An **[REDACTED]** *in our H Shares involves various risks, some of which could be significant. You should carefully consider all of the information in this Document, including the risks and uncertainties described in this "Risk Factors" section, 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 and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your* **[REDACTED]**. *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 titled "Forward-Looking Statements" of this Document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our profitability has been subject to fluctuations during the Track Record Period, and our operating cash flows may continue to experience volatility.

In 2023, 2024 and 2025, we recorded gross profit of RMB1,658.8 million, RMB2,025.4 million and RMB2,053.6 million, respectively, and our gross profit margin was 24.6%, 24.8% and 21.8%, respectively. We continued to advance our strategic expansion toward higher-value, higher-margin businesses. However, at the current stage, this strategic business expansion is still in its ramp-up phase. The rapid growth of our emerging businesses requires significant upfront investments in R&D, manufacturing processes, and product validation, which affected our gross profit margin and net profit margin. Such short-term pressure on profitability was further amplified by intensified market competition we faced. Our profitability may continue to fluctuate in the foreseeable future, which would materially and/or adversely affect our business, prospects, financial condition, and results of operations.

Our net cash generated from operating activities was RMB309.9 million and RMB137.7 million in 2023 and 2024, respectively. In 2025, we recorded net cash used in operating activities of RMB139.3 million. Operating cash flows are primarily affected by macroeconomic conditions, market demand, order levels, and fluctuations in trade and bills receivables and payables. As our business expands, working capital requirements are expected to increase. There can be no assurance that we will be able to generate net cash inflows from our operating activities in the future, or that we will not continue to experience net operating cash outflows. Should we continue to record net operating cash outflows, or should such outflows further increase, our business, financial condition and results of operations could be materially and adversely affected.

Our businesses are dependent on various downstream industries. A downturn or structural shift in any of these industries could adversely affect our business and results of operations.

We operate six core business segments serving diverse downstream industries globally. Our power supplies segment serves customers in the network communication, energy storage systems, medical device and commercial display sectors. Notably, our data center power supply business, in which we have been selected as a recommended component supplier by a leading global GPU and AI computing infrastructure company and are engaged in the design and construction of next-generation data center hardware systems, is increasingly important to our revenue and growth. Our industrial automation products segment serves industrial manufacturing and other sectors, with demand driven by manufacturers' capital expenditure on digitalization and intelligent upgrades. Our smart home appliances cover HVAC drive and control solutions, smart sanitary products and components, and other smart home products. Our new energy transportation segment captures opportunities across new energy vehicles and rail transportation. This segment is heavily influenced by factors such as government subsidies, new energy vehicle penetration rates, raw material costs, and technological development. These downstream markets are influenced by global energy efficiency standards, consumer demand trends, and government policies promoting green and low-carbon transitions. Our intelligent equipment segment serves industrial manufacturing, oil and gas, and other sectors, with demand driven by manufacturers' capital expenditure on digitalization and intelligent upgrades. Our precision connectivity and magnetic components segment depends on the demand for interconnect of the communications, medical, and automotive end markets.

Any adverse changes in regulatory frameworks, government incentives, or capital expenditure cycles, or a slowdown in the growth of these downstream industries, could reduce demand for our products across segments and have a material adverse effect on our business, financial condition, and results of operations.

We face intense competition in the power electronics industry. If we fail to compete effectively and successfully, our business, results of operations and financial condition may be materially and adversely affected.

The markets in which we operate are highly competitive, with competition based primarily on price, technology, and the ability to deliver integrated solutions. We face competition from established global players with substantial financial and technological resources and long-standing brand recognition, as well as from domestic Chinese players that may offer products at lower price points or leverage more flexible business models. The global incumbents benefit from decades of brand equity and deep customer relationships that are difficult to displace, while domestic competitors may undercut us on price or respond more quickly to local market demands. If we are unable to establish our brand presence and competitive positioning in a timely manner, we may face risks of declining market share and downward pressure on pricing. In emerging sectors such as new energy transportation, competitive intensity is particularly high. There is no assurance that we will always be able to secure new customers and robust orders, maintain existing relationships, or effectively compete on price and technology, any of which could materially and adversely affect our business, financial condition, and results of operations.

Failure to maintain and grow our customer base could undermine our business growth and materially impact our operations.

We have built long-term relationships with leading global customers across the smart home appliance, medical device, AI computing infrastructure, new energy vehicle, and industrial manufacturing industries, and our continued success depends on deepening these relationships while expanding into new customer verticals. In particular, with respect to our key account customers, our growth depends on our ability to be selected for and remain on their flagship product lines and high-priority sourcing categories, which typically represent the largest and most strategically important sourcing opportunities. Our inability to secure or maintain such supplier status could materially limit our revenue from these customers. Our ability to attract new customers also depends on our reputation and on positive recommendations from existing customers. If we fail to retain key customers, attract new ones in emerging verticals, or maintain high-quality support services, our business, financial condition, and results of operations could be materially and adversely affected.

