An **[REDACTED]** *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" 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 adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your* **[REDACTED]**. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.*

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

The demand in the end markets of our industry is constantly changing. If we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected.

We are a major micro motor manufacturer, engaged in the design, R&D, manufacturing and sales of micro drive motors. During the Track Record Period, a substantial portion of our revenue was derived from imaging motor products used in smartphones and handheld imaging devices. The markets for smartphones and handheld imaging devices are characterized by rapid technological change, evolving industry standards, intense competition, changing consumer preferences, lengthening or shortening replacement cycles and macroeconomic and geopolitical uncertainties. These factors may result in end customers adjusting their camera specifications, reducing the number of camera modules per device, delaying or cancelling new model launches, or shifting to alternative technical solutions or suppliers. Any sustained decline, stagnation or volatility in the demand for smartphones and handheld imaging devices, or any adverse change in product mix or camera-related content in such devices, could lead our customers to reduce, postpone or cancel orders for our motor products, or exert greater pricing pressure on us. If we are unable to timely anticipate and respond to changes in our end markets, successfully diversify our revenue base across different applications or maintain our competitive position in existing programs, our business, financial condition and results of operations may be materially and adversely affected.

In addition, certain end customer industries that utilize micro motors, may experience periods of structural slowdown or contraction as these markets become increasingly mature. Factors such as market saturation, declining unit shipments, extended product replacement cycles, reduced consumer spending, or shifts in consumer demand toward alternative devices or functionalities may result in a sustained reduction in overall industry demand. Any prolonged downturn or contraction in these end markets could further limit growth opportunities for our products and adversely affect business operation, financial condition and results of operations.

A relatively high proportion of our revenue was generated from our top five customers and loss of any one or more of these customers may materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, a substantial portion of our sales is recorded with relatively concentrated direct customers, primarily camera module manufacturers. During the Track Record Period, revenue from our five largest customers in each year/period was RMB774.3 million, RMB1,467.6 million, RMB1,670.0 million and RMB598.4 million, respectively, representing 90.5%, 93.7%, 85.4% and 86.2% of our total revenue for the same periods, respectively, indicating a relatively high concentration of our revenue among our top five customers. In the same periods, revenue from our largest customer in each year/period accounted for 37.9%, 30.7%, 30.4% and 41.7% of our total revenue. Although our Directors are of the view that we are not unduly reliant on top five customers, our sales to a limited number of major customers are expected to continue to represent a material portion of our revenue in the foreseeable future.

Under our current sales model, end customers have decision-making authority over our product selection and purchasing volumes. If we were to lose any major end customer, or if an end customer were to reduce its orders with us through our direct customers, our business, financial condition and results of operations could be adversely affected. Although our direct customers do not have sole decision-making authority over end customer procurement decisions, any reduction in purchases by our direct customers for any reason would also have an adverse impact on our business and financial performance.

Our customers' purchasing decisions are influenced by various factors beyond our control, including their financial and operational performance, the market acceptance of their products and solutions, competitive pressures, geopolitical tensions and their ability to adapt to technological advancements and regulatory requirements. Our customers may decide to purchase fewer of our products than they did in the past, not to incorporate our products into their devices, delay their purchases, purchase products from our competitors, or alter their purchasing patterns, any of which may adversely affect our business, results of operations and financial condition. Additionally, any adverse developments affecting our major customers, such as declining sales, inventory adjustments, changes in product strategy or operational disruptions, could lead to reduced demand for our products.

We have significant sales to a connected person, i.e. OFILM, and are subject to risks relating to connected transactions and potential conflicts of interest.

OFILM, a leading module manufacturer and supplier for camera modules and optical lenses in China, was one of our top five customers during the Track Record Period. OFILM constitutes our connected person under the applicable Listing Rules, and our transactions with OFILM constitute connected transactions. During the Track Record Period, our revenue generated from OFILM was RMB324.0 million, RMB431.9 million, RMB594.4 million and RMB289.8 million in each period, representing 37.9%, 27.6%, 30.4% and 41.7% of our respective revenue.

We cannot assure you that the proportion of our sales to OFILM will remain significant or increase in the future. We are subject to risks that the interests of OFILM may not always align with those of ours and our other shareholders, and our connected transactions may be subject to potential conflicts of interest, heightened scrutiny from regulators and **[REDACTED]**, and stricter disclosure, approval, annual review and cap requirements under the Listing Rules or other applicable regulations. If we fail to properly manage our connected transactions with OFILM, for example by not fully complying with the relevant requirements on continuing connected transactions, or if the terms of such transactions are perceived as not being on normal commercial terms or fair and reasonable to our independent shareholders, we may be subject to regulatory actions, criticism from **[REDACTED]** or reputational damage. Although OFILM does not have sole decision-making authority over end customer procurement decisions, any reduction in purchases by it for any reason would also have an adverse impact on our business and financial performance. Furthermore, any perceived or actual conflicts of interest involving OFILM may give rise to concerns regarding our corporate governance and independence, which could negatively impact **[REDACTED]** confidence in our Group.

If we fail to research and develop new products or innovate our current product offerings, our business, financial condition and results of operations would be materially and adversely affected.

We believe that our future success will largely depend on our ability to R&D and launch new motor products and innovate our current product offerings, and to successfully anticipate technological changes and market trends and keep pace with them on a cost-effective and timely basis. To keep pace with rapid developments in micro motors and intelligent drive systems, we place strong emphasis on technological innovation and have made, and will continue to make, substantial investments in R&D activities. In 2023, 2024 and 2025, and the four months ended April 30, 2025 and 2026, we incurred RMB61.0 million, RMB76.9 million, RMB124.5 million and RMB40.3 million and RMB47.3 million, respectively, on our design, R&D activities, representing 7.1%, 4.9%, 6.4%, 6.9% and 6.8% of our revenue, respectively, for the same periods.

