecasts. Procurement decisions are calibrated to account for lead times associated with different categories of materials. By way of illustration, domestically sourced materials are typically held at levels sufficient to support approximately one week of production, while certain overseas-sourced inputs are generally maintained at levels equivalent to one to three months of production requirements.

Inventory planning, however, is inherently subject to uncertainty. Forecasts are estimates, and actual customer demand may deviate from anticipated levels. In circumstances where demand exceeds our projections, we may find ourselves with insufficient inventory to fulfill orders in a timely manner.

Conversely, if demand falls short of expectations, we may be left with excess inventory. Carrying surplus stock increases warehousing and holding costs, and heightens the risk that materials or finished products may become obsolete before they can be used or sold. In some cases, this may necessitate markdowns or write-offs, which could adversely affect our financial results. While we seek to balance these risks through ongoing monitoring and adjustment of procurement and production plans, there can be no assurance that we will always maintain optimal inventory levels. Any sustained imbalance, whether due to understocking or overstocking, could have a material adverse effect on our business, financial condition, and results of operations.

If our preferential tax treatment becomes unavailable or if the calculation of our tax liability is challenged by the tax authorities, our results of operations may be adversely affected.

We are subject to certain preferential tax treatment in the jurisdictions we operate. For example, during the Track Record Period, our Company was recognized as a "High and New Technology Enterprise" and the recognition remained effective as of the Latest Practicable Date, and thus our Company was entitled to a preferential corporate income tax rate of 15%. During the Track Record Period, we had an income tax expense of RMB16.9 million, RMB32.1 million and RMB81.0 million in 2023, 2024 and 2025, respectively. We cannot assure you that the 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 cancelled. Moreover, we cannot assure you that our Company will continue to be accredited as a "High and New Technology Enterprise" upon expiration of the relevant certificate. If any such change, cancellation or discontinuation of preferential tax treatment occurs, our Company will be subject to corporate income tax at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

Our cash flow position may be adversely affected by timing mismatches between receipts from our customers and payments to our suppliers.

Our financial condition is inherently linked to the reliability with which our customers meet their payment obligations, as the timely settlement of receivables directly influences our available liquidity. Disruptions may arise when there is a misalignment between the inflow of customer payments and the outflow required to settle supplier invoices, potentially creating short-term strain on working capital. While we take measures to manage this dynamic, there can be no assurance that future cash flow imbalances will be entirely avoided.

At the same time, our operations remain exposed to the possibility that customers may delay or default on their contractual commitments. Despite ongoing oversight of overdue accounts by our finance function, the full recovery of all outstanding amounts cannot be guaranteed. Should we face significant challenges in collecting receivables or encounter actual defaults by clients, the resulting impact could materially affect our financial position, operational results, and the sustainability of our cash flows.

We anticipate a material increase in depreciation expense related to property, plant and equipment as a result of our production facility expansions, which may adversely affect our results of operations.

As part of our strategy to expand production capacity, we plan to construct a new manufacturing facility and acquire additional equipment, with funding expected to come from a portion of the [REDACTED]. Once these assets are completed and placed into service, we will begin recognizing depreciation charges in accordance with IFRS Accounting Standards, which require the cost of property, plant and equipment, net of residual values, to be expensed systematically over their estimated useful lives. For further information, see Note 11 to the historical financial information included in Appendix I.

Historically, depreciation of property, plant and equipment amounted to RMB15.8 million, RMB22.0 million and RMB48.2 million in 2023, 2024 and 2025, respectively, representing 3.2%, 2.5% and 2.3% of revenue for those periods. Following the expansion, we expect depreciation charges to increase as a result of the additional land use rights, buildings, and production equipment added to our asset base.

While the expanded capacity is intended to support revenue growth, there can be no assurance that any increase in revenue will be sufficient to offset the corresponding rise in costs, including higher depreciation expenses. If revenue does not grow in line with expectations, or if the additional capacity is underutilized, the increased depreciation could adversely affect our financial condition and results of operations.

Uncertainties in the fair value measurement of financial assets classified at fair value through profit or loss may materially affect the presentation of our financial position.

As part of our treasury management activities, we have invested and intend to continue investing in structured deposits and other financial assets measured at fair value through profit and loss. As of December 31, 2023, 2024 and 2025, our financial assets measured at fair value through profit or loss amounted to RMB16.5 million, RMB89.6 million and RMB48.5 million, respectively, consisting primarily of wealth management products. These instruments are subject to fair value measurement, and for those not traded in active markets, valuation techniques are applied that rely on observable market data where available and minimize the use of entity-specific inputs. Nevertheless, any changes in the underlying estimates or assumptions used in such valuations could result in fluctuations in the reported fair value of these assets, which may in turn affect our financial performance through gains or losses recognized in profit or loss. Accordingly, there can be no assurance that future changes in the fair value of our financial investments will not have a material adverse effect on our financial condition or results of operations.

Our operations may be subject to transfer pricing adjustments by competent tax authorities, which could result in additional tax liabilities and related penalties.

During the Track Record Period, we engaged in intra-group transactions involving transfer pricing arrangement. These transactions primarily involved the purchase and sale of tangible goods and provision of services among our entities in the PRC, Hong Kong and Vietnam. For further information, see "Business — Transfer Pricing Transactions."

Tax authorities in different jurisdictions generally require that transactions between related parties be priced on terms consistent with those that would be agreed between independent entities negotiating at arm's length. Under the laws and regulations in PRC, Hong Kong and Vietnam, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. If any tax authority determines that our intercompany transactions do not meet this standard, it may adjust the taxable income of one or more of our entities. Such an adjustment could result in additional tax liabilities, and if not addressed within the timeframe prescribed by the relevant authority, may also attract interest charges, surcharges, or other penalties on the amount considered underpaid. In some cases, a transfer pricing adjustment in one jurisdiction may give rise to a claim for relief under applicable double taxation agreements, allowing us to seek recovery of taxes paid in another jurisdiction. However, there is no guarantee that such recovery efforts would be successful, or that the process would be completed without prolonged administrative or legal proceedings. Any failure to obtain relief could increase our overall tax burden and adversely affect our financial position.

We anticipate that intra-group transactions will continue to form part of our operations for the foreseeable future, and we intend to structure these arrangements in a manner consistent with arm's length principles. Nevertheless, transfer pricing regulations are complex and subject to interpretation, and tax authorities may take a different view from our own assessment. If any jurisdiction successfully challenges our transfer pricing practices, we could face increased tax obligations, which may have a material adverse effect on our business, financial condition, and results of operations.

We are subject to various risks relating to third-party payments.