Our strategic expansion into emerging sectors such as data center power supplies and new energy transportation involves substantial upfront investments, ongoing capacity expansion, execution complexity, and uncertain market acceptance. Failure to manage these strategic expansions may delay or limit our anticipated profitability improvements and competitive advantages.

In the data center power supplies sector, any delays in product design, qualification, delivery, changes in customer procurement decisions, or shifts in data center design standards could disrupt our timelines or render our product offerings less competitive. In the new energy transportation sector, innovation cycles are short, and if we lag behind in developing compatible technologies, our solutions may become obsolete. Competition in both sectors is intensifying from established global manufacturers and specialized domestic players with stronger brand recognition, more advanced capabilities, or lower costs. The long-term demand potential, competitive landscape, and profitability of these emerging sectors remain uncertain, and there is no guarantee that current development efforts will lead to sustainable commercial success. Any failure to compete effectively in these emerging sectors could limit our ability to recoup our strategic investments.

Our expansion also requires significant upfront investments in research and development, specialized testing and production equipment, and talent recruitment, which may strain our cash flow and profitability in the short term. Market acceptance, while currently growing, remains subject to uncertainty; if demand grows more slowly than expected or end-users prefer alternative solutions, our investments may not generate sufficient returns, leading to underutilization and potential asset impairments. There is no guarantee that our commercialization efforts in these sectors will be successful, and failure to achieve meaningful market penetration could have a material adverse effect on our business, financial condition, and results of operations.

Rapid technological evolution in the power electronics industry demands continuous innovation and substantial investment. Failure to keep pace with technology advancements or industry standards may result in loss of competitive advantage and customer attraction.

Our success depends on continuous innovation across our six business segments and we must make substantial and ongoing research and development investments to keep pace with evolving industry standards, particularly in areas such as AI computing infrastructure, new energy vehicles, and high-efficiency power conversion. In 2023, 2024 and 2025, our research and development expenses amounted to RMB770.6 million, RMB984.0 million and RMB1,122.3 million, accounting for 11.4%, 12.0% and 11.9% of our total revenue in the respective year, and our research and development expenses may further increase in the future. There are inherent uncertainties in the research and development process, and there can be no assurance that our projects will yield the expected results within the anticipated time frame and budget. Delays, cost overruns, or failure to meet customer expectations could result in substantial sunk costs. Any failure to keep pace with technological evolution could cause us to lose our competitive advantage and materially and adversely affect our business, 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 global operations subject us to economic sanctions and export control regulations across multiple jurisdictions. During the Track Record Period, our overseas revenue increased from RMB1,902.2 million in 2023 to RMB2,645.0 million in 2024 and further to RMB2,733.3 million in 2025, accounting for 28.2%, 32.4% and 29.1% of our total revenue in the respective years. Certain foreign jurisdictions and intergovernmental organizations, mainly the United States, the European Union, the United Kingdom, Australia, Canada and the United Nations, impose sanctions and other trade restrictions that directly or indirectly affect China-based companies based on product origin, ownership, or other factors. The United States in particular has implemented numerous complex and extensive sanctions and export controls regimes, which may implicate some of our customers and suppliers. Such laws and regulations are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties.

Recent trade tensions, including ongoing disputes between major economies, have led to high tariffs and other restrictive measures targeting specific products and products originating from certain countries or regions. In particular, the United States has imposed significant tariffs on goods originating from China. The increased tariffs may raise import costs for our customers and indirectly affect their purchasing decisions. We cannot guarantee that we will not be materially and adversely affected by further trade restrictions or tariffs in the future. As a company with significant manufacturing operations in China and a growing global customer base, these measures could disrupt our supply chain, increase costs and negatively impact our ability to compete in the global market. Any escalation of international trade and political tensions, or heightened restrictions on foreign investments arising from geopolitical conditions, could have a material adverse effect on our ability to grow our global customer base and on our business, financial condition and results of operations.

We may encounter difficulty in managing our business and face risks associated with our international operations.

We have established representative offices, research and development centers, and manufacturing bases in the United States, Germany, South Korea, India, Thailand and other countries and regions. Managing this global footprint requires us to navigate cultural and language differences, uphold group-wide standards across our supplier and subcontractor network, and comply with diverse local laws and regulations. Our international operations subject us to risks including exchange rate fluctuations, challenges in entering new markets, compliance with local labor and environmental regulations, political instability, and trade barriers. In particular, we face risks and challenges associated with navigating and complying with various local laws and regulations relating to, among other things, manufacturing, taxation, real property and leasehold arrangements, labor and employment and environmental protection. Any failure to comply with the applicable legal and regulatory requirements, or to obtain, maintain or renew the approvals, permits, licenses or registrations necessary for our operations in jurisdictions where we operate, may result in monetary penalties, operational disruptions, or increased compliance costs, which could have a material and adverse impact on our business, financial condition and results of operations. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Increases in costs of raw materials and components may adversely affect our results of operations and financial performance.