However, we may encounter practical difficulties in commercializing the results of our design, research and development activities and launching new products as intended, or our design, and the R&D results may not lead to the benefits we expected. If we fail to R&D new products or innovate our current product offerings, our business, financial condition and results of operations may be materially and adversely affected. Further, consumer electronics products in which our imaging motor products are used are characterized by rapid iteration cycles. As end-users' expectations for photographic experience continue to rise, the optical designs, camera module specifications and production technologies and processes adopted by our customers are also undergoing rapid and continuous updates. This trend places increasingly stringent demands on the design and development capabilities, manufacturing capabilities and yield-rate control of camera motor producers. Accordingly, we must continuously enhance our production capabilities, ensure consistent product quality, and maintain the technical ability to respond promptly to customers' customized requirements. The production of camera-related micro motors involves numerous complex processes and requires a high degree of precision manufacturing. If we fail to adjust our production machinery and equipment in a timely and cost-effective manner, or are required to make substantial investments in new production machinery and equipment due to new assembly technologies, product structures or process routes, our business, financial condition and results of operations will be materially and adversely affected.

We operate in a highly competitive market, and any failure to compete effectively, maintain our market position, or respond successfully to changes in the competitive landscape could result in a decline in our market share.

We primarily operate in, and focus on, the micro motor market in the PRC, in particular imaging motors used in camera modules for smartphones and other consumer and industrial electronics, which is highly competitive. Market participants include both international and domestic manufacturers of micro motors and other motion and actuation solutions that are applied in camera modules and other end products. Further, according to Frost & Sullivan, competition in the PRC micro motor market, especially in the imaging motor segment, is expected to intensify as existing players continue to expand their capacities and product offerings. In the event that we are not able to compete effectively against our competitors, some of whom may have greater financial resources, larger production scale, more advanced product design and process know-how and a wider, more diversified and established customer base and sales network, our market share and sales may decline. In order to compete effectively and maintain or grow our market share, we may be forced to, reduce prices, offer more favorable commercial terms to customers, increase expenditures on research and development, and enhance customer services and marketing activities. Any of these measures may in turn put pressure on our gross profit margin and adversely affect our overall results of operations. If we are unable to differentiate our products and technologies, maintain our cost competitiveness or respond in a timely and effective manner to competitive pressures, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to successfully expand into new application scenarios such as low-altitude economy and embodied robotics, and these markets may not grow as fast as expected.

Our products are currently mainly deployed in imaging-related applications in smartphones and handheld imaging devices. In line with our strategy to broaden revenue sources, we plan to further expand into new application scenarios such as low-altitude economy (including motors for UAV gimbals and propulsion systems) and embodied robotics (including micro motors and joint components for robotic arms and dexterous hands), leveraging our existing technology and process platforms. However, these application scenarios are still at a relatively early stage of commercialization, and their future development, regulatory regimes and competitive landscape remain uncertain.

We may face longer customer validation and certification cycles, more stringent requirements on safety, reliability and lifecycle performance, and more complex systems integration compared with our existing imaging motor applications. In order to capture opportunities in low-altitude economy and embodied robotics, we may be required to incur additional research and development, capital expenditure and marketing investments, to customize our products and processes, and to build new application-specific engineering and service capabilities. There is no assurance that we will be able to secure sufficient design-in projects or mass-production orders in these new application scenarios, or that such business will scale up to a level that meaningfully contributes to our revenue or profitability within the expected timeframe, if at all. In addition, the actual growth of the low-altitude economy and embodied robotics markets may be slower than industry expectations due to factors beyond our control, such as macroeconomic conditions, changes in regulatory policies (including airspace management, safety and data security), technology route shifts, funding constraints of downstream customers, and competition from alternative technical solutions. If the relevant markets do not develop as expected, or if we are unable to establish competitive positions and long-term customer relationships in these new application scenarios, our investments in such areas may not generate the anticipated returns, our diversified growth strategy may not be realized as planned, and our business, financial condition and results of operations may be materially and adversely affected.

Our dependence on a relatively limited number of suppliers for key components and materials and termination of business relationship by our suppliers could result in supply disruptions and prevent us from delivering our products in a timely manner to our customers in the required quantities.

We currently purchase certain of our key components and raw materials for the production of our micro motors from a relatively limited number of suppliers. We usually procure key components and raw materials through purchase orders or short-term arrangements rather than long-term supply contracts with fixed price and volume commitments. As a result, our suppliers may adjust prices or other commercial terms from time to time, reduce the quantities supplied, lengthen lead times or shorten credit periods, and we may have limited bargaining power to resist such changes, especially during periods of tight industry supply, capacity constraints or increases in raw material prices. If the prices of key components or raw materials increase significantly and we are unable to pass such increases on to our customers in a timely manner or at all due to market competition, customer procurement policies or existing commercial arrangements, our cost of sales may rise and our gross profit margin and results of operations may be adversely affected.

If we are unable to reach agreement on pricing or other key terms with our suppliers in the future, or if our suppliers fail to deliver components or raw materials in the agreed quantities, on schedule or in accordance with our quality and technical specifications, we would need to seek alternative supply sources, and in some cases obtain customers' approval for supplier or material substitution. Qualifying alternative suppliers may require a relatively long lead time and additional testing, certification and customer validation, and there is no assurance that such alternative suppliers can be identified or qualified on a timely basis or on commercially reasonable terms. Failure of a supplier to supply key components or raw materials that meet our quality, quantity and cost requirements in a timely manner, failure to maintain our relationships with our major suppliers, or our inability to obtain supplies from alternative sources on a timely basis or on commercially reasonable terms could prevent us from delivering our products to our customers in the required quantities and within the required time frame, impair our ability to manufacture our products and increase our production costs, which could have an adverse effect on our business, results of operations and financial condition.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

During the Track Record Period, we experienced continuous growth in revenue, production scale and product portfolio. As we further expand our imaging motor offerings and develop non-imaging micro motors, and broaden our customer base and application scenarios, we expect our operational footprint, customer and supplier networks and employee base to continue to expand.

