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

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

A substantial portion of our revenue was generated from a small number of customers during the Track Record Period. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, a substantial portion of our revenue was generated from a small number of customers. In 2023, 2024 and 2025, sales to our five largest customers amounted to RMB525.5 million, RMB724.8 million and RMB875.2 million, respectively, accounting for 76.3%, 76.7%, and 76.0% of our total revenue for the same periods. For more details, see "Business — Our Customers."

We may be affected by risks arising from customer concentration. Due to the highly competitive nature of the electronic metal powder industry, we risk losing these customers in various situations including, among others, our failure to deliver high-quality products or services that meet the expectations and needs of our customers, our failure to adapt to changing market trends or technological advancements, and the prices of our products being uncompetitive.

Our sales to customers could be affected by a number of factors beyond our control, including their business and financial performance, which may fluctuate due to their liquidity and creditworthiness, market demand for their products, the financial health of their downstream industries, supply and competition in their target markets, and overall industry development. Broader macroeconomic conditions, such as inflation, interest rate changes, geopolitical uncertainties, and supply chain disruptions, could also impact their purchasing decisions. Any adverse developments affecting our key customers or their affiliates, including changes in their procurement policies or financial difficulties, could reduce their demand for our products, which may in turn materially and adversely affect our revenue and profitability.

Our major customers may change their business scope or business model, suspend their operations, operate without necessary licenses or approvals, or encounter any operating or financial difficulties. We may be unable to continue generating significant revenue from existing customers or maintain existing or further expand customer relationships. In the event that our customers cancel or reduce their orders, and if we are unable to identify suitable new customers within a reasonable period of time at a reasonable cost, we may not be able to recover related costs, which could materially and adversely influence our financial condition and results of operations. The loss of sales to any of these customers could also have a material adverse effect on our business, prospects and results of operations.

Fluctuations in raw material prices may have a material and adverse effect on our business, financial condition and results of operations.

Our business, financial condition and results of operations may be significantly influenced by fluctuations in the prices of our raw materials, including nickel ingots and nickel beads, copper rods, silver sand and other auxiliary materials. Specifically, we determine the selling prices of certain products by reference to the prices of the relevant raw materials and/or by adding a processing fee or mark-up to the prices of such raw materials. The prices of raw materials are therefore important factors in determining the selling prices of our products for certain customers and directly affect our revenue. Additionally, the procurement costs for raw materials make up a significant portion of our cost of sales. In particular, in 2023, 2024 and 2025, our cost of sales amounted to RMB617.6 million, RMB761.1 million and RMB783.8 million, respectively, and raw material costs accounted for a significant portion of our cost of sales. Therefore, any fluctuations in raw material prices can directly impact our revenue, costs, gross profit, and gross profit margin. Our historical results of operations have been, and are expected to continue to be, affected by these fluctuations.

The prices of our raw materials are subject to volatility due to external factors such as market supply and demand, macroeconomic conditions, industry cycles, production capacity, policies and regulations, and international trade conditions. Consequently, we are exposed to the market risk associated with fluctuations in the prices of raw materials. If we are unable to effectively manage these price fluctuations, or if we are unable to pass on increases in raw material prices to our customers in a timely manner or at all, our revenue, costs, gross profit, gross profit margin, and our business, financial condition, and results of operations may be materially and adversely affected.

During the Track Record Period, our revenue growth was partially attributable to changes in raw material prices and product selling prices, which may not be sustainable. There can be no assurance that raw material prices will continue to move in a manner favorable to us in the future. If raw material prices decrease or become volatile, our revenue could decline even if our sales volume increases or remains stable. Conversely, if raw material prices increase and we are unable to pass on such increases to our customers, our costs may rise and our gross profit margin may be adversely affected.

We face intense market competition, and the electronic metal powder industry may undergo unforeseen changes during rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected.

We have established a solid market position in the global electronic metal powder materials market and hold a leading position in the field of high-end metal powder materials for MLCCs. We currently face and will continue to face significant competition from other manufacturers of similar products, including nickel-based products, copper-based products, silver powders and alloy powders. Our competitors may enjoy several competitive advantages over us, including, but not limited to, better brand recognition, greater financial resources, longer operating history, stronger R&D capabilities, larger customer bases, stronger production capacity and stronger relationships with customers and suppliers.

We believe that our ability to compete effectively against other market participants depends upon many factors, some of which are beyond our control. These factors include:

- the quality, reliability, consistency and technological advancement of our products compared to those of our competitors, which are highly dependent on our R&D and technological capabilities, production know-how, and our insights into customer needs and preferences as compared to our competitors;
- our ability to identify and capture new market opportunities in advance of our competitors, including opportunities arising from the development of emerging industries such as AI servers, high-end consumer electronics, new energy vehicles and photovoltaics;
- our reputation relative to our competitors;
- regulations, industrial policies or government policies in the industry where we operate;
- our ability to attract, retain, and motivate talented employees, in particular highly qualified R&D and technical personnel; and

- our ability to manage and grow our operations cost-effectively.

We may be unable to compete successfully against these competitors or new market entrants, which may adversely affect our business and financial performance. Any failure by us to successfully react to changes in alternative technologies, customer requirements and competitive market conditions could materially harm our competitive position and growth prospects.

We rely on the market demand from the MLCC industry for our nickel-based products. Any slowdown or decrease in downstream demand, or technological developments that result in substitute products or processes may have a material and adverse impact on us.

Revenue from our nickel-based products accounted for 72.6%, 72.4% and 74.8% of our total revenue in 2023, 2024 and 2025, respectively. Our nickel powder is primarily used in MLCC electrode materials and serves as a key raw material in the manufacturing of electronic components. There is no guarantee that the demand for MLCCs, or the demand for nickel-based products used in the production of MLCCs, will remain at historical levels or continue to grow in the future. Therefore, any potential changes in the demand for MLCCs, whether due to macroeconomic conditions, changes in downstream end-market consumption, or industry-specific factors, may have a significant impact on our sales of nickel-based products.

Furthermore, the MLCC nickel powder market is technology- and capital-intensive. As MLCCs continue to evolve toward smaller sizes and higher capacitance, the industry imposes exceptionally stringent requirements on the physical properties of nickel powder. As downstream MLCC manufacturers continuously upgrade their products and manufacturing processes, the specifications and performance requirements for nickel-based products may change rapidly. If our nickel-based products or relevant manufacturing technologies fail to meet the evolving requirements of MLCC manufacturers, our existing nickel-based products may face reduced market acceptance or become obsolete.

Any of these events could have a material adverse effect on our business, financial condition and results of operations.

New market opportunities may not develop as quickly as we expect, or at all, which may limit our ability to successfully sell our products.