During the Track Record Period, raw material costs represented the largest component of our cost of sales. The prices are subject to factors beyond our control, including geopolitical tensions, natural disasters, and regulatory changes. In particular, the availability and pricing of certain raw materials may be constrained by supply chain disruptions and export controls, and key metallic raw material prices have historically been volatile.

Our ability to absorb these price fluctuations is limited. We may not be able to pass on all price increases to customers through price adjustments. Additionally, price increases may lead to reduced volumes, adversely impacting revenue and operating income. We do not fully hedge against fluctuations in the prices of raw materials and components, and the effectiveness of any hedging strategies we implement is uncertain. As a result, unexpected increases in raw material costs could negatively impact our profit margins, operational efficiency, and overall financial performance.

We may not be able to increase our production capacity and implement other expansions as planned.

We intend to maintain our competitive advantages by, among others, expanding our production capacity domestically and internationally, including through the ongoing buildout of our manufacturing bases in Thailand. Such expansion plans require significant capital investments and will result in substantial additional costs. The success of our expansion plans depends on factors beyond our control, including progress of third-party construction companies, local laws and regulations, government support (including the issuance of relevant operation licenses), and customer demand. If capacity expansion fails to meet expectations, or if our management, systems and supporting infrastructure fail to keep up with our planned expansion, our financial condition and results of operations could be materially and adversely affected.

Our manufacturing processes are potentially vulnerable to disruptions that can increase our production costs. We may experience potential disruptions in operations due to manufacturing difficulties or potential accidents.

Our manufacturing processes are complex, requiring equipment that is periodically calibrated and upgraded to improve manufacturing yields and product performance, as well as reduce unit manufacturing costs. From time to time, production difficulties may arise that could cause delivery delays or reduced output. There is no guarantee that we will not encounter manufacturing issues due to factors such as construction delays, production line upgrades, new plant build-outs, equipment delivery delays, or supplier raw material quality issues, any of which could constrain our production capacity and adversely affect our results of operations. Our manufacturing processes also entail risks such as industrial accidents that could result in property damage, personal injury, production interruptions, or significant damage claims, adversely impacting our business and financial condition.

If we fail to maintain an effective quality management system, our business, reputation, financial condition and results of operations may be adversely affected.

The effectiveness of our quality management system depends on factors including system design, equipment quality, staff competence and training, and adherence to our quality policies. In the event that our products give rise to unsafe conditions or injuries, we may face product liability and warranty claims arising from component failures, manufacturing defects, or design flaws, and any insurance we maintain may be insufficient to cover all claims. We are also required to comply with product safety and hazardous materials laws in the jurisdictions where our customers operate, as well as relevant national and industry standards. Any significant failure in our quality management system could result in product recalls, loss of accreditations and certifications, reputational damage, and a material adverse effect on our business and results of operations.

We are exposed to inventory management risks.

Our inventories primarily consist of raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, our inventories and other contract costs were RMB1,917.7 million, RMB2,416.0 million and RMB2,774.7 million, respectively. Our turnover days of inventories and other contract costs for the same years were 137 days, 129 days and 129 days, respectively. If we fail to manage our inventory effectively, we may incur increased storage costs, inventory obsolescence, and significant write-offs. We cannot guarantee that our inventory levels will meet customer demand or that all inventory can be sold within a reasonable period. Conversely, if we underestimate demand or our suppliers fail to deliver in a timely manner, we may experience inventory shortages resulting in decreased revenue. Any damage or deterioration of inventory caused by catastrophic events may result in losses that are not fully compensated.

We are dependent upon third parties for services in connection with our business.

We cooperate with third-party service providers for manufacturing, logistics and other services. If such providers fail to perform satisfactorily, reduce their scope of services, increase prices, or terminate their relationship with us, we may need to find alternatives, which could increase our costs. As we do not have direct control over these providers, their failure to comply with applicable laws and regulations could adversely affect our reputation, business and results of operations.

Our business depends substantially on the expertise and dedication of our management team and highly skilled personnel on a global scale. We may face challenges in recruiting and retaining such individuals, which could impede our technological advancement and business growth.

We are substantially dependent on our management team and highly skilled personnel, including experienced engineers, product development specialists, and international management personnel. As our business grows globally, competition for such professionals is intense. We may not be able to recruit or retain the personnel necessary to support our growth and international expansion strategies. If we lose the services of key personnel and cannot find suitable replacements in a timely manner, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Work stoppages, increases in labor costs and other labor-related matters may adversely affect our business operations.