We will need to work with a larger number of suppliers and partners efficiently and maintain and further develop mutually beneficial relationships with our existing and new suppliers and partners. At the same time, we will need to recruit, train and retain additional qualified personnel, and manage an increasingly diversified and larger workforce across different functions and locations. To support our business expansion and product diversification, we also need to continuously enhance and upgrade our manufacturing facilities and automation level, information technology and digital systems, as well as improve our operational, financial, compliance and risk management controls. This includes strengthening our supply chain management, production planning, quality control, inventory management, customer project management and internal reporting systems and procedures, while ensuring that our management team and organizational structure keep pace with the growth in business complexity and scale. These efforts will require significant managerial, financial and human resources, and there is no assurance that we will always be able to allocate such resources in an efficient or timely manner, or that our enhancement measures will be implemented as planned or operate as intended. We cannot assure you that we will be able to effectively manage our growth, that our existing infrastructure, systems, procedures and controls, or any new measures adopted to enhance them, will be adequate and successful to support our expanding operations, or that our development strategies and new business initiatives will be executed successfully.

We may not be able to maintain effective quality control systems, which may materially and adversely affect our business, financial condition and results of operations.

We place great emphasis on product quality and have established a comprehensive quality control system for our micro motor products.

The design and continual improvement of our quality control system, the effectiveness of our quality-related training programs and our ability to ensure that our employees strictly adhere to our quality control policies, procedures and guidelines are critical factors affecting our operational performance and the quality and reliability of our products. Given that the production of our products involves numerous process steps and stringent precision and consistency requirements, any significant failure, loophole or deterioration in our quality control system could result in an increase in defect rates, product recalls, customer complaints, warranty claims or even termination of customer projects. Any such events may cause us to incur additional rework, scrap, logistics and compensation costs, delay deliveries to customers and adversely affect our reputation, business relationships, business, financial condition and results of operations.

Our major customers and potential customers may regard such certifications as an important indicator of our quality management capability and as a prerequisite for supplier qualification. Any significant failure or deterioration of our quality control system, or any failure to maintain effective implementation of our quality management procedures, may result in adverse audit findings by certification bodies or customers, which could in turn lead to suspension, downgrade, loss or failure to renew such certifications. If we lose, or fail to renew, any of our key quality certifications, or if our quality management performance falls short of our customers' expectations, our reputation, competitiveness and prospects may be materially and adversely affected and we may lose existing or potential business opportunities.

We may face risks associated with defective products and the unsatisfactory performance of our products after sales.

Our products are micro motors and related components that are integrated into camera modules and a variety of end products, including smartphones and other handheld imaging devices, security and surveillance equipment, consumer-grade UAVs, robotics including embodied robotics, smart home devices and automotive electronics. If our products fail to perform as expected, are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in project delays, production line disruptions, recalls, product malfunctions or other damages or adverse effects at our customers or end customers, we may be exposed to product quality claims. If our products do not meet specifications or requirements enforced by domestic or overseas regulators or requested by our customers (as the case may be), including electrical, safety, reliability or environmental requirements, we may be subject to product quality claims, contractual claims, warranty obligations, recalls, replacements, returns, pricing adjustments or litigation. During the Track Record Period, we did not receive any product quality claim. Any product quality claim, whether or not relating to project delays or damages, or any related regulatory or customer action, could prove costly and time-consuming to handle or defend and could adversely affect our brand reputation and our relationship with our customers. If successful, product quality claims may require us to pay substantial damages, compensation, penalties or bear recall and other associated costs.

Furthermore, certain product quality issues may be caused, in whole or in part, by defects in parts, components or raw materials purchased from third-party suppliers, or by design changes or process requirements specified by customers. Such third-party suppliers may not indemnify us for defects in their parts and components, may only provide limited indemnification that is insufficient to cover our losses, or may themselves lack the financial resources to honour their indemnity obligations. In addition, it may be difficult in practice to determine and prove the respective responsibilities of us, our customers and our suppliers for a particular quality issue, and we may be required to bear a significant portion of the resulting losses in order to preserve important customer relationships.

We may experience shortage of supply for certain raw materials and components and if our suppliers fail to notify us in advance, our business, financial condition and results of operations may be materially and adversely affected.

We generally maintain inventory levels of certain raw materials and components commonly used in our production process, for around one to two months, in order to support our production needs as well as to make prototypes for new products for our own design, research and development purposes. During the Track Record Period, we did not experience any material shortage of supply for key raw materials.

However, we may encounter shortages in the supply of certain raw materials and components from time to time, for example due to capacity constraints at suppliers, fluctuations in demand from downstream electronics sectors, volatility in upstream raw material prices, logistics disruptions or other unforeseen events. If any of our suppliers experiences supply interruptions, capacity constraints, quality issues or significant delivery delays, or if they are unable or unwilling to continue to supply raw materials or components to us on terms acceptable to us, our existing inventory levels may not be sufficient to fully mitigate such disruptions. In particular, if our suppliers fail to notify us in advance of any expected shortage or reduction in supply, we may not be able to adjust our procurement and production plans in a timely manner. As a result, our production schedules and ability to deliver products to our customers in the required quantities and within the required time frame may be adversely affected, which in turn may have a material adverse effect on our business, financial condition and results of operations.

Failure to maintain optimal inventory level could increase our inventory holding costs, which could have a material and adverse effect on our business, financial condition and results of operations.