The industries in which our products are applied are continuously evolving, making it challenging to accurately forecast the market size for our existing and future product offerings. We capitalize on emerging market opportunities driven by technological advancements and shifting industry demand. For instance, we are actively expanding into new material application areas, including PV cell materials, advanced battery anode materials and semiconductor packaging materials, to further diversify our product portfolio and cultivate new growth drivers.

However, our estimates of the market for our current and future products are based on a number of internal and third-party estimates and assumptions. In addition, our growth strategy involves launching new products and expanding the sales of existing products into new markets in which we have limited or no experience, including certain of our copper-based products and alloy powders. Sales of new or existing products in response to new market opportunities may take several years to develop and mature, and we cannot be certain that these market opportunities will develop as we expect.

In addition, new market opportunities may not materialize as quickly as we anticipate, or may not develop at all. The development of such opportunities is subject to various factors beyond our control, including slower-than-expected technological breakthroughs, evolving regulatory and industry policies, intense market competition, changing customer demands and macroeconomic fluctuations. If new market opportunities fail to develop in line with our expectations, our ability to successfully commercialize and sell our products will be materially limited. This could result in lower-than-expected order volumes, underutilization of our production capacity, failure to achieve revenue growth targets, and erosion of our profit margins. In addition, we may have devoted significant financial, technical and human resources to R&D initiatives and market expansion efforts targeted at these emerging opportunities. If such opportunities do not materialize, these investments may not generate the expected returns, which could further adversely affect our business, financial condition and results of operations. We cannot assure investors that the new market opportunities we target will develop as expected, or that we will be able to successfully seize any such opportunities that do arise.

We are exposed to foreign exchange rate fluctuations in our overseas sales, which could adversely affect our results of operations and financial performance.

During the Track Record Period, our revenue from overseas sales amounted to RMB382.0 million, RMB574.0 million and RMB656.0 million in 2023, 2024 and 2025, respectively, accounting for 55.4%, 60.7%, and 57.0% of the total revenue. Our overseas sales were settled primarily in U.S. dollars, as well as in other foreign currencies. Fluctuations in the exchange rate of Renminbi against U.S. dollar and other foreign currencies are affected by, among other things, the changes in China's and international political and economic conditions. We are therefore subject to risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could reduce our Renminbi revenues from overseas sales or affect the prices of our exported products. There is no assurance that future fluctuations in exchange rates would not have a material adverse impact on our financial condition and results of operations. If we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance may be adversely affected.

We may be exposed to the credit risk of our customers, and failure to collect our trade and other receivables in a timely manner may have a material and adverse effect on our financial condition and results of operations.

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. As of December 31, 2023, 2024, and 2025, our trade and other receivables amounted to RMB229.6 million, RMB240.7 million, and RMB415.1 million, respectively. Our trade and other receivables turnover days were 107 days, 70 days, and 77 days in 2023, 2024, and 2025, respectively. As our business continues to develop, our trade and other receivables may continue to rise and would increase our credit risk exposure. Customers that experience financial difficulties or liquidity constraints may fail to settle their payables to us in whole or in part. Any significant delays in payment or default could reduce our cash inflow, increase our working capital needs, and materially and adversely affect our liquidity, financial condition and results of operations.

Inefficient management of inventory risks or an increase in provisions for impairment of inventories may have a material and adverse effect on our financial condition and results of operations.

We had inventories of RMB434.5 million, RMB288.8 million, and RMB306.2 million as of December 31, 2023, 2024, and 2025, respectively. Our inventories mainly consist of raw materials, work in progress and finished goods. As our markets are competitive and subject to rapid technological advances, we may not be able to accurately forecast market demand and maintain an appropriate level of inventory. Failing to do so could have a material and adverse effect on our business, financial condition, and results of operations.

On the one hand, if we have insufficient inventory, we may be unable to meet customer demand, fulfil orders in a timely manner and maintain our market share. On the other hand, excessive inventory of our products, raw materials and auxiliary materials can expose us to increased inventory risks. Excess inventory levels can lead to higher inventory costs, risks of inventory obsolescence, decline in net realizable value, and provisions for impairment. In particular, our raw materials and finished products may be affected by fluctuations in raw material prices, changes in customer requirements, technology upgrades and product iterations in downstream applications such as consumer electronics, automotive electronics, industrial automation, AI, PV new energy, and semiconductor packaging. If the market prices of relevant raw materials decline, or if our products or raw materials become slow-moving, obsolete or otherwise fail to meet evolving customer requirements, we may be required to write down their value in accordance with our accounting policies.

Additionally, unforeseen events may damage or impair our inventories during storage or transportation. Furthermore, as our inventory ages, we may be required to write down its value in accordance with our accounting policies. Failing to effectively manage our inventories can have a material and adverse impact on our financial condition and results of operations.

Furthermore, the downstream industries in which our customers operate are diverse, including consumer electronics, automotive electronics, industrial automation, AI, PV new energy, and semiconductor packaging. Any deterioration in the downstream markets, such as weakened demand for MLCCs or PV applications, changes in product specifications, or reduced production by our customers, may materially and adversely affect the market demand or pricing for our high-end electronic metal powder products.

Technological advancements in downstream applications may also render certain of our products or raw materials outdated or incompatible with evolving industry requirements. In such circumstances, our inventories may be exposed to higher risks of obsolescence or a decline in net realizable value. If the net realizable value of our inventories falls below their carrying amount, we may be required to make provisions for impairment. Material provisions for inventory impairment could materially and adversely impact our profitability, financial condition and results of operations.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.

Our overseas sales expose us to various applicable sanctions, export control regulations and international trade policies. We have exported our products to a number of countries and regions and derive a portion of our revenue from exporting to these countries and regions. As of December 31, 2025, our products had been sold to regions outside Chinese Mainland, including Korea, Taiwan, China, Japan and others. In 2023, 2024 and 2025, revenue from our overseas sales amounted to approximately RMB382.0 million, RMB574.0 million and RMB656.0 million, respectively, representing approximately 55.4%, 60.7% and 57.0% of our total revenue for the same periods, respectively. In the event that any of these countries or regions to which we export impose additional economic sanctions or enforce import restrictions, tariffs or other trade protection measures in relation to our products, our business and operations may be adversely affected.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments and persons targeted by U.S. sanctions. European Union sanctions also have similar regimes to prohibit the provision of products and services to countries or regions, governments and persons on their respective target lists. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. We take precautions to prevent our products from being provided to any target of these sanctions. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

In addition, as we sell our products to customers in a number of jurisdictions, government policies affecting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products, impact the competitive position of our products, or affect our capability to sell products in certain countries or regions. If any new tariffs, legislation or regulations are implemented, including those imposing economic or trade sanctions and those regarding export control or outbound investments, or if existing trade agreements are renegotiated, such changes could affect our business, financial condition and results of operations.