During the Track Record Period, to the best knowledge of our Directors, certain of our customers (the "**Relevant Customer(s)**") paid us through third parties (the "**Third Party Payment Arrangements**"), primarily via their legal representatives, ultimate beneficial owners and third party entities (collectively, the "**Third Party Payor(s)**"). In the year ended December 31, 2023, 2024 and 2025, we received third-party payments totaling RMB0.5 million, RMB0.6 million and RMB0.4 million, which accounted for 0.10%, 0.07%and 0.02% of our total revenue in the respective years. We had ceased all Third Party Payment Arrangements since January 2026. We have implemented various internal control measures to manage the payments settled through third party payment arrangements and to mitigate the relevant risks. For further information, see "Business — Third Party Payment Arrangement."

We are subject to various risks related to Third Party Payment Arrangements, including but not limited to: (i) exposure to money laundering risks due to the fact that we have limited background knowledge of the source and purpose of the funds utilized by the Third Party Payors; (ii) potential claims from Third Party Payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of the Third Party Payors; and (iii) possible legal proceedings, both civil and criminal. If funds we received were illegally gained, we may be subject to governmental inquiries, enforcement actions, or prosecution for aiding illegal activities. Defending against such claims or legal proceedings would require significant financial and managerial resources, and unfavorable outcomes could adversely affect our reputation, business relationships, and ability to attract new customers and conduct business effectively.

The grant of equity instruments under our share incentive schemes, both historically and prospectively, may result in dilution to existing shareholders and lead to increased share-based compensation expenses in our financial statements.

In December 2021, ADTEK Elite No.1 ESOP was established in the PRC, and in November 2025, ADTEK Elite No.2 ESOP and ADTEK Elite No.3 ESOP were established in the PRC, as our employee share ownership platforms through which we adopted the Employee Share Incentive Scheme to conditionally award partnership interests to eligible participants. For further details, see "Appendix IV — Statutory and General Information — Employee Share Ownership Platforms." For the years ended December 31, 2023, 2024 and 2025, we recognized equity-settled share-based payment expenses of RMB4.1 million, RMB4.1 million and RMB9.2 million, respectively. Looking ahead, we may introduce additional equity incentive arrangements or grant further equity awards as part of our efforts to attract, retain, and motivate personnel. Any future issuance of shares under share incentive schemes would dilute the ownership interests of existing shareholders and could result in significant share-based compensation charges, which may materially and adversely affect our reported earnings.

Our outstanding indebtedness may adversely affect our cash flow, heighten our vulnerability to adverse economic conditions, and impose restrictions that could limit our operational flexibility and business activities.

Our level of indebtedness, which may increase in the future as we pursue strategic initiatives such as mergers or acquisitions, has the potential to influence how we operate and how we access funding. A portion of our cash flow is already committed to servicing existing debt, and any further borrowing would increase the share of operating cash flow directed toward interest and principal payments, leaving fewer resources available for investment in our business, day-to-day operations, or other corporate purposes.

The presence of significant indebtedness carries consequences that extend beyond the immediate burden of repayment. It may heighten our sensitivity to adverse shifts in economic or industry conditions, reduce the financial flexibility needed to adapt to changes in our business, and limit our capacity to pursue acquisitions or other strategic opportunities. In more constrained circumstances, we could be forced to consider asset sales or other measures to generate cash for debt service, which could disrupt our long-term plans. These covenants place boundaries on our financial discretion and could restrict our ability to take actions that might otherwise be beneficial over the longer term. Any failure to comply with these covenants could lead to acceleration of repayment obligations or other adverse consequences.

Our growth is dependent on the effectiveness of our sales and marketing strategies. Ineffective marketing could limit our ability to expand our customer base, and expenditures on unsuccessful marketing initiatives may adversely affect our financial performance.

Our ability to reach new customers and strengthen our position in the market depends in part on the effectiveness of our marketing and branding initiatives. We have invested in a range of promotional activities, but there can be no assurance that these efforts will translate into increased revenue or that any revenue growth achieved will be sufficient to cover the associated costs. Marketing expenditures are inherently uncertain in their returns, and campaigns that fail to resonate with target audiences may result in financial loss without delivering the expected benefits. Even where marketing efforts appear successful in generating interest, the actual impact on sales may fall short of projections, leaving us with higher expenses and no corresponding gain in revenue or market share. If our marketing strategies prove ineffective over time, or if we are unable to manage promotional spending in a cost-efficient manner, we could lose ground to competitors, see our pricing flexibility diminish, and face challenges in retaining or attracting customers. Any such outcome could materially and adversely affect our business and financial performance.

Customers building in-house production capacity may materially and adversely affect our business, financial condition and results of operations.

Some existing or potential customers may choose to develop and manufacture products internally, replacing the optical connectivity products they currently source from us. These customers possess or can draw upon substantial financial, technical and manufacturing resources for product design, development, production and marketing. They may also accelerate their access to relevant capabilities by partnering with other manufacturers to jointly invest in the production of optical connectivity products. While such in-house development may face near-term challenges, including technological hurdles, manufacturing scale-up experience and supply chain integration, successful internal substitution or a move to alternative suppliers could result in the loss of key customers, a significant reduction in order volumes, increased pricing pressure, or even the need to lower our selling prices in order to retain market share.

Failure to provide consistent, high-quality after-sales service and technical support could damage customer relationships and, as a result, materially and adversely affect our business and operational performance.

Our ability to maintain strong customer relationships depends not only on the quality of our optical connectivity products and solutions but also on the after-sales support we provide. As our customer base expands and our operations grow in scale, we must be able to deliver technical assistance and service support efficiently and consistently. Increased demand for these services may lead to higher operating costs, and we cannot be certain that we will be able to attract or retain enough qualified personnel with the necessary technical background and experience to meet this demand. If we are unable to respond promptly or effectively to customer needs following the sales, satisfaction levels may decline, potentially leading to lost business, reduced opportunities for expansion, and downward pressure on margins. Moreover, dissatisfaction with our after-sales support, whether justified or not, could generate negative perceptions that affect our reputation and, in turn, our financial results.

Any failure to successfully implement our capacity expansion plans or to complete equipment upgrades in a timely and effective manner could have a material adverse effect on our business, financial condition and results of operations.

Our ability to achieve future growth and maintain competitive performance depends in part on successfully expanding and upgrading our production facilities. These initiatives involve increasing automation, acquiring new equipment, expanding physical capacity, and training additional personnel. Each of these activities carries inherent risks, including the availability of working capital, delays in equipment delivery or installation, cost overruns due to supply chain disruptions or labor shortages, and challenges in implementing new processes. There can be no assurance that our expansion efforts will be completed on time, within budget, or that they will yield the anticipated operational or financial benefits.