Effective inventory management is critical to supporting our business expansion and ensuring the timely delivery of solutions to our customers. Our inventory primarily consists of raw materials, work-in-progress and finished goods. As of December 31, 2023, 2024 and 2025, and April 30, 2026, we had inventories of RMB122.2 million, RMB205.0 million, RMB256.2 million and RMB339.4 million, respectively. During the Track Record Period, our historical write-down of inventories amounted RMB7.4 million, RMB11.0 million, RMB10.0 million and RMB14.1 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively.

Our ability to accurately forecast customer demand and manage inventory levels effectively could be impacted by a variety of factors, including the rapidly evolving nature of the markets in which we operate, shifts in customer demand for our solutions and disruptions caused by health epidemics or other unforeseen events. If we maintain inventory levels in excess of actual demand, we may face risks of inventory write-downs or write-offs, as well as the possibilities to sell excess inventory at discounted prices, which could negatively affect our profitability and financial condition. Conversely, if we fail to maintain adequate inventory levels to meet customer demand, we may be unable to deliver solutions in a timely manner, leading to strained customer relationships, reputational harm and missed revenue opportunities. Accordingly, failure to accurately forecast market demand for our solutions and maintain an optimal inventory level may materially and adversely affect our business, financial condition and results of operations.

We are exposed to the risk of inventory obsolescence, which may adversely affect our cash flow and liquidity.

Our inventories primarily comprise raw materials, work-in-progress and finished goods. As of December 31, 2023 and 2024 and 2025, and April 30, 2026, our inventories amounted to RMB122.2 million, RMB205.0 million, RMB256.2 million and RMB339.4 million, respectively. Our average inventory turnover days were 47.0 days, 44.8 days, 50.9 days and 61.3 days in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively.

Our inventory levels have increased as our business expands. Any increase in inventory may place pressure on our working capital and increase our exposure to inventory obsolescence. If we fail to manage our inventory efficiently, our liquidity and cash flow may be adversely affected. In addition, as we increase purchases of raw materials and finished goods to support business growth, the risk of inventory obsolescence may increase. Furthermore, any unexpected or adverse changes in storage conditions at our warehouses may accelerate the deterioration of our inventories and increase the risk of obsolescence. Any unexpected changes in economic conditions or customer demand may result in excess or obsolete inventories, which could lead to inventory write-downs or write-offs. Obsolete inventories may also negatively affect our sales and pricing, as we may be required to lower the selling prices of our products to reduce inventory levels, which could result in lower profit margins. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

If we are unable to maintain high utilization of our production facilities, our profitability may be adversely affected, particularly if there is industry overcapacity.

High utilization of production facilities is crucial for spreading fixed manufacturing costs over a larger quantity of products. For the utilization rate of our products during the Track Record Period, please see "Business – Our Production – Utilization Rate."

There is no assurance that we will be able to maintain similar utilization levels in the future. Various adverse factors, such as fluctuations in downstream demand, changes in product mix, excess capacity, equipment malfunction, interruptions in utility availability and quality control deficiencies, could negatively affect our facility utilization and overall operating efficiency. Furthermore, we are expanding production capacity in anticipation of future demand. If customer demand declines significantly, if we fail to secure sufficient new orders to fill our expanded capacity, or if we misjudge the timing or scale of our capacity expansion, certain of our production facilities or lines may become idle or significantly underutilized. Prolonged underutilization or idling of facilities may lead to lower production efficiency, higher unit fixed costs, difficulties in retaining skilled workers and, in more severe cases, impairment or write-off of our production facilities and equipment. Any downturns resulting from production overcapacity or other market demand factors could 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.

During the Track Record Period, our products are mainly offered to our downstream customers in China. During the Track Record Period, our revenue generated from overseas is insignificant to our total revenue. Although our overseas markets are limited, we may have expansion plans in the future and may face increased international trade policies, geopolitics and trade protection measures, export controls, and economic or trade sanctions ("**international trade**") risks. In the event that any of the countries or regions which are relevant to our expansion impose additional economic sanctions, export control measures, enforce import restrictions or tariffs 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 and export controls 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 restrict the provision of products and services to countries or regions, governments and persons on their respective target list.

Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves 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 the applicable sanctions or export control restrictions. 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.

Based on International Sanction Legal Adviser's review, during the Track Record Period and up to the Latest Practicable Date, neither we nor our subsidiaries have engaged in any activities restricted by applicable export control, international economic sanctions, nor have we violated any relevant laws or regulations. The related international trade risks do not have a material adverse impact on our business or our listing eligibility. However, we cannot predict how international trade policies in various countries may further evolve or anticipate any potential impacts of subsequent developments in such policies on our business. If we, our customers or other partners are therefore affected by such developments, our business, financial condition, results of operations and financing capability may be materially and adversely affected.

With respect to U.S. outbound investment review regimes, during the Track Record Period and up to the Latest Practicable Date, neither we nor our subsidiaries were subject to restrictions under applicable U.S. outbound investment review regimes based on the current scope of our business and the nature of our products. We do not involve activities in certain sectors such as artificial intelligence, advanced semiconductors or any other sectors currently subject to U.S. outbound investment review regimes, our operations did not fall within the scope of such regimes. Nevertheless, such regulatory frameworks continue to evolve and remain subject to further interpretation and expansion. If our future business expansion, customer base, corporate structure or investment-related activities were to involve jurisdictions, sectors or activities that become subject to outbound investment restrictions or reporting requirements, we may face increased compliance obligations, operational constraints or delays, which could adversely affect our business development, financing arrangements and strategic planning.

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 deals 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 and 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 global 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.

During the Track Record Period, we primarily sold our motor products to customers located in the PRC. However, given the nature of the consumer electronics supply chain, certain of our customers may incorporate our products into their finished products and subsequently export such finished products to overseas markets, including jurisdictions that may impose tariffs, trade restrictions or other trade policies on products originating from the PRC.