In particular, the evolving U.S. foreign policy and trade regulations, particularly the potential introduction of further trade restrictions and tariffs on specific products and products originating from certain countries or regions, could disrupt our supply chain, increase costs and negatively impact our ability to compete in the global market. Moreover, such changes could potentially provoke retaliatory measures from other countries, exacerbating international trade tensions and contributing to an uncertain business environment. For example, the U.S. had implemented several rounds of import tariffs on products of Chinese origin, and the PRC government has also imposed tariffs on certain products imported from the U.S. in response to the U.S. tariffs. It is uncertain whether any further tariff restrictions will be implemented. Additionally, policy changes and related uncertainty about policy changes could increase market volatility. Because of these dynamics, we cannot predict the impact of any future changes to the U.S. or other countries' trading relationships or the impact of new laws or regulations adopted by the U.S. or other countries on our business.

Historically, tariffs have led to increased trade and political tensions between not only the U.S. and China, but also between the U.S. and other countries in the international community. There is significant uncertainty as to whether countries will be able to successfully reach any trade arrangements with the U.S. Rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between major international economies. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and results of operations. Consequently, such developments necessitate our increased investments in monitoring policy developments and exploring strategies to mitigate the impact on our operations. Economic sanctions and trade restriction measures, including tariffs, taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products, as, without the impact of additional tariffs, the peers in other countries or regions which are not subject to such tariffs, could potentially gain market share and improve their price competitiveness. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material negative impact on our ability to continue to sell to overseas customers and further grow our customer base. In addition, as our business is closely interrelated with the performance of our customers' end-use products in the marketplace, if our customers are impacted by restrictive measures of trade protection or export control, our performance and income will be adversely affected. Geopolitical conditions may also lead to heightened restrictions on foreign investments, introducing increased compliance requirements and uncertainty for investors.

Furthermore, in recent years, there have been heightened complexities in international relations. Such tensions could reduce levels of international trade, investment, technological exchange and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' business, prospects, financial condition and results of operations.

We may fail to protect our intellectual property rights or face infringement claims from third parties, either of which could undermine our competitive position and materially and adversely affect our business.

Intellectual property rights are important to our business. We rely on a combination of patent, trade secret, and trademark laws, as well as third-party non-disclosure agreements, to protect our intellectual property rights and products. As of the Latest Practicable Date, we held 135 patents in China and 38 patents in overseas jurisdictions including the United States, as well as five software copyrights in China, most of which relate to the manufacture of high-end micro- and nano-size metal powder materials for electronic applications, as well as related supporting processes and equipment. See "Business — Intellectual Property" and "Appendix IV — Statutory and General Information — 2. Further Information about Our Business — B. Our Material Intellectual Property Rights." for details of our intellectual property rights that are material to our business. We may not be able to prevent our intellectual property rights from being challenged, invalidated, circumvented or rendered unenforceable, and we may not be able to obtain meaningful protection or adequate remedies to enforce our rights. For instance, it may be possible for unauthorized third parties to copy our intellectual property, to reverse engineer or obtain and use information that we regard as proprietary, or to develop equivalent technologies independently. Third parties may bring suits alleging infringement of intellectual property rights or otherwise assert their rights or urge us to purchase licenses from them. Additionally, third parties may assert exclusive patent, copyright and other intellectual property rights to the technologies that are important to us. Enforcing our rights through litigation could be costly and time-consuming, divert management resources, require royalty payments, or restrict our use of critical technologies. We could also incur substantial costs to redesign our products or to defend any legal action taken against us.

In addition, our existing and future patents may not be sufficient to protect our products or technologies used in our products or product designs, or prevent others from developing competing products, technologies or designs. Furthermore, there can be no assurance that our future patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. If any of the foregoing occurs, our business, results of operations and financial condition could be materially and adversely affected.

We sourced most of our key raw materials from a small number of suppliers during the Track Record Period, which exposes us to concentration risks.

During the Track Record Period, our procurement of raw materials was concentrated among a relatively small number of suppliers. Our raw materials mainly include nickel ingots and nickel beads, copper rods, silver sand and other auxiliary materials. In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB283.9 million, RMB317.2 million, and RMB405.3 million, respectively, representing 72.9%, 77.3%, and 74.6% of our total purchases for the same periods. If any of our major suppliers fail to adequately fulfil their obligations or experience disruptions in production due to, for example, bankruptcy, natural disasters, labor strikes or disruption of their supply chains, or decide to unilaterally terminate their contractual arrangements with us, we may experience significant delays in delivery or fail to receive previously ordered raw materials, which would materially and adversely affect our revenue and profitability and could jeopardize our ability to meet the demands of our customers.

If we are unable to obtain the required key raw materials from our existing suppliers, we may not be able to turn to alternative sources of raw materials on a timely basis or on commercially reasonable terms to manufacture and deliver our products to customers in the required quantities and at prices that are profitable, which may escalate the severity of the situation. This reliance on a limited number of suppliers and the lack of any guaranteed sources of supply exposes us to the risk of supply shortages.

If our supply of raw materials is disrupted or delayed, or if we need to replace our existing suppliers, there can be no assurance that additional raw materials will be available when required or on terms favorable to us. Such disruptions could extend our lead times, increase raw material costs, and materially and adversely affect our business, financial condition, results of operations, and prospects. Additionally, we may not be able to procure raw materials at reasonable prices, which could negatively impact our business or necessitate entering into longer-term contracts. Seeking alternative sources of supply to address these issues may further increase our manufacturing costs. Any such disruptions could exacerbate other risk factors, raise costs, and reduce our gross margins, thereby materially harming our business, financial condition, results of operations, and prospects.

The industry we operate in is characterized by rapid technological changes and advancements, which require us to invest substantial resources in R&D, to sustain technological innovation and to keep up with the technological upgrades and iterations in a timely manner. Failure to do so could result in delays or failure to bring new and competitive products to the market, materially and adversely affecting our financial performance.

As electronic devices continue to evolve toward miniaturization, higher performance and greater reliability, the rapid growth of emerging industries, such as AI servers, high-end consumer electronics, new energy vehicles and photovoltaics, has increasingly raised performance requirements for high-end metal powder materials. In particular, rising demand for high-end MLCCs is driving demand for ultrafine nickel powder, while the PV industry's trend of low-silver and silver-free is promoting the development and application of copper powder and silver-coated copper powder. Our future success, in part, depends on our ability to continue to improve the quality and performance of our existing products and develop and introduce new products that integrate new technological advances. If we are unable to integrate prevalent technological advances into our product offerings or design, develop, manufacture and market new products successfully in a timely manner, or if we are unable to do so at all, our operating results and prospects may be adversely affected. We may fail to bring new and competitive products to the market in a timely manner or at all. Any such failure could threaten our market position and damage our reputation. In the event we are unable to manage or mitigate the risks associated with technological changes and advancements, our business operations, profitability and future growth may be adversely affected.