There can be no assurance that material work stoppages, strikes or other labor problems will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption to our operations and higher ongoing labor costs. In addition, labor costs in regions where we operate have been increasing and could continue to increase, particularly given our overseas operations and manufacturing. We may not be able to pass on these increased costs to customers, which could decrease our profit margins and materially and adversely affect our financial condition and results of operations.

Our operations rely on the stable, timely and adequate supply of utilities at commercially reasonable prices.

We depend on a stable supply of utilities, primarily including electricity and water, to maintain production across our domestic and overseas manufacturing bases. The price and supply of utilities are subject to factors beyond our control, and there can be no assurance that we will be able to pass on any cost increases to our customers. If the supply of utilities is disrupted by natural disasters, equipment failures, or other factors, our production could be materially and adversely affected.

We face risks related to certain of our owned and leased properties.

As of December 31, 2025, our Company and major subsidiaries owned 26 major properties in China with an aggregate gross floor area of approximately 338,232.0 sq.m. As of December 31, 2025, four of such properties had not obtained the relevant title certificates, all of which were pre-sold commercial properties for which we had entered into sale and purchase agreements with the respective vendors and paid the corresponding purchase prices in full. There is a risk that we may not be able to ultimately obtain these title certificates, and thus, our ownership and use of such properties would be affected.

As of December 31, 2025, our Group leased 31 major properties with an aggregate gross floor area of approximately 135,665.2 sq.m in China, primarily used for production and operations. As of the Latest Practicable Date, 25 of such leased properties had not been registered with local housing authorities. Although failure to register does not invalidate the leases, we may be exposed to fines ranging from RMB1,000 to RMB10,000 per unregistered lease and cannot assure you that lessors will cooperate to complete registration in a timely manner. Any failure to remediate such non-compliance could materially and adversely affect our business operations and financial condition. For details, see "Business – Properties" in this Document.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners, or damage to our brand name or reputation may adversely affect our business and results of operations.

Our success depends on our ability to maintain and enhance our brand name and reputation. The value of our brand depends on factors such as product quality, technology innovation, and customer experience. In 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB310.0 million, RMB369.0 million and RMB413.7 million, respectively. There can be no assurance that our continued investment in brand development will yield the expected results, and such expenses may have an adverse impact on our results of operations.

Our brand, reputation and sales could be harmed if our products fail to meet customer expectations or contain defects. In addition, adverse publicity about regulatory or legal action against us, or negative allegations involving us, our Shareholders, Directors, officers, employees or business partners, regardless of accuracy, could damage our reputation, undermine customer confidence, and result in heightened regulatory scrutiny, increased compliance costs, and decreased sales, any of which could materially and adversely affect our business and financial condition.

An inability to protect our intellectual property rights or actual or alleged infringement of a third party's intellectual property rights could adversely affect our business.

We rely on a combination of patent, trademark, trade secret and other intellectual property laws related to intellectual property in China and other countries to protect our proprietary rights, all of which may provide limited protection. We cannot assure you that patents will be issued with respect to our pending applications in a manner that gives us adequate protection, or that any patent issued to us will not be challenged, invalidated or circumvented. The steps we have taken, including confidentiality procedures and contractual restrictions, may not prevent unauthorized use or reverse engineering of our technology.

Our brand may also be counterfeited or imitated, and we cannot assure you that we will be able to identify or address any such occurrence effectively or in a timely manner. We may also be a party to IP claims and litigation, whether as plaintiff or defendant, which may be time-consuming and costly, divert management attention, and result in the invalidation or narrowing of our patents. If any of our products is found to infringe a valid third-party patent, we may be prevented from selling the related products and may face indemnification liabilities to our customers or business partners. Any of the foregoing could materially and adversely affect our reputation, business, and results of operations.

Insurance coverage for our business, products and properties may not be sufficient to protect us from potential losses.

We maintain insurance coverage designed to mitigate key operational and business risks associated with our production activities, assets, personnel and transportation. We cannot assure you that our insurance will provide adequate coverage for all risks. If we incur losses not covered by our insurance, we could suffer significant costs that may have a material adverse impact on our business and results of operations.

Our business requires a significant amount of capital expenditure for maintenance, upgrades and expansion of production capacity, and there can be no assurance that we will be able to generate or obtain sufficient cash to successfully implement our capital expenditure plans.