As of the Latest Practicable Date, we do not have visibility over the ultimate destinations of our customers' finished products and therefore cannot precisely quantify the extent to which our products may be indirectly exported to jurisdictions subject to such trade policies. To the best of our knowledge and based on our communications with major customers, we are not aware of any material disruption to their procurement from us as a result of tariffs, trade restrictions or other international trade policies during the Track Record Period.

Nevertheless, if major export markets were to impose additional tariffs, import restrictions or other trade barriers targeting products manufactured in the PRC or supply chains involving PRC-origin components, our customers' demand for our products may be adversely affected. In particular, if such measures increase the cost of exporting finished consumer electronics products incorporating our motor engines or otherwise affect our customers' production or export arrangements, our customers may reduce their procurement from us, adjust their supply chains, or request price concessions, which could in turn adversely affect our sales volume, profitability and overall financial performance.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material reduction in orders attributable to international trade restrictions or tariff policies. However, the potential impact of evolving geopolitical developments and international trade policies remains uncertain, and any escalation of such measures could adversely affect our business operations and financial performance in the future.

The success of our business depends on the continuing efforts of our key management and technical personnel, and our business may be severely disrupted if we lose their services.

Our future success depends, to a significant extent, on our ability to attract, train and retain qualified executive officers, engineers and technical personnel, particularly those with expertise in micro motors, imaging and non-imaging drive systems, electronic control and precision manufacturing technologies, as well as those who have established relationships with our major customers. We have placed, and expect to continue to place, strong emphasis on research and development in order to develop proprietary product and manufacturing technologies and to bring to market innovative micro motor products and solutions in response to rapidly evolving customer requirements and technology developments. Accordingly, we must continue to recruit and retain top engineers, technicians and other technical personnel with relevant industry experience. If one or more of our key executive officers, core R&D personnel, senior engineers or experienced technicians are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, especially within a short period of time. As a result, our business and ongoing projects may be severely disrupted, including delays in new product development, customer project implementation and process optimization, and we may incur additional expenses to recruit and retain new personnel or find other suitable replacements.

We may experience deterioration in relationships with our employees, shortage of labor or increase in labor costs, which may have an adverse effect on our results of operations.

Labor costs in the PRC have been fluctuating and may continue to rise. The manufacture of our micro motor products is relatively labor-intensive, particularly in testing and packaging processes. In addition to our own employees, we also procured additional work force services, to support our production activities. Any increase in statutory minimum wages, social insurance and housing fund contribution rates, overtime payment requirements, or general wage levels in the regions where we operate may increase our labor costs. In order to support our business expansion and new product introduction plans, we may also need to offer more competitive remuneration and benefits to attract and retain a sufficient number of production workers, technicians and engineers. Given the competitive nature of the micro motor industry and the pricing pressure from our customers, we may not be able to pass on all or any of such increased labor costs to our customers in a timely manner, or at all. If we are unable to effectively manage our labor costs, our production costs may increase, and our gross profit margin, business, financial condition and results of operations could be materially and adversely affected.

We seek to maintain stable and harmonious labor relations with our employees as we believe our long-term development depends on their experience, skills and familiarity with our production processes. However, we cannot assure you that we will not experience labor disputes, work stoppages, strikes, collective actions or other industrial actions in the future. Any deterioration in our labor relations, or any shortage of suitable labor, whether due to intensified competition for labor in the regions where we operate, pandemics or public health events, changes in PRC labor policies or other factors, could disrupt our production, delay delivery schedules to customers and result in additional costs. In addition, the loss of experienced personnel and the potential leakage of know-how and trade secrets could adversely impact our manufacturing efficiency and product quality. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to obtain or maintain adequate intellectual property rights protection for our core technologies and other trade secrets, which could adversely impact our business, financial performance and results of operations.

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property relating to micro motors, including structural design, control algorithms, materials application, precision manufacturing processes and automation and testing systems. For details of our intellectual properties, please see "Business – Intellectual Properties."

The process of applying for and maintaining intellectual property rights may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable applications at a reasonable cost or in a timely manner, if at all. In addition, we may fail to identify patentable aspects of our R&D outputs, process improvements or design optimisations before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercialising competitive or substitute products or technologies in any or all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated, narrowed or revoked for multiple reasons, including known or unknown prior art, deficiencies in the applications, lack of novelty or inventiveness of the underlying technology, or successful challenges by third parties. The patent position of micro motor and intelligent actuation solution providers like us may be uncertain because it often involves complex technical, legal and factual considerations, including overlapping claims, cross-licensing arrangements and differing practices among patent offices and courts. As such, we cannot assure you that we will always be able to accurately discern the scope of protection afforded by our patents or obtain adequate and enforceable intellectual property protection with respect to our products and technologies.

Even if our intellectual property applications are approved, they may not be approved in a form that provides us with meaningful protection from competition or with any durable competitive advantage. The grant of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other jurisdictions. Further, although certain extensions or continuation strategies may be available, the life of a patent and the protection it affords is inherently limited. If we fail to maintain, renew or otherwise extend the life of our key patents, or once patent protection for particular technologies expires, we may face increased competition for products based on those technologies.

Moreover, a portion of our know-how, including detailed process parameters, equipment tuning, production line automation solutions and non-patented design optimisations, is protected primarily through trade secrets and internal policies rather than registered intellectual property rights. If our confidentiality, intellectual property management and information security measures are circumvented, breached or otherwise ineffective, our trade secrets and other proprietary information could be disclosed, misused or independently developed by others without our permission. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may be subject to claims from third parties alleging infringement of intellectual property rights or misappropriation.

Our success depends largely on our ability to use and further develop our technologies and know-how relating to micro motors and related solutions without infringing the intellectual property rights of third parties. The validity and scope of claims relating to patents and other intellectual property rights in the fields of micro motors, imaging and non-imaging actuation technologies, and related manufacturing processes often involve complex technical, legal and factual questions and analysis and may be highly uncertain. Although we are not currently aware of any parties pursuing or intending to pursue material infringement claims against us, we cannot assure you that we will not be subject to such claims in the future.