We are also actively expanding into new material application areas, including PV cell materials, advanced battery anode materials and semiconductor packaging materials, to further enrich our product portfolio and cultivate new business growth drivers. Bringing in new products may expose us to market risks, including, but not limited to, low market acceptance, inefficient production capacity, fierce industry competition, potential difficulties in operating new products or different operational requirements. Our production and sales of these new products may not be successful, which may materially and adversely affect our business, results of operations, financial condition and growth prospects.

We are required, on a timely and consistent basis, to refine our existing technology and to design, develop and introduce new, improved and competitive products. We plan to continue to invest human and capital resources to develop or acquire technologies that will allow us to enhance the scope, quality and performance of our products, which can be capital-intensive and time-consuming. Our improved products may fail to achieve commercial success, and the new products we introduce may not gain sufficient market acceptance. Moreover, delays in our R&D efforts may occur, and we may fail to complete product development or technology integration within the anticipated time frame. If we are unable to meet evolving market demands, fall behind in adopting technological developments, or if competitors respond more quickly to new technologies, our business, financial condition and results of operations may be materially and adversely affected.

Short-term orders from customers and counterparty risks may materially and adversely affect our business.

During the Track Record Period, sales of our products to some customers were characterized by short-term orders placed from time to time. As such, we primarily rely on ongoing communications with such customers in order to predict the future volume of our purchase orders. We cannot guarantee that our existing customers will continue to place orders with us, place orders of no less than the current volume of products, or not cancel any orders placed with us in the future. A variety of conditions, both specific to an individual customer and generally affecting the customer's industry, can cause a customer to reduce or delay orders previously anticipated by or already placed with us, which could adversely impact our business. Given the volatility of short-term orders, we may experience an adverse change in our revenue. If any of these customers terminates their contracts with us or significantly reduces the amount of purchases from us, we may not be able to find replacement customers in the near term, and our results of operations could be adversely affected.

The success of our business depends on our ability to attract, train, and retain highly skilled employees and key personnel.

Our success depends, to a significant extent, on the capability, expertise and continued services of our key personnel, including, among others, key executives and R&D personnel. We rely on the expertise and experience of our key personnel in developing business strategies, product R&D, business operations and maintaining relationships with customers. If we lose the services of any of our key personnel, we may not be able to find suitable replacements with comparable knowledge and experience, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our success also depends on our ability to attract and retain talented personnel. We may not be able to attract or retain all the key personnel we need, and we may be required to offer enhanced remuneration and other benefits to do so. There can be no assurance that we will have sufficient resources to meet our staffing needs or that our costs and expenses will not increase significantly as a result of higher talent acquisition and retention costs. Any failure to attract and retain competent personnel, or any material increase in staffing costs, could have a negative impact on our ability to maintain our competitive position and grow our business, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to implement our expansion strategies as planned. Expanding our business may exceed the original budget and may not necessarily achieve the expected economic benefits or commercial feasibility.

We have achieved steady growth in our revenue during the Track Record Period, and we intend to maintain our competitive advantages by, among others, expanding our business in the high-end electronic metal powder materials field, enhancing our production capacity for our existing products, and exploring new business opportunities in new products and applications, including nano-silicon alloy powder and other new material products. Such expansion plans and any other future expansion plans would require significant capital investments in new production facilities, equipment and technologies, as well as the engagement of additional qualified personnel. The success of our business expansion plans depends on various factors, many of which are beyond our control. For example, our expansion plans are subject to conforming and obtaining various permits, approvals and filings in compliance with applicable laws and regulations, including those relating to land use, environmental protection, workplace safety and industry-specific standards. Any failure or delay in securing the necessary authorizations may postpone or prevent the implementation of our expansion plans, increase our compliance costs, or expose us to administrative penalties. There can be no assurance that we will be successful in implementing our strategies or that our strategies, even if implemented, will lead to the successful achievement of our business objectives.

Furthermore, in addition to the [REDACTED] from the [REDACTED], we expect to continue to fund our expansion plan through banking facilities and/or our operating cash flows. Finance costs in relation to our banking facilities may increase in the future and adversely affect our profitability. Accordingly, we may not be able to achieve the expansion of our operations in a timely or cost-effective manner. For risks relating to our financing activities, see "— Risks Relating to our Business and Industry — Our business is capital-intensive, and we may require additional financing to support our developments or adapt to changes in business conditions. However, there is a risk that we may not be able to obtain additional financing on favorable terms or at all."

If we fail to develop and maintain management, operational and administrative systems, resources and supporting infrastructure effectively and sufficiently to keep pace with our planned growth, we may experience difficulties in managing our growth and our business, financial condition and results of operations could be materially and adversely affected. For example, we may encounter difficulties in producing or selling our new products or in constructing our production or operational facilities for new products as a result of budget overruns, shortage of necessary equipment components, shortage of labor, increase in construction costs or unexpected extreme weather conditions. In addition, as we expand our business scale and geographic footprint, we may encounter increasing strain on our existing personnel, logistics and internal administration systems. We may not have sufficient managerial or technical personnel with the experience required to oversee concurrent project execution, and any failure to scale our operational capabilities effectively may disrupt our current business and delay new developments. Furthermore, there is no assurance that we will be able to secure a stable supply of raw materials, power, water or other utilities at favorable terms, or at all, to sustain our future expansion. Any delay or interruption in the schedule for our production and sales may impact our ability to meet increased customer demand. This could result in a loss of existing and potential new customers who, under such circumstances, may seek to source products from our competitors.

In addition, we may seek to expand our business through business cooperation, strategic investments, and joint R&D exercises in the electronic metal powder industry. The success of these endeavors depends on the availability of, and competition for, suitable targets and on our financial resources, including available cash and borrowing capacity, and the business performance and financial condition of the targets. Moreover, future investments, joint ventures, mergers and acquisitions, partnerships and cooperation may expose us to potential risks, including the diversion of management attention and resources from our existing business and the inability to generate sufficient revenue to offset the costs and expenses. These endeavors may also result in increased leverage, sharing of potential legal liabilities in respect of the target businesses, and incurrence of impairment charges related to goodwill and other intangible assets. As a result, we may not achieve the strategic objectives, management influence, or investment returns expected from such arrangements. If we are unable to implement our strategies effectively, our business, financial condition and results of operations may be materially and adversely affected.

Our international strategy and ability to conduct business in international markets are subject to uncertainties and risks.