We require significant capital expenditure to ensure the quality, efficiency and competitiveness of our products and solutions across our six business segments. In 2023, 2024 and 2025, our capital expenditures, which primarily consisted of payment for property, plant and equipment, additions under long-term lease contracts for leasehold land and property and plant, and additions of intangible assets, were RMB380.2 million, RMB349.8 million and RMB438.2 million, respectively. There can be no assurance that we will be able to generate sufficient cash from operations, or at all, to fund our planned capital expenditures, including the ongoing construction of our domestic and overseas manufacturing bases. Any delays or failures in securing necessary funding or unforeseen increases in costs could adversely affect our operations and financial results.

We are subject to risks related to our cash conversion cycle and the collection of trade receivables.

Our trade and bills receivables primarily include the outstanding amounts due from our customers for sales of goods and rendering of services in the ordinary course of our business operations. As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB2,340.8 million, RMB2,731.6 million and RMB2,944.1 million, respectively. In 2023, 2024 and 2025, our trade receivables turnover days were 108 days, 109 days and 109 days for the same respective years. For details, see "Financial Information – Discussion of Certain Key Items of Consolidated Statements of Financial Position" in this Document.

If our turnover days increase in the future, a longer cash conversion cycle could add pressure to our cash flow and working capital. We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Any of the foregoing could materially and adversely affect our financial condition, liquidity and results of operations.

Failure to satisfy our obligations related to our bank loans and other borrowings may materially and adversely affect our business, results of operations and financial condition.

We have used, and may continue to use, bank loans and other borrowings to finance our working capital requirements. As of April 30, 2026, we had bank loans and other borrowings of RMB751.9 million. We may also from time to time in the future look for other debt financing opportunities to refinance our existing loans or support our business expansion.

To secure our bank loans, we may grant security interests from time to time. For details, see Note 28 to the Accountants' Report as set out in Appendix I to this Document. Any failure to satisfy our obligations under these borrowings could lead to foreclosure of mortgaged assets, disruption to business operations, or reputational damage, any of which could materially and adversely affect our business and financial condition. In addition, restrictive covenants under our bank loans may limit our ability to dispose of or otherwise utilize mortgaged assets.

We are exposed to risks associated with the fair value change of financial assets at fair value through profit or loss and valuation uncertainty regarding the use of observable and unobservable inputs.

During the Track Record Period, we made investments in listed and unlisted equity securities and wealth management products. As of December 31, 2023, 2024 and 2025, we had financial assets measured at fair value through profit or loss ("**FVPL**") (including current and non-current portion) of RMB1,588.1 million, RMB1,083.6 million and RMB1,879.3 million, respectively. For details, see "Financial Information – Discussion of Certain Key Items of Consolidated Statements of Financial Position – Financial Assets Measured at FVPL" in this Document.

Some of our financial assets measured at FVPL (including current and non-current portion) is estimated using valuation techniques based on observable and unobservable inputs, such as discount rate and expected growth rate. Changes in these inputs may significantly alter the fair value of these assets. The fluctuation of our financial assets measured at FVPL (including current and non-current portion) may continue to affect our results of operations in the future. We cannot assure you that we will not incur fair value losses on our financial assets measured at FVPL (including current and non-current portion), which could materially and adversely affect our results of operations, financial condition and prospects.

In addition, we invested in wealth management products during the Track Record Period, which are subject to risks relating to macro-economic conditions, general market conditions, and the creditworthiness of the issuing banks. We cannot assure you that we will not incur fair value losses on such investments, which could adversely affect our results of operations and financial condition.

There is uncertainty about the applicability or recoverability of our deferred tax assets, which may affect our financial position in the future.

We had deferred tax assets of RMB93.6 million, RMB186.5 million and RMB266.7 million as of December 31, 2023, 2024 and 2025, respectively. We recognized deferred tax assets to the extent that management determines it is probable that future taxable profit will be available for utilization. For details, see Note 30(b) to the Accountants' Report as set out in Appendix I to this Document. Such determination requires significant judgment on tax treatments and the probability and adequacy of future taxable profits. If such judgments prove imprecise, we may need to adjust our tax provisions, which could have a material adverse effect on our financial condition and results of operations.

Any government grants that we enjoy in the regions where we operate may be altered or terminated.

In 2023, 2024 and 2025, we recognized government grants of RMB59.2 million, RMB72.6 million and RMB61.1 million, respectively. Our eligibility for government grants depends on various factors, including applicable conditions, government policies and funding availability. We cannot guarantee that we will continue to receive similar levels of government grants, or at all. Any significant reduction in government grants could adversely affect our results of operations and financial condition.

Grants of share-based awards under our stock incentive plans may increase our share-based compensation expenses and negatively impact our future profitability.