Because patent applications in many jurisdictions are kept confidential for an extended period before they are published, we may be unaware of pending patent applications by other parties that relate to our technologies, products or processes. We may also inadvertently use technologies or know-how that third parties consider to be protected by their patents, utility models, software copyrights or trade secrets. The defense and prosecution of intellectual property suits, patent opposition or invalidation proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel.

An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, including damages, penalties or settlement payments, require us to seek licenses from third parties (which may not be available on commercially reasonable terms or at all), to pay ongoing royalties, or to redesign our products, adjust our manufacturing processes or cease the manufacture, use or sale of certain products or the use of certain technologies. We may also be subject to injunctions or other equitable remedies that restrict our business activities. Protracted litigation could result in our customers deferring or limiting their purchase or use of our products until resolution of such litigation, or reconsidering their choice of suppliers. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be involved in legal proceedings now and then. Any significant liability claims, could materially and adversely affect our business, financial performance and results of operation.

We may, from time to time, be involved in disputes, lawsuits and various legal, arbitration and administrative proceedings in the ordinary course of our business and operations. Such matters may relate to, product quality and warranty, intellectual property, contracts with customers and suppliers, labor and employment, occupational health and safety, environmental protection, land and property, taxation, securities and compliance matters. We cannot assure you that we will not be involved in various legal and administrative proceedings in the future, which may expose us to additional risks and losses. For details of a pending litigation as of the Latest Practicable Date, please see "Business – Legal Proceedings and Compliance – Legal Proceedings."

We may be required to pay damages, compensation, penalties or fines, or to perform specific obligations or cease certain conduct as a result of judgments, arbitral awards, regulatory decisions or settlement arrangements. In addition, we may have to bear legal and other costs associated with such proceedings, including fees for external advisors and expenses relating to evidence preservation, appraisal and enforcement. Such proceedings may also lead to inquiries, investigations and actions by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of management time and other resources from our business operations.

Any disruption of our business due to judgments, arbitration awards, administrative decisions or settlements against us, or adverse adjudications, regulatory investigations, warnings or other proceedings involving our Company, our Shareholders, Directors, officers or key employees, may materially and adversely affect our reputation, business, financial condition, results of operations and prospects. Even if we ultimately prevail or reach a favorable outcome, we may still incur substantial costs and our reputation may nevertheless be adversely affected.

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 reflects our past performance under specific market conditions and at a particular stage of our development and is not necessarily indicative of our future financial results. Such information is not intended to represent or predict the results of operations for any future periods. Our revenue and profitability in the future may be affected by a variety of factors, many of which are beyond our control, including changes in downstream demand for imaging and non-imaging micro motors, customer procurement strategies, product mix, pricing pressure, raw material and labour costs, technological changes, competition, regulatory developments and macroeconomic conditions.

Our future growth is, to a certain extent, based upon our forward-looking assessment of market prospects in our existing application fields as well as new application scenarios that we plan to develop. We cannot guarantee that our assessments will always prove to be correct or that we will grow our business as planned. Our expansion plans, including the upgrading and expansion of our production facilities, the R&D of new products, may be affected by changes in general economic conditions, the competitive landscape of the industries in which we operate, relevant regulations and policies, and the supply and demand dynamics for our products. If we fail to effectively manage our growth, achieve the necessary level of efficiency in our organisation, or successfully implement our development strategies, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are required to obtain and maintain various approvals, licenses, permits and certifications to operate our business. Any failure to obtain or renew such approvals, licenses, permits or certifications could materially and adversely affect our business and results of operations.

We are subject to PRC laws and regulations that govern, among others, manufacturing operations, environmental protection, occupational health and safety and foreign trade. We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to sanctions and penalties. Moreover, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner as the licenses may only be valid for a limited period of time. Neither can we assure you that these licenses are sufficient to conduct all of our present or future business. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate, we may be subject to various penalties, such as confiscation of the revenue that were generated through unlicensed activities, or the suspension or revocation of our licenses and approvals. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

Our results of operations are subject to seasonality of our customers' product development and launch cycles and may fluctuate.

Our results of operations are subject to seasonality primarily reflecting smartphone launch cycles and major retail promotions, with imaging-related shipments generally higher in the second half of the year, although the extent of such seasonality may vary depending on product release schedules and market conditions. In particular, typically increases around new product launches and peak promotional periods, including October, November, Christmas and the New Year, while production scheduling may be slightly adverse affected by the Chinese New Year holiday in the first quarter. As a result, our financial performance is generally stronger in the second half of the year. As a result of the inherent seasonality of our business, our results of operations may fluctuate from period to period. An analysis of our interim financial performance may not be meaningful due to the seasonality of our sales and period to period comparisons of our operating results may not be reliable indicators of overall trends in our business. We believe that the seasonal variability in our results of operations will continue in the future.

Negative publicity and allegations involving us, our shareholders, Directors, officers, employees and business partners may harm our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

Although we are not a consumer-facing brand, our reputation among camera-module manufacturers, device brands and other business partners is important to our ability to maintain and expand business relationships. Our reputation depends on factors such as the quality, reliability and performance of our micro motor products, our delivery and service standards, our compliance record and our corporate governance. If our products or services fail to meet customer expectations, or if we experience material quality incidents, delivery delays or other operational issues, our reputation and the confidence of our customers may be adversely affected.