Even if successfully implemented, expanded capacity must be matched by sufficient market demand to achieve desired utilization rates. If customer orders do not materialize as expected, we could face underutilization, excess capacity, and higher depreciation charges, all of which could adversely affect our margins and profitability. Conversely, delays or cancellations in our expansion plans could lead to disputes with contractors or other counterparties. Any of these outcomes could materially and adversely affect our business, financial condition, and results of operations.

If we lose the services of any of our key executive officers and senior management, or are unable to retain, recruit and hire experienced staff, our ability to effectively manage and execute our operations and meet our strategic objectives could be harmed.

Our continued success depends in large part on the ongoing contributions of our key executive officers and senior management. The loss of any of these individuals, or an interruption in their service, could impair our ability to manage day-to-day operations effectively and to execute our

strategic plans. In such circumstances, we might incur significant costs and expend considerable time and resources identifying and integrating suitable replacements, which could further disrupt our business activities.

Beyond leadership, our performance also relies on our capacity to attract, develop, and retain skilled personnel across technical, research and development, sales, marketing, and customer service functions. The market for qualified professionals in our industry is highly competitive, and there can be no assurance that we will continue to recruit or retain the talent needed to support our growth. Any failure to do so could undermine our competitiveness and have a material adverse effect on our business, financial condition, and results of operations.

We may not be able to prevent others from making unauthorized use of our intellectual property.

Our success depends in part on the protection afforded by our intellectual property, which includes trade secrets, trademarks, patents, and related rights. Unauthorized use of these assets by third parties could diminish their value, affect our revenue, and harm our reputation. We seek to safeguard our proprietary rights through a combination of legal mechanisms, including trademark and patent laws, unfair competition protections, and contractual arrangements such as confidentiality agreements with employees and business partners. Despite these precautions, there can be no assurance that such measures will prove sufficient or that they will not be breached, potentially resulting in the unauthorized disclosure or misuse of our confidential information and trade secrets.

The process of securing and maintaining intellectual property protection is subject to inherent uncertainties. Applications we file for trademarks, patents, or other rights may not be granted, and those that are issued may later be challenged, narrowed, or invalidated. The scope of protection available in one jurisdiction does not guarantee comparable protection elsewhere, given variations in local laws and examination practices. Failure to obtain or enforce adequate protection in key markets could limit our ability to prevent others from exploiting our innovations, which may in turn affect our competitive position and financial performance.

Policing unauthorized use of intellectual property is inherently difficult and costly. Even with active monitoring, we may not be able to detect every instance of infringement, and legal action to enforce our rights can be expensive, time-consuming, and unpredictable. Such proceedings may divert management attention and resources, and the outcomes are never certain. Moreover, the patents we hold may not be sufficiently broad to provide meaningful exclusivity, and they may expire or be circumvented by competitors. The presence of third-party patents in our field could also restrict our freedom to operate or require us to seek licenses on unfavorable terms. Any significant impairment to our intellectual property portfolio could undermine our ability to differentiate our products, maintain pricing power, and sustain long-term growth.

We may be subject to claims by third parties for intellectual property infringement.

The risk of intellectual property litigation is inherent in our industry, and we cannot assure that third parties will not assert claims against us for alleged infringement of their patent, trademark, or other proprietary rights. The intellectual property landscape in which we operate is characterized by a large number of active patents and pending applications, some of which may not be known to us until after they have been granted. Third parties may hold blocking patents or other rights that could be interpreted as covering aspects of our products, technologies, or manufacturing processes. Should such claims be made, we could be required to defend ourselves in legal proceedings, which regardless of their merits would likely be time-consuming, costly, and distracting to management. If any such claim were successful, we might be subject to injunctions, damages, or royalty payments, or we might need to seek licenses that may not be available on commercially reasonable terms — or at all. In some cases, we could be forced to modify or cease offering certain products or to alter our processes, any of which could materially and adversely affect our business, financial condition, and results of operations.

Failure to obtain or maintain the necessary licenses, permits or approvals in any jurisdiction where we operate could subject us to significant penalties, regulatory proceedings, or other enforcement actions.

The operation of our business across multiple jurisdictions requires us to maintain a range of approvals, licenses, and permits issued by relevant regulatory authorities. Based on the advice of our PRC Legal Advisors, we have obtained all material licenses and permissions necessary for the conduct of our existing business in PRC during the Track Record Period and as of the Latest Practicable Date. Based on the advice of our Vietnam Legal Advisors, save for as described in the section headed "Business — Licenses and Permits" in this document, we have obtained the material licenses and permissions necessary for the conduct of our existing business in Vietnam during the Track Record Period and as of the Latest Practicable Date. However, the continued validity of such authorizations is not guaranteed. Regulatory bodies in the PRC or in other jurisdictions where we operate may take the position that our past or current activities fall outside the scope of the permissions we hold, or that we have failed to comply with applicable conditions. Changes in laws or regulations could also introduce new licensing requirements or impose additional restrictions on portions of our business. In the event that we are found to be operating without the requisite approvals, or if we are unable to renew or obtain necessary permits in a timely manner, authorities may exercise their power to impose fines, confiscate revenues, suspend operations, or revoke business licenses. Any such action could materially disrupt our operations and adversely affect our financial results.

Non-compliance with applicable environmental, safety, and occupational health laws and regulations, whether current or future, could subject us to legal liabilities, operational interruptions, and increased costs, which may adversely affect our business, financial condition, and results of operations.

Our operations are subject to a range of laws and regulations governing environmental protection, workplace safety, and occupational health, for further information, see "Business — Our Environmental, Social and Governance (ESG) Initiatives". Compliance with these requirements entails ongoing obligations to maintain safe production conditions, manage waste properly, and safeguard the well-being of our employees. Despite the measures we have implemented, there can be no assurance that our operations will remain free from accidents, injuries, or other incidents that could result in liability or reputational harm. The regulatory landscape in this area is also subject to change. Any introduction of more stringent standards, or any reinterpretation of existing rules, could increase our compliance costs, impose additional reporting burdens, or require modifications to our production processes. Failure to adapt to such changes or to meet applicable requirements could lead to penalties, operational restrictions, or other adverse consequences.

Aspects of our manufacturing activities give rise to wastewater in limited quantities. The handling, treatment, and disposal of such wastewater are subject to strict regulatory controls, and any unintended release into the environment could trigger cleanup obligations, third-party claims, or enforcement actions. While we seek to manage these risks through established procedures and oversight, we cannot guarantee that all potential sources of environmental liability will be identified or that future regulatory developments will not materially increase our operating expenses.