We have adopted share-based incentive plans, including share option plans and a restricted share scheme, to grant awards to our employees and other eligible persons for the purpose of attracting and retaining suitable personnel. For details, see Note 32 to the Accountants' Report as set out in Appendix I to this Document. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees. As a result, we will continue to grant share-based compensation to employees in the future, which may further increase our expenses associated with share-based compensation, cause shareholding dilution to our Shareholders, and in turn materially and adversely affect our business, financial condition, and results of operations.

Our historical results may not be indicative of our future performance and our results of operations, and we may not be able to manage future growth effectively.

The historical financial information included in this Document is not expected to be indicative of our future financial results and is not intended to represent or predict results of operations for any future periods. Our future growth is based in part on our forward-looking assessment of market prospects, and we cannot guarantee that such assessment will prove correct or that we can grow our business as planned. Our expansion plans may be affected by factors beyond our control, including changes in general economic conditions, the competitive landscape, and the relevant regulations and policies governing the industries in which we operate.

Managing our growth will require significant expenditures and allocation of resources, including continued investment in our manufacturing bases and research and development across our six business segments. These endeavors demand considerable management efforts and could strain our operational, financial and management controls. If we fail to achieve the necessary level of efficiency as we grow, our business, financial condition and results of operations may be materially and adversely affected.

Anticipated benefits of historical, existing and potential future mergers, acquisitions, joint ventures or strategic alliances may not be realized.

We have invested, and may invest in the future, in mergers, acquisitions, joint ventures or strategic alliances, including potential targets in order to complement our existing six business segments and strengthen our core technology capabilities. Such endeavors are inherently risky and may involve significant uncertainties, including integration challenges, exposure to unknown or contingent liabilities, unanticipated write-offs or goodwill impairment. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with environmental, safety, occupational health and ESG regulations and standards, or increases in compliance costs arising from evolving requirements, may have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future. Our manufacturing process also produces pollutants such as waste gas and industrial solid waste. Any discharge of such pollutants in violation of relevant regulations may give rise to liabilities and remediation costs. With increasing awareness of ESG issues, more stringent environmental, social and governance laws and regulations may be adopted across the jurisdictions in which we operate. Increased compliance costs, environmental remediation expenses, and fines or penalties may result in higher capital investment and operating expenses. Any failure to comply with existing or future requirements could have a material adverse effect on our business, financial condition and results of operations.

Our information technology networks, systems and data 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 damage.

We rely on information technology networks and systems for communications with our personnel, suppliers and customers, as well as for demand forecasting, order management and logistics coordination. Our IT systems, some of which are managed by third parties, may be susceptible to disruptions due to software failures, power outages, hardware failures, cyberattacks or catastrophic events. Any such breach could compromise our networks and stored data, potentially resulting in legal and regulatory actions, operational disruption, and reputational damage, which could materially and adversely affect our business and financial condition.

We may be involved in or subject to claims, disputes, lawsuits and other legal or administrative proceedings from time to time, which could materially and adversely impact our business.

We may be and have been involved in claims, disputes, lawsuits and various legal and administrative proceedings in the ordinary course of business relating to contracts, labor, safety, securities, tax or other matters. Such proceedings could result in significant legal costs, regulatory scrutiny, reputational damage, and diversion of management attention. Any adverse outcomes in proceedings against us or our Shareholders, Directors, officers or key employees could materially and adversely affect our business, financial condition and results of operations.

Our business may be materially and adversely affected by force majeure events, natural disasters or other issues beyond our control.

Natural and man-made disasters, pandemics, and other force majeure events beyond our control may disrupt our operations, damage our facilities and supply chain, or restrict economic activity in affected areas. Any such event could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS IN THE REGIONS IN WHICH WE OPERATE

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

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

On February 24, 2023, the CSRC and other authorities published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加强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**"), effective March 31, 2023. The Archives Rules require domestic enterprises and securities service institutions involved in overseas offerings to comply with confidentiality and archives management requirements. The interpretation and implementation of the Archives Rules may keep evolving, and failure to comply could materially affect our business and financial condition.

We may face risks relating to labor relations, labor disputes, labor shortages and increases in labor costs.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to turnover of employees, labor disputes and litigations with them, which may disrupt our production and operations, adversely affecting our business and financial performance. There can be no assurance as to the ultimate outcome of any such pending or threatened litigations, disputes, or regulatory proceedings. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and government investigations related to workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation.

Companies operating in the PRC are required to participate in various employee benefit plans, including social insurance, and housing provident fund. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC; employers who fail to make adequate payments as required by the local competent authorities may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. There can be no assurance that any new laws and regulations, or more stringent interpretation and implementation of existing and new laws and regulations will not lead to extra employee benefit plan costs, which may adversely affect our results of operations and financial condition.

Any failure to comply with data privacy and security laws may adversely impact our business, financial condition and results of operations.