Although our principal operations are based in China, we generated a portion of our revenue from overseas sales during the Track Record Period. We plan to leverage our extensive industry experience and success in China to further grow our business beyond China, tapping into new markets and driving our long-term growth. We have no prior practical experience in operating or managing businesses outside China. Therefore, our international operations are subject to various risks and uncertainties including the following:

- difficulty in managing relationships with foreign customers;
- political and economic instability, including changes in government policies or regulations affecting foreign investments, economic fluctuations, geopolitical tensions or conflicts impacting business operations, and potential social or civil unrest;
- global and regional health crisis;
- lack of familiarity with local operating and market conditions;
- difficulties and costs of staffing and managing foreign operations;
- cultural and language difficulties;
- exposure to increased litigation risks in the international markets; and
- foreign exchange rate exposure and risk of foreign exchange regulations.

Any of the foregoing factors could result in our failure to successfully expand our international business, which may in turn have a material and adverse effect on our business, operating results, and development strategy.

Any unexpected disruption at our production facilities could materially and adversely affect our business, financial condition and results of operations.

Our ability to meet the demands of our customers and grow our business relies on the efficient, proper and uninterrupted operation of our production plants and a constant and sufficient supply of raw materials. In the event of earthquake, fire, drought, flood or other natural disaster, environmental incidents, power outages, fuel shortages, mechanical breakdowns, extended outage of transportation systems or other events that limit or disrupt our ability to operate our production facilities, we may not be able to manufacture and deliver our products in a timely manner and may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses to repair or replace any damaged facilities and recover production, and these expenses may not be covered by our insurance coverage.

In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted, and our relationships with our customers could be damaged. Furthermore, if our R&D projects are interrupted by the disruptions at our production facilities, the launch of new products and the timing of improvements to existing products could be significantly delayed. These delays could adversely impact our ability to compete with other available products. Any of these events could have a material and adverse effect on our business, financial condition and results of operations.

Our business is capital-intensive, and we may require additional financing to support our developments or adapt to changes in business conditions. However, there is a risk that we may not be able to obtain additional financing on favorable terms or at all.

We operate in a capital-intensive industry that requires substantial capital and other short-term expenditures, including commitments for equipment and facilities, as well as working capital for daily operations. To the extent that we grow our business, we expect to fund the related financial commitments and other capital and operating expenses from a combination of cash on hand, banking facilities, and the [REDACTED] from the [REDACTED]. We may require additional financing if we incur operating losses and/or incur additional capital expenditures for the development of our business. If our financing is insufficient to satisfy our working capital requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC regulations over foreign investment and the industry in which we operate. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations and growth. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us or at all. Any failure to raise sufficient funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material and adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing Shareholders.

Our operations depend on a stable, timely, and adequate supply of energy and utilities, including electricity and water, at commercially reasonable prices. Any disruption in the supply of energy or utilities, or fluctuations in energy prices, could significantly affect our production processes, costs, and profitability.

Our production and operations depend on a continuous and adequate supply of utilities, such as electricity and water, the use of which will further increase substantially as we expand our production capacity. Any disruption in the supply of electricity and water or other utilities at our production plants may disrupt our production. This may adversely affect our ability to fulfil our sales orders and consequently may have an adverse effect on our business, results of operations and financial condition. We may encounter shortages of utility supplies or utility suspensions in the future. If such shortages or suspensions of utilities happen for a significant period of time, our business, results of operations and financial results may be materially and adversely affected.

Additionally, our production volume and production costs are affected by the price and supply of energy. The prices of energy are subject to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for energy, power consumption policies and local and national regulatory requirements. Significant increases in energy prices may have a material effect on our profitability and result in a decrease in our profit margin if we are unable to adjust the price of our products and pass such increased costs to our customers accordingly. Moreover, if the supply of energy is affected by natural disasters, adverse weather conditions, suppliers' equipment failures, disruptions in transport or other inclement factors, we may not be able to identify and secure alternative sources of supply and/or to do so at acceptable prices. Unexpected and serious shortages of energy may occur in the future. Any disruption in the supply of energy or fluctuation in energy prices may have a material adverse effect on our business, financial condition and results of operations.

Any failure to comply with environmental, health, and safety regulations applicable to us could harm our business.

Our business operations are subject to national and local laws and regulations of the PRC pertaining to the protection of the environment and health and safety requirements, including but not limited to the treatment and discharge of pollutants into the environment. For further details, see "Regulatory Overview — Laws and Regulations Relating to Work Safety, Environmental Protection and Fire Safety." Since the requirements imposed by the relevant environmental protection laws and regulations may be updated and more stringent laws or regulations could be adopted, we may be unable to comply in a timely manner or to accurately predict the potentially substantial cost of complying with these laws and regulations. If we fail to comply with the relevant environmental protection and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, suspension of production, or suspension of our business operations.

In addition, we cannot fully eliminate the risk of accidental contamination or personal injury at our production facilities during the development and manufacturing process. In the event of such an accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage resulting in the loss of business from customers. We may also be forced to close or suspend operations at certain of our affected production facilities temporarily or permanently. As a result, any accidental contamination or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

Our failure to maintain an effective quality control system may result in a material adverse effect on our business, reputation, financial condition and results of operations.

The quality of our products is critical to the success of our business. These factors depend significantly on the effectiveness of our quality control system, which, in turn, depends on a number of factors, including, among others, the quality of raw materials, the design of production systems, machinery and equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control policies and guidelines. For details of our quality control, see "Business — Quality Control." Any failure in our quality control system, including ineffective procedures, failure of staff to follow protocols, or accepting substandard raw materials, could result in product defects, customer complaints, loss of certifications, reputational harm, and reduced revenue. We may not be able to ensure ongoing compliance with relevant laws, regulations and standards, and our quality control system may not adequately prevent any such non-compliance issues. Any significant failure in or deterioration of the efficacy of our quality control systems could result in our damaging our relationships with our customers and losing accreditations and requisite certifications or qualifications, which could, in turn, have a material and adverse effect on our business, reputation, financial condition and results of operations.

We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to.

We maintain insurance policies that are required under the PRC laws and regulations and are based on the assessment of our operational needs. However, we currently do not maintain insurance policies covering product liability and professional errors and omissions insurance covering product liability claims arising from the use, consumption or operation of our products and claims arising from negligence in connection with our services to customers, which are not required by any applicable PRC laws or regulations.

We believe these insurance policies are generally consistent with customary industry practices, with respect to deductibles and limits of coverage, but we cannot be fully insured against all potential hazards incidental to our business, including losses resulting from business interruptions, or all potential losses, including damage to our reputation. If we were to incur significant liabilities for which we are not fully insured, it may have an adverse effect on our results of operations. In light of the change of market conditions, premiums and deductibles for certain insurance policies may increase substantially and, in some instances, certain insurance policies may become unavailable at a reasonable cost or available only for certain risks. If for any reason we were no longer covered by our existing insurance policies, we may not be able to obtain replacement of insurance policies on acceptable terms or at all, which may have an adverse effect on our results of operations.