If authorities adopt more rigorous standards, whether in relation to emissions, waste management, or other aspects of industrial activity, we may be required to invest in additional equipment, adopt new technologies, or alter our production methods. Such measures could entail significant capital outlays and may not be achievable within expected timeframes or at acceptable cost. Any inability to comply with evolving requirements could expose us to sanctions, disrupt our operations, or impair our ability to compete effectively, any of which could materially and adversely affect our financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business and results of operations.

The effectiveness of our risk management and internal control systems ultimately depends on how they are applied by the individuals responsible for their execution. While we provide training and maintain documented procedures, human factors such as error, oversight, or deliberate misconduct can never be entirely eliminated. There is always a possibility that our policies may not be followed as intended, or that emerging risks may not be identified in time to mount an effective response. Should our internal controls fail to operate as designed, or should we prove unable to anticipate and prepare for material risks in a timely manner, our business operations, financial condition, and results could suffer as a consequence.

We may from time to time be involved in disputes or legal and other proceedings arising out of our operations.

From time to time, we may become involved in legal, regulatory, or arbitral proceedings arising in the ordinary course of our business, including but not limited to matters related to contractual disputes, intellectual property, employment claims, or allegations of non-compliance with applicable laws. Litigation and related proceedings are inherently uncertain, and their outcomes are difficult to predict. Even where we believe claims to be without merit, defending them can be time-consuming, costly, and distracting to management. Adverse developments, such as the imposition of damages, injunctive relief, or other sanctions, could have a material effect on our business and financial condition. Negative publicity associated with such matters, regardless of its accuracy, may also harm our reputation and erode customer or investor confidence. While we maintain insurance coverage for certain types of claims, there can be no assurance that such coverage will be sufficient or available in all circumstances. Any failure to successfully resolve or defend against legal proceedings, or to accurately assess the potential exposure they represent, could result in liabilities that materially and adversely affect our operations, financial position, and prospects.

Misconduct or non-compliance with law on the part of any employee or other third parties with which we conduct business could disrupt our business and adversely affect our results of operations and financial condition.

Our business operations expose us to the risk that employees, customers, suppliers, or other business partners may engage in fraudulent or illegal conduct, including corruption, bribery, collusion, or other violations of applicable laws. While we have implemented controls and policies intended to prevent and detect such misconduct, no system of internal oversight can provide absolute assurance that all potential risks will be identified or mitigated. Instances of misconduct may still occur, and if undetected or not properly addressed, they could result in financial losses, legal liabilities, regulatory penalties, or operational disruptions.

Beyond the direct consequences, any publicized allegations or findings of fraudulent or illegal activity involving our personnel or business partners could damage our reputation and erode the trust of customers and other stakeholders. Such events may also lead to third-party claims or increased scrutiny from regulators. Accordingly, any failure to prevent, detect, or adequately respond to misconduct could materially and adversely affect our business, financial condition, and results of operations.

We engage third-party service providers to deliver products and services to us and our customers, exposing us to operational and performance risks associated with their activities.

We engage a network of third-party service providers, including logistics firms, and contract manufacturers, during our operations. While these arrangements offer flexibility and specialization, they also introduce risks that are not entirely within our control. These third parties face their own operational challenges, ranging from business interruptions to system failures, and are subject to legal, regulatory, and market pressures that could affect their ability to perform. Moreover, their

governance practices, compliance systems, and internal controls may differ from our own, which could expose us to financial, legal, or reputational harm if they fail to meet applicable standards or contractual commitments.

By way of illustration, although the majority of our products are manufactured internally, we engage contract manufacturers for certain items. This means that product quality, production timelines, and adherence to specifications are partially dependent on parties we do not directly manage. Even with oversight measures in place, there can be no guarantee that our quality controls will catch every deviation or prevent all instances of non-conformance. If a contract manufacturer fails to deliver as expected, our ability to meet customer obligations could be compromised, potentially leading to liability or loss of business. Beyond performance issues, the renewal or replacement of third-party agreements also carries uncertainty. Favorable terms may not be available when contracts expire, and finding suitable alternatives can take time. Any sustained disruption or deterioration in these relationships could materially affect our operations and financial results.

We are exposed to potential product liability claims and we may be unable to obtain sufficient compensation from suppliers for defective raw and feed materials used in our products.

We produce and sell optical connectivity products. We are required to comply with applicable technical standards and contractual specifications, and our sales agreements typically include provisions that could give rise to product liability claims if our products fail to perform as expected. While we maintain quality control procedures throughout our manufacturing process, we cannot guarantee that defects or performance issues will never occur. If a product malfunctions or fails to meet agreed-upon standards, we might be required to replace the affected items at our own expense, and could also face claims for compensation from customers or their end-users. Defending against such claims, even if unsuccessful, would consume time and resources, and any negative publicity arising from product issues could damage our reputation and erode customer confidence.

The quality of our finished products is also influenced by the raw and feed materials we source from third-party suppliers. Although we seek to hold suppliers accountable under our purchase agreements when defective materials are identified, not all agreements explicitly cover indirect or consequential losses such as lost profits. In cases where a supplier cannot be pursued successfully, whether because of contractual limitations, financial incapacity, or other reasons, we may have to absorb the costs of customer claims or product replacements ourselves. We have not faced any material product liability claims during the Track Record Period. We do not carry product liability insurance, as it is neither required by industry practice in our sector. However, the absence of such coverage means that any future claim that succeeds could have a material adverse effect on our financial condition and operations.

We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

Our ability to sustain operations and pursue future growth depends in part on our access to external sources of capital. Historically, we mainly relied on operating cashflow to meet our funding needs. However, we may require additional financing to support business expansion, invest in new initiatives, or address working capital needs. The availability of such funding, however, is subject to numerous factors beyond our control, including our financial condition at the time, prevailing conditions in capital and lending markets, and the terms of any covenants contained in our existing or future debt agreements. There can be no assurance that we will be able to secure financing on favorable terms, in sufficient amounts, or within the timeframes required. If we are unable to raise the funds needed, our liquidity could be constrained, potentially affecting our ability to execute our business plans or respond to competitive pressures. In the case of equity or equity-linked financing, existing shareholders could also face dilution of their ownership interests.

Our sales may be influenced by seasonality.