We are subject to various laws and regulations concerning data security and privacy. Governments worldwide, and the PRC government in particular, have placed increasing emphasis on privacy and data protection across the entire life cycle of personal information. As our customers and suppliers are corporate entities rather than individuals, we generally do not collect or process individual customers' personal information, and during the Track Record Period and up to the Latest Practicable Date, all data collected from our operations in Chinese Mainland and overseas were stored locally without any cross-border transmission. For details, see "Business — Data privacy and Cybersecurity". As these laws continue to evolve and we further expand overseas, ensuring ongoing compliance, including with cross-border data transfer rules, may require substantial resources. We cannot assure you that we will comply with all applicable data privacy and security laws at all times, or avoid any unauthorized access to, or loss, misuse or tampering of, the data we hold, any of which could subject us to regulatory investigations, fines, litigation and reputational damage and materially and adversely affect our business, financial condition and results of operations.

We are required to obtain, maintain and renew various approvals, permits, licenses, registrations and certificates for our business operations, and there is uncertainty concerning potential delays or changes in standards associated with these processes.

We are required to obtain and maintain various approvals, permits and certifications issued by government agencies across the jurisdictions in which we operate. There is no assurance that we will be able to obtain or renew such approvals and certifications, or that they will not be revoked. Failure to obtain or renew the required approvals and certifications may cause us to experience delays that could adversely affect our business, financial condition and results of operations.

Any non-compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws and other forms of illegal acts and misconduct by our business partners, employees or other parties may materially and adversely affect our reputation and operations.

We are subject to anti-money laundering, anti-bribery and anti-corruption laws, as well as other rules and regulations of the jurisdictions in which we operate. A violation of these laws or regulations could adversely affect our business, financial condition, results of operations, and prospects. As our business expands, our exposure to such laws will increase. Our internal procedures and controls may not prevent improper conduct by employees or business partners, which could result in criminal or civil penalties, reputational damage, significant compliance expenses, and an adverse effect on our business, financial condition and results of operations.

Foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Current-account transactions, including dividend payments, do not require advance SAFE approval but must comply with procedural requirements and be conducted at designated foreign exchange banks. Capital-account transactions generally require SAFE approval or registration. Any insufficiency of foreign exchange may restrict our ability to pay dividends to Shareholders or satisfy other foreign exchange obligations, which could materially and adversely affect our business and subject us to administrative penalties.

We are exposed to foreign exchange risks, and fluctuations in exchange rates could have an adverse effect on our business, financial condition and results of operations.

In 2023, 2024 and 2025, our overseas revenue accounted for 28.2%, 32.4% and 29.1% of our total revenue, respectively. Our overseas revenue is primarily denominated in U.S. dollars, Indian Rupees, Thai Baht and other foreign currencies, while our costs and expenses are incurred in Renminbi as well as local currencies in the jurisdictions in which we operate. Accordingly, exchange rate fluctuations between Renminbi and these foreign currencies may affect our revenue, costs and profit margins. In 2023, we recorded net foreign exchange gains of RMB1.5 million. In 2024 and 2025, we recorded net foreign exchange losses of RMB15.2 million and RMB45.5 million, respectively. Net foreign exchange losses we may incur could have a material and adverse effect on our financial condition and results of operations. We have not fully hedged our foreign currency exposures, and the effectiveness of any hedging strategies we may implement in the future is uncertain.

We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

Our Company and our certain PRC subsidiaries are entitled to preferential tax treatment, including a full exemption from CIT or a preferential CIT rate of 15% and a preferential VAT refund policy applicable to self-developed software products, as well as additional deductions of research and development expenses. Any changes in the laws governing such preferential treatment, or amendments to applicable tax regulations, could increase our effective tax rate. We also operate across multiple overseas jurisdictions, where our effective tax rate could be affected by changes in earnings mix or applicable tax laws. We are subject to examination by both local and overseas tax authorities for our business and intra-group transactions, and if the ultimate determination of taxes owed exceeds amounts previously accrued, our financial condition and results of operations could be materially and adversely affected.

You may experience complexities in effecting service of legal process and enforcing foreign court judgments against us and our management.

A court judgment obtained in the United States or other relevant jurisdictions may be recognized and enforced in China or Hong Kong subject to applicable treaties between China and the relevant country. We are a company incorporated under the laws of the PRC, and the majority of our Directors and executive officers reside in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers in China, including matters arising under U.S. federal securities laws or applicable state securities laws. Arrangements on reciprocal recognition of civil and commercial judgments have been signed between the Supreme People's Court and the Hong Kong Government. However, the effectiveness of any action brought under these arrangements remains uncertain.

RISKS RELATING TO THE [REDACTED]

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

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shenzhen 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 trading or settlement between the H Share and A Share markets. Fluctuations in the price of our A Shares may adversely affect the trading price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the **[REDACTED]** of our H Shares.