We may experience product returns or exchanges from time to time, which may materially and adversely affect our business, results of operations and financial position.

Generally, we may allow product returns if there exist product defects for which we are responsible, and the relevant products in question are still within the warranty period or quality assurance period prescribed in sales contracts or agreed product specifications.

During the Track Record Period, we generally adopted a buy-out sales model for our distribution sales and did not experience material product returns. Any product returns that occurred were generally limited in scale and were accounted for by reducing the relevant revenue and adjusting the corresponding cost when they occurred. However, there is no assurance that we will not encounter material product returns, exchanges or cancellation of orders in the future due to product defects, failure to meet customer specifications, changes in customer requirements, or other product exchanges negotiated with our customers on a case-by-case basis under specific situations for commercial consideration despite the fact that there is no material product defect. If that happens, our business, results of operations and financial position may be materially and adversely affected.

We are subject to certain risks relating to the delivery of our raw materials and products, including delays caused by suspension or interruption of the services of our third-party logistics providers and an increase in delivery costs.

During the Track Record Period, we sourced our raw materials from qualified suppliers in the PRC, who generally arrange for their delivery to our production facilities via vehicle transportation at their own expense. Similarly, we engage third-party logistics providers to deliver our products to customers, utilizing road, sea or air transportation as appropriate. For details of our logistics arrangements for delivery of products, see "Business — Delivery and Logistics."

Such transportation is subject to various risks, including accidents, property damage, fire, mechanical failures, adverse traffic conditions, and extreme weather events. If any of these incidents occur, we cannot assure that our raw materials will be delivered in a timely manner, which may delay our production schedules. Likewise, if transportation services for our products are suspended or interrupted and we are unable to secure alternative delivery methods promptly, our ability to meet customer deadlines could be compromised, potentially leading to reputational damage, loss of customer confidence, and adverse financial impacts. Additionally, any significant increase in transportation or logistics costs could further erode our profitability.

As such, any disruptions in the transportation and delivery of our raw materials or products could materially and adversely affect our business operations, financial condition, and results of operations.

Any failure to comply with the PRC regulations regarding social insurance or housing provident fund may subject us to fines and other legal or administrative penalties.

Pursuant to relevant PRC laws and regulations, employers are obligated to directly and duly contribute to the social insurance and housing provident fund for their employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds for our employees as required by the relevant PRC laws and regulations. Pursuant to relevant PRC laws and regulations, if the competent PRC government authority determines that the social insurance contributions we made for our employees violate the requirements under the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance contributions within a stipulated period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the social insurance contributions were due. In the event that we are required to settle the shortfall of social insurance contribution, if this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times the overdue amount on us. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay the full amount of housing provident funds, the competent PRC government authority may require us to pay the outstanding amount within a stipulated period. If the payment is not made within such stipulated period, an application may be made to the PRC courts for compulsory enforcement. Although we did not receive any administrative penalties for our contributions to social insurance and housing provident funds during the Track Record Period, we cannot assure you that our historical and current practices in respect of such contributions will continue to be accepted by PRC authorities, as the interpretation and enforcement of the applicable laws and regulations continue to evolve.

Furthermore, pursuant to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) promulgated on July 31, 2025 and effective as of September 1, 2025, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the people's court will deem such agreement or undertaking invalid. In addition, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the PRC Labor Contract Law, the people's court will support such claims.

However, we cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the outstanding amount of the social insurance and housing provident fund contributions against us, or that we will not receive any claims in respect of the outstanding amount of the social insurance and housing provident fund contributions under relevant laws and regulations. If such circumstances occur, our business, financial condition, and results of operations may be adversely affected.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties and to renew our leases could adversely affect our business.

As of the Latest Practicable Date, we had leased six properties in the PRC. Two of them had not been registered and filed with relevant land and real estate administration bureaus in the PRC. Under the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We cannot assure you that we will be able to comply with the relevant laws and regulations by completing all required filings of our existing and future lease agreements in China. We may be required by relevant government authorities to file future lease agreements for registration within a time limit and may be subject to a fine ranging from RMB1,000 to RMB10,000 for each lease that remains unregistered beyond such time limit.

Any preferential tax treatment and the government grants that we enjoy may be altered or terminated.

According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. Our Company and one of our PRC subsidiaries have been qualified as High and New Technology Enterprises and have enjoyed a preferential income tax rate of 15%.

We may not be able to enjoy or continue to enjoy the aforementioned preferential income tax treatment. For instance, under applicable PRC laws and regulations, the preferential income tax treatment for a "High and New Technology Enterprise" is subject to renewal every three years and can be revoked by the relevant authorities upon a review process on the eligibility of such accreditation. We may not continue to be accredited as "High and New Technology Enterprises" upon expiration of the relevant certificates, or such accreditation may otherwise be revoked by the relevant authorities.

In addition, during the Track Record Period, our exported products were subject to export tax rebates. For example, our nickel-based products (under export product code 75040020) currently enjoy a tax rebate rate of 13%. If the PRC government reduces the export tax rebate rate or abolishes the export tax rebate for our main export products, our profit margins and overall financial position may be adversely affected.

During the Track Record Period, we received government grants from the PRC local government authorities to support our operations, including subsidies and incentives in support of our business operations and R&D activities. In 2023, 2024 and 2025, our government grants amounted to RMB9.3 million, RMB9.2 million and RMB9.3 million, respectively. The amount of government grants remained relatively stable during the Track Record Period. These grants are provided typically on a one-off basis and are subject to certain criteria and procedures stipulated by the national and local governments. In January 2024, we refunded an aggregate amount of RMB24.0 million of government grants previously received. There can be no assurance that the government grants we enjoy will not be altered or terminated. Any alteration or termination of our current preferential tax treatments or government grants could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any of our share incentive schemes, including share option or award plans, may have a significant impact on our future operations and dilute the ownership interests of our Shareholders.

We may grant share-based awards to attract, retain and motivate our key personnel and employees in the future. As a result, we may incur share-based payment expenses, which may affect our financial condition and results of operations. In addition, any grant of share-based awards will dilute existing shareholders' shareholding.

We may be involved in legal proceedings and commercial or contractual disputes, which could have a material and adverse effect on our business, results of operations and financial condition.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs, diversion of resources and management attention from our core business. The disruption of our business due to judgments, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may have a material adverse effect on our reputation and our financial condition, results of operations and prospects.

Negative publicity or damage to our reputation may materially and adversely affect our business and results of operations.