Our results of operations experience seasonal and cyclical fluctuations that reflect the investment cycles of the markets we serve and procurement patterns of our major customers. Demand for optical connectivity products tends to increase starting from the second quarter, driven by the timing of network expansion projects, annual budget utilization by major operators, and the concentrated deployment schedules of cloud service providers. Conversely, the first quarter of the year is often slower due to holiday-related work stoppages and the completion of prior-year capital expenditure programs. As a result, key operating metrics including revenue, working capital, and cash flow may vary significantly between reporting periods, and interim results for any given quarter or half-year may not be indicative of performance for the full fiscal year.

Operational disruptions at our production facilities could materially affect our inventory levels and production schedules, thereby impacting our ability to fulfill customer orders in a timely manner.

Our ability to meet customer expectations in terms of product quality, delivery timelines, and order volumes depends directly on the consistent and reliable performance of our production processes. These processes, in turn, rely on the stable operation of our manufacturing facilities and the machinery essential to key stages of production. Any unplanned downtime, whether caused by equipment failure, technical malfunctions, or external events, could disrupt our manufacturing schedules and affect our ability to maintain adequate inventory levels, potentially leading to delays in fulfilling customer orders and diminished satisfaction.

Disruptions can arise from a range of causes, some of which are beyond our control. These include natural disasters, fires, power outages, labor disputes, epidemics, changes in land use planning by government authorities, or the loss of necessary licenses or certifications. Even temporary interruptions, such as instability in electricity supply, can halt production lines and create backlogs that are difficult to clear quickly. In some cases, securing replacement equipment or alternative facilities on short notice may not be feasible, or may only be possible at significant cost. Prolonged or repeated disruptions could compromise product quality, strain customer relationships, and harm our reputation in the market. Any sustained interruption to our production operations could therefore have a material adverse effect on our business and financial performance.

The validity of our rights to use the leased properties may be subject to challenge by property owners or other third parties, which could disrupt our operations and result in unplanned relocation costs.

As of the Latest Practicable Date, we did not own any properties. As of the Latest Practicable Date, we had thirteen main leased properties in the PRC, with a total aggregate gross floor area of approximately 54,943.2 sq.m, mainly for office, factory facilities and business development. As of the Latest Practicable Date, eight main leased properties have not yet obtained property right certificates, covering a total gross floor area of approximately 21,031.56 sq.m. As of the Latest Practicable Date, we had three main leased properties in Vietnam, with a total aggregate of 38,265.3 sq.m, mainly for office and factory facilities. Our continued use of these spaces depends on the validity of the underlying lease arrangements and the absence of disputes over title or permitted use. Any challenge to our right to occupy, whether through litigation or regulatory action, could result in fines, relocation requirements, or other disruptions.

Under PRC regulations, property leases are required to be filed with the local real estate administration authorities. As of the Latest Practicable Date, we had not completed lease registration for all of our leased properties. Based on the advice of our PRC Legal Advisor, the absence of registration does not affect the enforceability of the lease under PRC law, nor does it currently require us to vacate the premises. However, the relevant authorities could order us to complete the filing within a specified period, and failure to do so could attract a fine of up to RMB10,000. While we have not incurred any penalties to date in connection with this matter, we cannot rule out the possibility of future administrative actions that could increase our compliance costs.

Although we consider our leased premises to be largely replaceable given their use as offices and warehouses, any forced relocation stemming from lease disputes or non-compliance could entail moving expenses, lease termination penalties, and temporary interruptions to our operations. Management attention may also be diverted to resolving such matters, potentially affecting project timelines or research activities. If we are unable to effectively manage the risks associated with our leased properties, our business and financial results could be adversely affected.

We may be unable to renew certain lease agreements upon expiration on commercially acceptable terms, or at all. The inability to secure lease renewals on favorable conditions, or the loss of access to leased premises, could materially disrupt our operations, increase our occupancy costs, and adversely affect our business, financial condition, results of operations, and future prospects.

Several of the properties we lease, including facilities used for production, are essential to the continuity of our operations. These leases are often structured on a short-term or year-to-year basis, which means that upon expiration, there is no certainty that we will be able to renew them on terms we consider commercially acceptable, or at all. Should we be unable to renew a key lease, we might be forced to relocate our operations, a process that could entail significant costs, operational disruptions, and potential delays in meeting customer commitments. Even if renewal is possible, landlords may seek to adjust rental terms or impose conditions less favorable than those previously in place, which could increase our operating expenses and affect profitability.

We may not have sufficient insurance coverage.

As part of our approach to managing operational risks, we maintain insurance coverage in certain areas, for further information, see "Business — Insurance". However, our current policies do not extend to certain types of coverage, including business interruption insurance, key-person insurance, or protection against losses arising from misconduct or illegal acts by employees, platform users, or business partners. There can be no assurance that the scope or limits of our existing coverage will be adequate to address all potential liabilities or losses that may arise in the course of our operations. If an uninsured loss occurs, or if insurance proceeds prove insufficient to cover the full extent of the damage, we would be required to absorb the shortfall by ourselves, which could materially affect our financial condition and results of operations. Additionally, there is no guarantee that we will be able to maintain our current level of coverage on terms we consider acceptable. Premiums may rise, or insurers may become unwilling to offer the same scope of protection in the future. Any such changes could increase our costs or leave us exposed to risks we are unable to transfer.

Non-compliance with PRC regulations governing social insurance contributions, housing provident funds, and other labor-related requirements may subject us to fines, penalties, or other administrative sanctions, which could adversely affect our business and financial condition.

As an employer operating in the PRC, we are required to participate in various social insurance schemes and contribute to the housing provident fund on behalf of our employees based in the Chinese Mainland. These obligations are established under applicable PRC laws and regulations, which mandate employer contributions to pension, unemployment, medical, work-related injury, and maternity insurance, as well as to the housing provident fund.

During the Track Record Period, we and our PRC subsidiaries did not make full contributions to these schemes in accordance with statutory requirements. Based on the advice of our PRC Legal Advisor, the risk of administrative penalties arising from such shortfalls is considered remote, if we settle any amounts due within any prescribed grace period following a demand by the relevant authorities. It is also understood that, absent changes in enforcement practices, policy shifts, or employee-initiated complaints or proceedings, the likelihood to proactively pursue retrospective collection of unpaid amounts by the authorities on a collective basis is remote.

Nevertheless, there can be no assurance that our historical or current contribution practices will be deemed compliant by relevant government authorities. Should we be found to have failed in our obligations, we could be required to remit outstanding amounts within a specified timeframe, and failure to do so could result in the imposition of penalties. For further information, see "Regulatory Overview — Regulations on Employment and Social Welfare". Any failure to comply with PRC labor laws could expose us to sanctions or claims from employees.