In addition, negative publicity or allegations (whether true or not) involving us, our Shareholders, Directors, officers, employees, suppliers, customers, other business partners or the broader micro motor and electronics supply chain industry may harm our reputation. Such publicity could arise from, product quality or safety issues, labour or environmental matters, regulatory or legal actions, corporate governance concerns, or personal misconduct of related parties. Negative publicity may result in loss of customer trust, reduced orders, difficulties in maintaining or establishing business relationships, and increased scrutiny from regulators and other stakeholders, which could in turn lead to higher compliance costs or legal challenges. Any of the above could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be exposed to credit risks arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

During the Track Record Period, we generated most of our revenue from sales of micro motors and related products to customers on credit terms, and we are exposed to credit risks arising from our trade receivables. As of December 31, 2023, 2024 and 2025, and April 30, 2026, our trade and bills receivables amounted to RMB341.4 million, RMB647.8 million, RMB672.1 million and RMB828.2 million, respectively. Although we have adopted credit risk management policies, applied credit assessment procedures and recognise impairment allowances, there is no assurance that our customers or related party debtors will not delay or default on payment, or that the loss allowances we have made will be sufficient to cover actual credit losses. Any significant delay in settlement or default by our customers or related party debtors, or any significant increase in impairment losses on trade receivables, could adversely affect our cash flow, liquidity position and financial condition, and may in turn materially and adversely affect our business and results of operations.

Our financial assets at fair value through profit or loss are subject to fair value fluctuations and the valuation of such assets is subject to uncertainties due to the use of valuation techniques and market observable and unobservable inputs, which may in turn adversely affect our financial performance.

We made investments in certain financial products. As of December 31, 2023 and 2025, we did not hold any such financial assets, while as of December 31, 2024, we recorded financial assets at fair value through profit or loss of RMB20.0 million; as of April 30, 2026, we recorded financial assets at fair value through profit or loss of RMB50.0 million. The fair values of these structured deposits are determined in accordance with our accounting policies on fair value measurement and are affected by factors such as market interest rates and other market conditions. Changes in these factors, or in the valuation techniques and assumptions adopted, may lead to fluctuations in the fair values of such financial assets, and the corresponding fair value gains or losses are recognised in our profit or loss. Although we seek to manage our financial risks in accordance with our financial risk management policies, there is no assurance that we will not incur fair value losses on these instruments. Any material adverse movements in the fair values of our financial assets at fair value through profit or loss could increase the volatility of our reported results of operations and adversely affect our financial performance.

Failure to comply with present or future environmental, safety and occupational health regulations and standards may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to regulations and standards relating to environmental, safety and occupational health matters where we operate. Under these laws and regulations, we are required to maintain safe production conditions and to protect the occupational health of our employees. However, 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.

In addition, our manufacturing process produces pollutants such as wastewater and industrial solid waste. The discharge of such pollutants from our manufacturing operations into the environment, if in violation of relevant regulations, may give rise to liabilities that may require us to incur costs to remedy such discharge. There can be no assurance that the situations that will give rise to environmental liabilities will be discovered, or that any environmental laws adopted in the future will not affect our operating costs and other expenses. Should stricter environmental protection standards and regulations be imposed in the future, there can be no assurance that we will be able to comply with such new regulations. Any increase in the manufacturing costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

We have historically recorded net cash outflows from operating activities, and we may continue to incur such outflows in the future.

In 2023, we recorded net cash outflow from operating activities of RMB118.0 million. For details, please see "Financial Information – Liquidity and Capital Resources – Cash Flows – Net Cash (Used In)/ Generated from Operating Activities." We cannot assure you that we will generate positive cash flows from operating activities in the future. If we continue to incur net cash outflows from operating activities, our working capital may be constrained, which could adversely affect our financial condition. Our future liquidity primarily depends on our ability to generate sufficient cash inflows from operating activities, and to obtain adequate external financing, such as bank loans, on commercially acceptable terms. However, such financing may not be available to us on a timely basis or on favorable terms, or at all. If we fail to obtain sufficient funding when needed, our liquidity, business and financial condition could be materially and adversely affected.

We have incurred net losses in the past and may not be able to maintain profitability in the future.

We incurred a net loss of RMB30.1 million for the year ended 2023. For details, please see "Financial Information – Key Components of Our Consolidated Statement of Profit or Loss and Other

Comprehensive Income – Loss/Profit for the Year." Although we generated net profit in 2024 and 2025, we cannot guarantee that we will be able to maintain profitability in the future. Operating as a growing public company entails significant ongoing costs, and we may incur losses in the future. The extent of any future losses will depend on various factors, including the scale and cost of our research and development initiatives, our ability to generate sufficient revenue, and the level of our operating and administrative expenses. There is no assurance that our revenues will grow at a rate sufficient to offset these costs. Even if we achieve profitability in any future period, our profitability may not be sustainable or consistent. If we fail to maintain profitability, our business, financial condition and prospects could be materially and adversely affected, and our ability to obtain financing, continue our research and development activities or expand our operations may be impaired.

Our historical dividends may not indicate our future dividend policy, and there is no assurance that we will declare and distribute any dividends in the future.

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. Please 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.

Our technology infrastructure may experience unexpected system failures, interruptions, inadequacies, security breaches or cyber-attacks.

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If the information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

If government grants or preferential tax benefits we currently receive are reduced or discontinued, our business, financial condition and results of operations could be negatively affected.

During the Track Record Period, we enjoyed certain government grants and preferential tax benefits. We recognised government grants of RMB6.4 million, RMB11.2 million, RMB14.1 million and RMB6.9 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively. We were qualified as a high and new technology enterprise and were subject to income tax at a preferential tax rate of 15% during the Track Record Period. In addition, as an advanced manufacturing enterprise, we were eligible for a policy allowing an additional deduction equal to 5% of the deductible input value-added tax ("**VAT**") for the purpose of offsetting VAT payable. During the Track Record Period, the additional VAT deductions we recognized amounted to RMB4.6 million in 2023, RMB8.1 million in 2024, RMB10.8 million in 2025, and RMB3.4 million in the four months ended April 30, 2026. However, these policies and programmes are subject to changes that are beyond our control and there is no assurance that favourable government policies will continue or that we will remain eligible for similar levels of support in the future. In addition, the timing, amount and conditions of government grants are at the discretion of the relevant government authorities. Government authorities may require us to satisfy specified conditions or perform certain obligations before we can receive or retain such grants, and we cannot assure you that we will always be able to fully satisfy such conditions or obligations. In such cases, the authorities may cease providing subsidies to us or even require us to repay part or all of the government subsidies we previously received. Any reduction, elimination or clawback of government grants could adversely affect our business, results of operations and financial condition.