We value and rely on our reputation to maintain and grow our business operations. Negative publicity associated with our operations could cause loss of business, divert management attention and other resources and incur litigation costs. We conduct business with a number of counterparties, including customers and suppliers. If any of such counterparties, or any of our former employees, are dissatisfied with us, whether or not justified, and raise any complaints or allegations relating to our operations and/or our Directors, senior management or employees, our business may be adversely affected. Any negative publicity in any form of media following such complaints or allegations, regardless of whether the court has ruled in our favour or otherwise, may also damage our reputation and impact customers' perceptions of our brand, which may, in turn, materially and adversely affect our business and results of operations.

Our failure to obtain, renew or continuously comply with certain approvals, licenses, permits or certificates required for our business may materially and adversely affect our business.

We are subject to certain laws and regulations that require us to obtain and maintain various approvals, licenses, permits and certificates from different authorities to operate our business. See "Business — Licenses, Permits and Approvals." We may face sanctions or other enforcement actions if we fail to obtain approvals, licenses, permits or certificates as may be necessary for our operations. We could be ordered by the relevant regulatory authorities to cease operation or may be required to undertake corrective measures requiring capital expenditure or other remedial actions, which could materially and adversely affect our business, financial condition and results of operations.

Any labor shortages, increased labor costs, or other factors affecting labor supply for our production could materially and adversely affect our business, financial condition, results of operations and prospects.

The overall economy and the average wage in China have increased in recent years and are expected to grow. To sustain the growth of our business, we may need to increase our workforce of experienced management and skilled personnel to implement our expansion plans, and conduct our R&D projects to facilitate our future strategies. Any labor shortage, suspension or slowdowns at our production bases may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. Given the recent economic growth in China, competition for qualified personnel, such as R&D experts and engineers, is substantial and labor costs have been increasing generally, and we anticipate there will be an upward pressure on our labor costs and employees' salaries and benefits in the foreseeable future. We cannot assure that we can retain and attract sufficient qualified employees on commercially reasonable terms, or at all. Any failure to attract qualified personnel at a reasonable cost and in a timely manner could reduce our competitive advantages relative to our competitors, undermining our ability to expand our growth in revenue and profits. Increases in our labor costs and future disputes with our workers could adversely affect our business, financial condition or results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches. A breach in our cybersecurity, or failure to protect confidential information, may result in legal and financial exposures and reputational damages.

We rely on information technology networks and systems for electronic communications among our personnel, suppliers, customers and other business partners and for synchronization with our production facilities and logistics providers on demand forecasts, manufacturing and service status and capacity. Our business involves storage and transmission of data about our business, suppliers, customers and other business partners. Our information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise causing harm to our business, reputation and future operations. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

Natural disasters, epidemics, acts of war or terrorism, or other factors beyond our control in the future could materially and adversely affect our business, financial condition, and results of operations.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions in which we conduct our business. These regions may be under the threat of typhoons, tornadoes, snowstorms, earthquakes, floods, droughts, power shortages or failures, or are susceptible to epidemics, such as avian influenza, H1N1 influenza, H5N1 influenza, H7N9 influenza, Middle East respiratory syndrome, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe communicable disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities in the affected regions, which could materially and adversely affect our operations. Acts of war or terrorism, riots or disturbances may also injure or cause deaths to our employees and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

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

We may engage from time to time in acquisitions and other strategic investments in order to expand our production capacity, diversify our product portfolio, gain access to new markets, stable sources of raw materials or acquire new technologies. For example, we may pursue strategic acquisitions or investments in mid-to-high-end metal powder enterprises in the global market, as well as companies in the downstream segments of the nickel powder, copper powder and alloy powder industry chains. However, there can be no assurance that our efforts, or any future acquisitions or investments, will be successful or that we will achieve the anticipated strategic benefits and financial returns from such transactions.

There are various risks associated with our acquisitions and investments, which include the following:

- challenges related to integration of acquired company's or investee's operations into our business;
- substantial delays or reduction in anticipated synergies;

- events beyond our control, including changes in regulations, technology, industry policies, market demand and economic conditions, which could adversely affect our ability to realize benefits and returns from such transactions;
- potential increase in indebtedness that could constrain our operations;
- exposure to unknown or contingent liabilities that could require significant expenditures and capital injections;
- failure to train, motivate, integrate and retain employees of acquired company or investee;
- diversion of management time and attention from our existing operations to address the transactions and related challenges or those associated with integration processes; and
- unanticipated write-offs or charges and impairment of goodwill or long-term equity investments.

If we fail to address any of the foregoing risks, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws could materially and adversely affect our business, results of operations, financial condition, and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations. The anti-corruption laws and regulations strictly prohibit bribery of government officials. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. In addition, our internal policies and procedures seeking to address such non-compliances may not be sufficient, and our Directors, officers, employees, representatives, consultants, agents and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering and similar laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

Our operations may be subject to transfer pricing adjustments by competent authorities.

We have certain intercompany transactions that may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, our subsidiaries have engaged in the following types of intra-group transactions, namely (i) supply of semi-finished products and finished products among manufacturing entities in China; and (ii) distribution of raw materials and finished goods by distributing entities in China and Japan. For more details, see "Financial Information — Transfer Pricing Arrangement." As such, we could face adverse tax consequences if the relevant tax authorities determine that some of our intra-group transactions do not represent arm's length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable under double taxation relief arrangement (if applicable) in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover such tax from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

Further, we expect that the intra-group transactions will continue in the foreseeable future and we will determine transfer pricing arrangements that we believe to be the same as that transacted with unrelated third parties on an arm's length basis. However, there is no assurance that tax authorities would share the same view, or such transfer pricing laws and regulations will not be modified. In the event that an authority of any relevant jurisdiction determines that such intercompany transactions were not on an arm's length basis that affect taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby adjust revenue, deduct costs and expenses or adjust taxable income of the relevant subsidiary in order to accurately reflect the taxable income. Any such adjustment could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

The interests of our Single Largest Shareholders Group may not be aligned with the interests of other Shareholders.

Immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, Mr. Wang, through Lianfeng Investment and Guanghongyuan, and Mr. YANG Chao (楊超), through Ningbo Shenyang, will be entitled to exercise or control the exercise of an aggregate of approximately [REDACTED]% of the voting power at general meetings of our Company and will constitute the Single Largest Shareholders Group of our Company under the Listing Rules. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their shares of our Company as part of a sale of our Company and might reduce the [REDACTED] of our H Shares. These events may occur even if they are opposed by our other Shareholders.