The regulatory landscape governing employment and social welfare in the PRC is complex and subject to development. Ensuring compliance across our operations may require significant resources, including investment in systems and personnel to monitor and implement required practices. The costs associated with meeting these obligations, or with addressing any instances of non-compliance, could be substantial. In more serious cases, violations could lead to fines, suspension of operations, or other regulatory actions that would adversely affect our business and financial performance.

The occurrence of force majeure events, including natural disasters, public health crises, adverse weather conditions, or public security incidents, could materially disrupt our business operations.

Our operations are exposed to the broader economic and social conditions prevailing in the countries and regions where we do business, and events outside our control, whether natural or man-made, can disrupt our activities in ways that are difficult to anticipate. The regions in which we operate, including cities where our facilities are located, are susceptible to occurrences such as typhoons, sandstorms, fires, floods, or other severe weather events, any of which could interrupt production, damage infrastructure, or affect the availability of resources. Beyond natural disasters, acts of war, terrorism, or civil unrest also pose risks to our personnel, physical assets, and supply chains. The occurrence of any such event could lead to operational delays, property loss, or harm to our employees, and may contribute to broader economic instability that affects demand for our products. While we cannot predict the likelihood or impact of such events, their materialization could have a significant adverse effect on our business, financial condition, and results of operations.

RISKS RELATING TO WHERE WE CONDUCT BUSINESS

A slowdown in regional or global economic growth, coupled with inflationary pressures, could adversely affect our business, results of operations and financial condition.

Global and regional economic conditions have experienced a period of slowed growth in recent years, and the duration or trajectory of this slowdown remains difficult to predict. The monetary and fiscal measures adopted by central banks and financial authorities in major economies introduce additional layers of uncertainty, as their long-term effects are not yet fully understood. Geopolitical tensions, including armed conflicts and terrorist activities in various parts of the world, have contributed to volatility in commodity markets and have added to the general climate of instability. Regional economies are sensitive not only to these global developments but also to shifts in domestic policy and fluctuations in expected growth rates.

Whether these challenges can be effectively managed or resolved, and what their lasting impact on global political and economic conditions might be, remains unclear. Any sustained downturn in economic activity or deterioration in business sentiment could indirectly affect demand in the markets we serve. Moreover, continued volatility in international trade relationships, including the potential for new tariffs or other trade barriers targeting our products, could constrain our access to capital or affect our ability to fund operations. In such an environment, our business and financial results could be materially and adversely affected.

The legal system of the People's Republic of China continues to develop and evolve, which may affect the scope and manner in which legal protections are available to shareholders and investors.

Our operations are primarily conducted in the PRC and are therefore subject to a legal framework that differs in certain respects from those found in common law jurisdictions. The PRC legal system is founded on written statutes, and while prior judicial decisions may serve as reference, they do not carry binding precedential weight. Over the past decades, the PRC has enacted and continuously revised a substantial body of legislation governing economic and commercial matters, including securities, corporate governance, foreign investment, taxation, and trade, as part of an ongoing effort to develop a more comprehensive legal infrastructure. However, many of these laws and regulations have undergone significant amendments in recent years, and the pace of legislative change, combined with the evolving nature of implementing rules and judicial interpretations, can increase compliance costs.

We may become subject to additional compliance obligations under new laws and regulations promulgated by PRC government authorities concerning overseas securities [REDACTED] and [REDACTED], which could impose further regulatory burdens on our operations.

On March 31, 2023, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, along with a set of supporting guidelines issued by the CSRC in February of the same year, took effect. These measures apply to both PRC-incorporated companies and overseas-incorporated entities with substantial operations in China, establishing a filing-based regulatory framework for direct and indirect offshore [REDACTED]. They also set out criteria for determining when an overseas [REDACTED] falls within the scope of indirect [REDACTED] subject to such requirements. For further information, see "Regulatory Overview — Applicable Laws and Regulations to Our Business in the PRC — Regulations Relating to Overseas Offering and Listing". The introduction of these rules introduces additional compliance obligations that may affect us or our future financing activities. If we fail to meet the applicable filing or other regulatory requirements, our ability to pursue overseas [REDACTED] or access certain capital markets could be significantly restricted or altogether precluded.

We are subject to anti-corruption and anti-bribery laws and regulations in the jurisdictions in which we operate. Any violation of these laws and regulations could result in substantial administrative, civil or criminal penalties, reputational harm, legal expenses and other collateral consequences.

Our operations span multiple jurisdictions, each with its own set of anti-corruption and anti-bribery laws to which we are subject. While we have established internal policies and procedures aimed at promoting compliance by both the Company and our employees, there can be no assurance that these measures will prove sufficient in every instance or that they will always be followed as intended. Any violation of applicable anti-corruption laws, whether by our personnel, agents, business partners, or other representatives, could expose us to whistleblower complaints, government investigations, or legal proceedings. The outcome of such matters is inherently uncertain, and even if we are ultimately vindicated, the process may involve significant legal costs, diversion of management attention, and reputational harm. Any such developments could impair our ability to cultivate new business relationships, maintain favorable standing with regulators, or attract and retain qualified personnel, with potential material consequences for our business and future growth.

Investors may face practical limitations in serving legal process or enforcing foreign court judgments against us, our Directors, and members of senior management.

We are incorporated under the laws of the PRC, and a substantial portion of our assets, as well as most of our Directors and senior management, are located within China. As a result, investors may face practical challenges in effecting service of process upon us or these individuals, or in enforcing judgments obtained outside of China against them. The PRC has not entered into treaties

or arrangements with most other jurisdictions providing for the reciprocal recognition and enforcement of court judgments. Consequently, judgments rendered by courts in other countries may be difficult or impossible to enforce within the PRC.

There are, however, certain bilateral mechanisms in place between the PRC and Hong Kong. In July 2008, the Supreme People's Court and the Hong Kong judiciary entered into an arrangement allowing for the recognition and enforcement of final money judgments in civil and commercial matters where the parties have agreed in writing to the exclusive jurisdiction of a designated court. This was supplemented in January 2019 by a broader arrangement covering a wider range of civil and commercial judgments, which became effective on January 29, 2024. While the newer framework provides greater clarity and scope, the 2008 arrangement continues to apply to written jurisdiction agreements entered before the effective date of the new mechanism.

Legal and regulatory uncertainties in certain jurisdictions where we operate may adversely affect our business, financial condition, and results of operations.

Our operations span multiple jurisdictions, each with its own legal and regulatory framework that is subject to change and interpretation. In certain countries where we conduct business, the legal systems may be less developed, inconsistently applied, or subject to the discretion of local authorities, creating uncertainty in areas such as contract enforcement, property rights, intellectual property protection, and dispute resolution. These uncertainties may affect our ability to predict legal outcomes, secure and enforce our rights, or structure our operations in a manner that ensures compliance with local requirements.