There has been no prior public market for our H Shares, and their liquidity and [REDACTED] may be volatile.

There was no public market for our H Shares prior to the **[REDACTED]**, and there can be no guarantee that an active market with adequate liquidity will develop or be sustained. The **[REDACTED]** is expected to be fixed by agreement between the Joint **[REDACTED]** and us and may not be indicative of subsequent trading prices. If an active trading market does not develop, the liquidity and trading price of our H Shares may be materially and adversely affected.

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

The trading price and liquidity of our H Shares may be subject to significant volatility in response to various factors beyond our control, including general market conditions in Hong Kong and other securities markets, and the performance of companies in similar businesses. The trading price may also be volatile for company-specific reasons, such as fluctuations in our revenue, earnings, cash flows, regulatory developments, or actions taken by competitors.

Our Single Largest Group of Shareholders has substantial influence over our Group and their interests may not be aligned with the interests of our other Shareholders.

Our Single Largest Group of Shareholders has significant influence over corporate decisions, including mergers, asset sales and election of Directors. Immediately following the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the Single Largest Group of Shareholders will control approximately **[REDACTED]**% of the voting rights. Their interests might differ from those of other Shareholders, which could materially and adversely affect our business plans and prospects.

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

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of China, the payment of dividends may be subject to certain limitations. Moreover, profits calculated under IFRS Accounting Standards may differ from distributable profits as determined under Generally Accepted Accounting Principles of the PRC (PRC GAAP). Additionally, the declaration, payment and amount of any future dividends are subject to the discretion of our Directors, having regard to our financial condition, capital requirements and regulatory restrictions.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

Under the EIT Law and relevant STA circulars, subject to any applicable tax treaty, PRC withholding tax at the rate of 10% is normally applicable to dividends payable to non-resident enterprise investors. Any gain realized on the transfer of H Shares by such investors is subject to 10% (or a lower treaty rate) PRC income tax if regarded as PRC-source income. As of the Latest Practicable Date, there were no specific rules on how to levy tax on transfer gains realized by non-resident enterprise holders of H Shares. Under the PRC Individual Income Tax Law and relevant STA circulars, dividends paid to non-PRC resident individual H-share holders are generally subject to a 10% withholding rate (or a lower treaty rate); non-PRC resident individuals in jurisdictions without applicable tax treaties with China are subject to a 20% rate. Under applicable MOF and STA circulars, gains from transfers of listed shares may be exempt from individual income tax. As of the Latest Practicable Date, this provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of H Shares.

Should the [REDACTED] be higher than the [REDACTED] book value per Share, subject to [REDACTED], you may experience an immediate dilution in the book value of the H Shares you [REDACTED] in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

If the **[REDACTED]** of our H Shares is higher than the **[REDACTED]** book value per Share immediately prior to the **[REDACTED]**, **[REDACTED]** of our H Shares in the **[REDACTED]** will experience an immediate dilution. Existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated **[REDACTED]** assets value per share of their shares.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider allotting or issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows, or limit our flexibility in business development and strategic plans.

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

As our A Shares are listed on the Shenzhen Stock Exchange, we are subject to periodic reporting and information disclosure requirements in China that differ from those applicable to the **[REDACTED]**. The financial and operational information disclosed on the Shenzhen Stock Exchange may not be directly comparable to that contained in this Document. **[REDACTED]** in our H Shares should rely only on the information included in this Document and any formal announcements made by us in Hong Kong.

Certain facts, forecasts and statistics derived from official government sources contained in this Document may not be reliable and the market opportunity estimates may not be accurate.

We have derived certain facts and statistics in this Document from various public sources, industry associations, and third-party sources, including the CIC Report that we commissioned. Our Directors and Joint Sponsors have exercised reasonable care in selecting these sources, but the information has not been independently verified and no representation is given as to its accuracy. Market opportunity estimates included in this Document are subject to significant uncertainty and are based on assumptions that may not prove accurate.

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

The **[REDACTED]** is being made solely on the basis of the information and representations contained in this Document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this Document should not be relied upon in making an **[REDACTED]** decision with respect to the securities being **[REDACTED]**. Prior to the publication of this Document, there has been media coverage regarding us and the **[REDACTED]**, which may have contained financial information, projections, valuations and other forward-looking information. **[REDACTED]** should be aware that such third-party information may have been based on outdated, incomplete, or inaccurate information and may not be independent or objective.

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

This document contains forward-looking statements using terminology such as "anticipate," "believe," "expect," "may," "should," "will" and other similar expressions. Such statements should not be regarded as representations or warranties that our plans and objectives will be achieved. We do not intend to publicly update or revise any forward-looking statements in this Document. All forward-looking statements are qualified by reference to this cautionary statement.