Guanghongyuan, a member of our Single Largest Shareholders Group pledged the A Shares it owned to certain PRC financial institutions as collateral in order to secure certain bank loans obtained by certain third-party borrowers that are outside of our Group. As of the Latest Practicable Date, Guanghongyuan has pledged 16,000,000 A Shares, representing approximately 6.12% of the total issued share capital of our Company and less than 50% of the total A Shares held by it. If an event of default occurs under the relevant security agreements, the lenders may be able to enforce their rights against part or all of the pledged A Shares of our Company thereunder through legal proceedings. In such event, Guanghongyuan may no longer be able to maintain the current level of interest in our Company, which could adversely affect the influence of our Single Largest Shareholders Group over us.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in China's or global economic, political or social conditions or government policies in the countries and regions where we operate could have an adverse effect on our business and operations.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the countries and regions in which we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. The industry in which we operate in general is affected by macro-economic factors, including international, national, regional and local economic conditions, consumer demand and discretionary spending. Any changes in these factors may have a material and adverse effect on our business, financial condition and results of operations.

You may have difficulties in effecting service of legal process or enforcing foreign judgments against us, our Directors, and our senior management.

We are incorporated under the PRC laws, and most of our assets are situated within Chinese Mainland. The majority of our directors and senior management reside in Chinese Mainland, and their personal assets are also primarily located there. As a result, serving legal process on most of these individuals outside Chinese Mainland could be difficult and time-consuming. In addition, you may face challenges in enforcing judgments due to the absence of reciprocal recognition and enforcement of judicial rulings and arbitral awards between Chinese Mainland and other jurisdictions. Holders of H Shares cannot bring legal actions based solely on violations of the Listing Rules and must rely on The Stock Exchange of Hong Kong to enforce those rules. Neither the Listing Rules nor the Takeovers Code have the force of law in Hong Kong.

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

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we are required to make filings with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and their implementation guidelines. The Trial Measures, which came into effect on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. For further details regarding the requirements and procedures for regulatory filing, see "Regulatory Overview — Regulations Related to Overseas Listing." We are required to file with the CSRC in accordance with the Overseas Listing Trial Measures after our application for the [REDACTED] is submitted. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. In addition, such failure may restrict our ability to complete the proposed [REDACTED] and to finance the development of our business and may have a material and adverse effect on our business, financial condition and prospects.

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

We are closely monitoring how they will affect our operations and our future financing. In addition, if the CSRC or other PRC regulatory authorities in the future promulgate new rules or explanations imposing further requirements that we obtain their approvals or complete the required filing or other regulatory procedures for this [REDACTED] or future capital raising activities, there can be no assurance that we will be able to obtain a waiver of such requirements, if and when procedures are established to obtain such a waiver. Any unforeseen situations or negative publicity regarding such approval, filing or other requirements may have a material and adverse effect on our business, financial condition and prospects.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a substantial portion of payments from our operations in the PRC in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of the PRC, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations.

Under current foreign exchange regulations of the PRC, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities are required where Renminbi is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of the PRC. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of the PRC or otherwise fund any future business activities that are conducted in foreign currencies.

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

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, 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.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within 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 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 Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167), which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70).

As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese Mainland resident individuals on the sale of shares of Chinese Mainland resident enterprises listed on overseas stock exchanges.

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

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which may significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

We are listed on the Shanghai Stock Exchange and are subject to extensive requirements relating to the supervision of listed companies in China. Failure to comply with such evolving laws and regulations on corporate governance and public disclosure, among other matters, may lead to penalties, disciplinary actions and other negative consequences.

As a publicly traded company in China, we face heightened scrutiny regarding corporate governance and public disclosure related to the supervision of listed companies in China. This increased oversight may lead to higher costs and an elevated risk of non-compliance. For instance, we are under the supervision of the CSRC, which is responsible for investor protection and the oversight of publicly traded companies in China. Any failure to comply with these requirements could result in penalties or other disciplinary actions against us.

Additionally, the ongoing evolution of the laws, regulations, and standards governing our operations may create challenges regarding compliance matters and lead to additional costs associated with continually updating our disclosure and governance practices. If we do not effectively address and comply with these regulations and any subsequent changes, we may face penalties that could harm our business.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, an active [REDACTED] market for our H Shares may not develop following the [REDACTED] and the [REDACTED] and [REDACTED] of our H Shares may be volatile.

Prior to the [REDACTED] there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate [REDACTED] and [REDACTED] volume will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] and us and may not be an indication of the [REDACTED] of our H Shares following the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the market [REDACTED] and [REDACTED] of our H Shares could be materially and adversely affected. The [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our prospects, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecasts or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the [REDACTED] and [REDACTED] at which our H Shares will [REDACTED]. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volatility that is not related to the operating performance of any particular company.

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

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

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

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [REDACTED] or [REDACTED] between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A

Share markets have divergent [REDACTED] volumes and liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

You will incur immediate and significant dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets would be distributed to Shareholders after satisfying creditors' claims. To expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a [REDACTED] that is lower than the net tangible asset value per Share at that time.

Future sales or market perception of sales of a substantial number of our H Shares on the public market could materially and adversely affect the market price of our H shares.

The market [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the perception that such sales may occur.

Future sales of a significant amount of our H Shares by our major shareholders, or the conversion of a substantial number of our unlisted domestic shares into H Shares, could increase the supply of our H Shares in the market and depress the prevailing market price.

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

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

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance as to whether and when we will pay dividends in the future.

We have declared dividends in the past. We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of

China, the payment of dividends may be subject to certain limitations. Moreover, the calculation of our profit under the China Accounting Standards for Business Enterprises ("**PRC GAAP**") may differ in certain respects from the calculation under the International Financial Reporting Standards ("**IFRS Accounting Standards**"). As a result, even if we report a profit for the year under IFRS Accounting Standards, we may not have distributable profits as determined by PRC GAAP. Additionally, the declaration, payment and amount of any future dividends are subject to the discretion of our Directors after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at a Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of China. See "Financial Information — Dividends" for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our Shares and trading volume could decline.

The market for our H Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If no or few securities or industry analysts commence coverage of our Company, the market price for our H Shares would be negatively impacted.

If one or more of the analysts who cover us downgrade our H Shares or publish inaccurate or unfavorable research about our business, our share price would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, demand for our H Shares could decrease, which could cause our [REDACTED] and [REDACTED] volume to decline.

You should read the entire Document carefully and should not place any reliance on any information contained in press articles or other media regarding the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this Document, there have been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this Document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media, and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it, and you should not rely on such information.

Certain facts, forecasts and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecasts and other statistics contained in this Document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this Document. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such information obtained from the official government publications, which may not be consistent with other information compiled within or outside the PRC. Further, there is no assurance that the information obtained from the official government publications is stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

Forward-looking information contained in this document is subject to risks and uncertainties.

This Document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this Document, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this Document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this Document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this Document are qualified by reference to the cautionary statements set out in this section.