In some jurisdictions, laws and regulations, particularly those governing foreign investment, taxation, labor, environmental protection, and data privacy, may be ambiguous or subject to frequent amendments, and their implementation may lag behind legislative intent. Regulatory authorities in these regions may also exercise broad discretion in interpreting and enforcing rules, which could lead to unexpected compliance burdens, fines, or operational restrictions. Additionally, the judicial systems in certain jurisdictions may lack independence or efficiency, making it difficult to resolve commercial disputes or enforce judgments in a timely and predictable manner.

Our foreign exchange transactions, as well as our ability to pay dividends and fulfill other financial obligations, are subject to regulatory requirements governing foreign currency conversion.

Our ability to obtain and use foreign currency is subject to the foreign exchange supervision framework in place in the PRC. Under the current regulatory regime, transactions classified under the current account, such as those related to trade and services, can generally be settled in foreign currency without prior approval from the State Administration of Foreign Exchange, provided we submit the required documentation to authorized financial institutions. However, capital account transactions, which include cross-border investments, debt financing, and certain other fund movements, are subject to more stringent oversight and typically require advance approval, except in specified cases such as the repatriation of overseas [REDACTED] or the use of foreign debt and foreign currency capital.

There can be no assurance that we will always have sufficient access to foreign currency to meet our needs, particularly under conditions of exchange rate volatility or if regulatory policies become more restrictive. The PRC government may impose additional regulations on foreign currency access, including for current account transactions, and any such measures could affect our ability to settle international obligations, fund overseas investments, or pay dividends in foreign currency to holders of our H Shares. If we are unable to obtain the necessary approvals from SAFE to convert Renminbi into foreign currency for any particular purpose, or if changes in foreign exchange policies restrict the availability of foreign currency, our capital expenditure plans, business operations, and ability to distribute dividends in foreign currency could be materially and adversely affected. Any such developments would also have a corresponding impact on our financial condition and results of operations.

As a PRC enterprise, we are subject to taxation in the People's Republic of China on our worldwide income, and any gains from the sale of H Shares or dividends received on H Shares may be subject to mainland Chinese income tax.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("**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, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-Chinese Mainland resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in 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 Chinese Mainland unless a treaty or similar arrangement provides otherwise.

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "**IIT Law**"), which was promulgated by the SCNPC on September 10, 1980, and was most recently amended on August 31, 2018, and effective on January 1, 2019, and the Implementation Regulations for the IIT Law (《中華人民共和國個人所得稅法實施條例》), dividends from sources within 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 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 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 Chinese Mainland at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between Chinese Mainland and the jurisdiction in which the non-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with 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 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 [REDACTED] 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 [REDACTED] 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).

Should PRC income tax be levied on dividends paid to, or gains realized by, our non-PRC resident investors from the transfer of our H Shares, the value of an investment in our shares could be adversely impacted. In addition, even where a shareholder resides in a jurisdiction that has entered into a tax treaty or arrangement with the PRC, there can be no assurance that such shareholder will qualify for the benefits available under that treaty or arrangement.

Our offshore subsidiaries may be deemed resident enterprises under PRC tax regulations, which could subject them to corporate income tax in China.

Under EIT Law and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax ("**EIT**") at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("**Circular 82**") specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

While our offshore subsidiaries maintain substantive business operations in their respective jurisdictions of incorporation, the criteria for determining resident enterprise status under PRC tax law are not always clear-cut. Although we believe these subsidiaries would not ordinarily be considered PRC tax residents, the relevant authorities could in theory take a different view. If any of our offshore subsidiaries were recharacterized as PRC resident enterprises, they would become subject to PRC enterprise income tax at a rate of 25% on their worldwide income.

Our Company may be subject to approval, filing, or other regulatory requirements imposed by the CSRC or other PRC governmental authorities in connection with future capital raising activities.

Our ability to conduct business across the multiple jurisdictions in which we operate depends on our ability to obtain and maintain the necessary approvals, licenses, and permits required by local laws. Based on the advice of our PRC Legal Advisor, we have obtained all material licenses and permissions necessary for our existing operations during the Track Record Period and as of the Latest Practicable Date. However, there can be no assurance that regulatory authorities in the PRC or elsewhere will not take a different view of our compliance status. If any such authority were to determine that we have operated without proper authorization, or if changes in laws or regulations introduce new licensing requirements or restrictions that we are unable to satisfy, we could face fines, confiscation of income, suspension of operations, or revocation of our business licenses. Any such regulatory action could materially disrupt our business and adversely affect our results of operations.

Regulations on the remittance of Renminbi into and out of China and governmental supervision of currency conversion may limit our ability to pay dividends and other obligations and affect the value of your investment.

Our ability to pay dividends on our Shares depends in part on our capacity to convert Renminbi into other currencies in accordance with applicable PRC foreign exchange regulations. Under the current regulatory framework, transactions falling within the current account, such as profit distributions, interest payments, and trade-related settlements, may generally be conducted in foreign currency without prior approval from the State Administration of Foreign Exchange, provided that certain procedural requirements are satisfied. However, there can be no assurance that future changes in foreign exchange policies will not restrict our access to foreign currency or impose

additional compliance burdens. If we are unable to obtain sufficient foreign currency to meet our obligations as they arise, our ability to pay dividends in foreign currency to our Shareholders could be materially and adversely affected.

Payment of dividends is subject to regulations under PRC laws.

Under PRC law, dividends may only be distributed from distributable profits, which are calculated as our distributable net profits after appropriations to statutory surplus reserve, general reserve, and any discretionary surplus reserve approved by our Shareholders' meeting. The calculation of our distributable net profit under PRC GAAP may differ in certain respects from the calculation under IFRS Accounting Standards. This means that even in periods where we report an accounting profit, we may not have sufficient distributable profits to declare dividends. Any distributable profits not distributed in a given year are carried forward and remain available for distribution in future periods.

We face uncertainties and risks in overseas manufacturing and operations.

In addition to the PRC, we also have three production bases in Vietnam. We may continue to build overseas manufacturing bases in the future. The construction and operations in relation to the overseas manufacturing base are subject to various risks and uncertainties, including but not limited to: (a) political and economic instabilities, including changes in government policies or regulations affecting foreign investments, economic fluctuations and currency volatility, geopolitical tensions or conflicts impacting business operations; (b) lack of familiarity with local laws, regulatory requirements and risk of legal proceedings in foreign jurisdictions; (c) potential differences in environmental, construction and other standards between overseas and the PRC; (d) lack of familiarity with local operating, market conditions and industry standards; (e) operational constraints imposed by local labor union systems and potentially more stringent labor protection regulations; (f) potential failure to achieve the expected returns from investing in manufacturing bases; (g) potential difficulties in managing relationships with foreign customers; (h) difficulties in enforcing agreements and collecting overdue receivables under local legal systems; (i) difficulties and costs of staffing and managing overseas operations; (j) challenges due to differences in social environment, culture and languages; (k) difficulties in managing relationships with local communities and potential disputes with them; and (l) other obstacles and risks related to overseas manufacturing and operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and an active or liquid trading market may not develop or be sustained. Consequently, the market price and trading volume of our H Shares may be subject to significant volatility.

Prior to this [REDACTED], there has been no public market for our H Shares. The [REDACTED] for our H Shares was determined through negotiations between us and the [REDACTED] (on their own behalf and on behalf of the [REDACTED]), and may not be indicative of the market price for our H Shares after the [REDACTED].

A [REDACTED] on the Stock Exchange does not guarantee that an active or liquid trading market for our H Shares will develop or be sustained, nor does it prevent the market price from declining after the [REDACTED]. The trading price and volume of our H Shares may be subject to significant fluctuations due to factors beyond our control, including general market conditions for securities in Hong Kong and internationally. In particular, the performance and [REDACTED] movements of other companies in similar lines of business may influence the market for our H Shares. Beyond broader market and industry trends, our [REDACTED] may also be affected by company-specific developments, such as regulatory changes affecting our markets or industry, variations in our revenue, earnings, cash flows, or capital expenditures, shifts in supplier relationships, changes involving key personnel, or actions taken by competitors.

We cannot assure you that we will declare and distribute any dividends in the future.

The declaration, payment, and amount of any future dividends remain within the discretion of our Directors and are subject to a range of considerations, including our operational performance, earnings, cash flows, financial condition, capital and operating expenditure requirements, strategic plans, business development prospects, as well as our constitutional documents and applicable legal requirements. For further information, see "Financial Information — Dividends".

You will experience immediate and substantial dilution upon the issuance of our H Shares and may be subject to further dilution if additional Shares are issued in the future.

The [REDACTED] of our H Shares in the [REDACTED] exceeds our consolidated net tangible asset value per share immediately prior to the [REDACTED], which means that investors purchasing shares in the [REDACTED] will experience an immediate dilution in net tangible asset value. In the event of our liquidation following the [REDACTED], there can be no assurance that any assets would remain for distribution to shareholders after satisfying creditor claims. Any future issuance of equity or convertible debt securities would result in further dilution of existing shareholders' ownership interests, and such securities may carry preferential rights that could adversely affect the rights of ordinary shareholders. In addition, any future debt or preferred equity financing could involve covenants that restrict our ability to incur additional indebtedness, make capital expenditures, acquire or license intellectual property, pay dividends, or take other actions, which could limit our operational flexibility.

Our Controlling Shareholders exercise substantial influence over our Company, and their interests may not always align with those of our other Shareholders.

Immediately following the completion of the [REDACTED], our Controlling Shareholders will control [REDACTED] of the shareholding interest of our Group. Our Controlling Shareholders exercise significant influence over our Company, including over matters such as management decisions, corporate policies, mergers and acquisitions, expansion strategies, asset sales, and the election of Directors. Their ability to control or substantially influence these decisions may not always align with the interests of our minority Shareholders. In some cases, this concentration of control could prevent us from pursuing transactions that might otherwise benefit our Company. It may also have the effect of discouraging, delaying, or preventing a change of control, which could deprive Shareholders of the opportunity to realize a premium on their Shares in connection with such a transaction and could adversely affect the market price of our H Shares.

Future sales or substantial divestments of Shares by any of our Controlling Shareholders could materially and adversely affect the prevailing [REDACTED] of our H Shares in the market.

The future sale of a substantial number of our Shares, particularly by our substantial Shareholders, could adversely affect the [REDACTED] of our H Shares, as could the perception or anticipation that such sales may occur. Such sales might also limit our ability to raise equity capital in the future at a time and price we consider appropriate. Although we are not currently aware of any intention on the part of these persons to dispose of significant holdings, we cannot provide assurance that they will not sell Shares they now hold or may acquire in the future. Any such sales, or the possibility thereof, could negatively influence the [REDACTED] of our H Shares.

There will be a gap of several business days between the pricing of our H Shares and the commencement of trading, during which market conditions may change. Shareholders are therefore exposed to the risk that the market price of our H Shares upon trading may be lower than the [REDACTED].

The final [REDACTED] for our H Shares is expected to be determined on the [REDACTED]. However, trading of our H Shares on the [REDACTED] will not commence until after the delivery of the shares, which is expected to occur several business days following the [REDACTED]. As a result, investors will not be able to sell or otherwise deal in our H Shares during the intervening

period. Accordingly, shareholders are exposed to the risk that the [REDACTED] of our H Shares could decline before [REDACTED] begins, due to adverse market conditions or other negative developments that may arise between the [REDACTED] and the commencement of [REDACTED].

Certain facts, forecasts and other statistical information presented in this document are derived from official government sources and have not been independently verified. We cannot assure the accuracy or completeness of such information.

This document contains certain facts, forecasts, and statistical data derived from various official government sources. While our Directors believe that such sources are appropriate for the information presented and have taken reasonable care in extracting and reproducing this material, they cannot guarantee the quality or reliability of the underlying source documents. We have no reason to believe that such information is false or misleading, or that any material fact has been omitted that would render it misleading.

However, none of the information obtained from government sources has been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any other party involved in the [REDACTED]. No representation is made as to its accuracy, and you are advised not to place undue reliance on such information. Additionally, there can be no assurance that this information has been prepared on a basis consistent with similar statistics appearing elsewhere, or that it is complete or current. In any case, you should carefully consider the weight you assign to such information in making your investment decision.

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," "estimate,""expect," "may," "ought to," "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. [REDACTED] in the H Shares are cautioned that reliance on any forward-looking statements 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. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise.

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

There had been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which contained and may contain, among other things, certain financial information, projections, valuations and other forward looking information about us and the [REDACTED]. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or in conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained in this document only and should not rely on any other information.

You should rely solely upon the information contained in this document and any formal announcements made by us in Hong Kong in making your investment decision regarding our 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 our H Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, [REDACTED] should not rely on any such information, reports or publications in making their decisions as to whether to invest in our [REDACTED]. 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.