Failure to pay social insurance and housing provident funds for our employees in accordance with applicable laws and regulations may subject us to penalties.

Companies operating in the PRC are required to participate in various government-sponsored employee benefit plans. For example, according to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), a PRC enterprise is required to set up housing provident accounts and pay the housing provident funds in time and in full for its employees; and according to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a PRC enterprise is required to complete social insurance registration for its employees and to pay the social insurance contribution in time and in full. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for all of our employees. During the Track Record Period, our shortfall of such social insurance and housing provident fund contributions amounted to RMB3.6 million, RMB4.0 million, RMB11.8 million and RMB9.8 million in 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively. According to our PRC Legal Advisor, our risk of being subject to large amounts of back payments or major administrative penalties by the relevant authorities is remote. However, there is no assurance that our historical and/or current practice with respect to the contribution of social insurance plans and housing provident funds will satisfy all the requirements set by the competent authorities.

If any of the relevant social insurance authorities determine that we have not made full social insurance contributions for our employees in accordance with applicable laws and regulations, we may be ordered to pay the outstanding amounts within a specified time frame. We may also incur a daily late charge of 0.05% on the overdue amounts from the due date. Failure to make the payment within the prescribed period could result in fines ranging from one to three times the overdue amount. Similarly, if the relevant housing reserve fund authorities believe we have not fully contributed to the housing reserve fund for our employees as required, they may order us to make the outstanding payments within a set time. We estimate that in the event that we were ordered by relevant authorities to make such outstanding payment during the Track Record Period, the maximum late payment fees would be approximately RMB2.03 million as of April 30, 2026. Failure to comply may lead to compulsory enforcement actions by PRC courts.

Furthermore, since labor-related laws and regulations continue to evolve and the government has recently strengthened enforcement of social insurance collection, we cannot guarantee that our employment practices will always fully comply with these laws and regulations. This may expose us to labor disputes or government investigations. Any violation of relevant labor laws could result in fines and penalties, which may materially and adversely affect our business, financial condition, and results of operations.

We may be subject to fines for failure to register some of our leases.

We lease properties mainly for offices and employee dormitories. As of the Latest Practicable Date, four of our leased properties have not completed the required lease registration. 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 such non-registration exceeding such time limit.

We may not have adequate insurance coverage to fully protect us against potential liability or losses. Consequently, our business, financial performance and results of operation may be materially and adversely affected should any such liability or losses arise.

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. Any uninsured loss or damage to property, litigation or business disruption may result in incurring substantial costs or diverting our resources, which could have an adverse effect on our results of operations. The damages and losses caused by the occurrence of certain incidents, including fire, severe weather, earthquake, war, flooding, power outages may not be adequately covered by our insurance policies, or at all. If we face significant liabilities that exceed the coverage limits of our insurance policies, or if such liabilities are not fully covered by insurance, we may incur substantial costs and losses. These could materially and adversely impact our financial condition and operating results.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, financial performance and results of operation.

Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. An occurrence or recurrence of any of such events could result in disruptions to our operations, which could adversely affect our business, financial condition, results of operations and prospects. Our business operations could be disrupted if any of our employees is suspected of contracting any epidemic disease, since it could require our offices or facilities to be closed for disinfection or other remedial measures, which would adversely delay or disrupt our production schedule, and we may experience raw material shortages or price surges if the operations of any of our suppliers are disrupted by pandemics. Moreover, natural disasters, including earthquakes, floods, landslides and droughts, could result in deaths, significant economic losses and significant and extensive damage to factories, power lines and other properties, as well as blackouts, transportation and communications disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may, among other things, materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business, results of operations and prospects.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in China's economic, political or social conditions or government policies, could have a material and adverse effect on our business and results of operations.

The majority of our business assets are located in China and substantially all of our sales and revenue is currently derived from China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies with respect to, among other things, quality and safety control, and supervision and administration of companies in our industry. Please see "Regulatory Overview" for details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Payment of dividends is subject to restrictions under PRC laws and regulations.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs 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 IFRSs, 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 flow 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.

You may face difficulties in effecting service of legal process and enforcing judgments against us and our management.

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 who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws.

On July 3, 2008, the Supreme People's Court and the Government of the Hong Kong Special Administrative Region signed the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2008 Arrangement**"). Under the 2008 Arrangement, where any designated court of Chinese Mainland or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of Chinese Mainland or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 18, 2019, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region by The Supreme People's Court of The People's Republic of China (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in Chinese Mainland and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of the 2008 Arrangement which is made before the effective date of the 2019 Arrangement.

In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations and interpretations, a court judgment obtained in the U.S. and any of the other jurisdictions mentioned above may be recognized and enforced in Chinese Mainland or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of court between China and the country where the judgment was made.

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

You may be subject to PRC withholding tax on dividends received from us and PRC income tax on any gains realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises by State Taxation Administration (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) (國稅函 [2008] 897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 by State Taxation Administration (《國家稅務總局關於國稅發 [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 STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides, as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC 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 by Ministry of Finance of the People's Republic of China and State Taxation Administration (財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (Guo Shui Han [1998] No. 61) (國稅函 [1998] 61號) issued by the MOF of the PRC and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE (the State Administration for Foreign Exchange of the PRC). We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the **[REDACTED]**, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, results of operations and financial condition, may be affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and the liquidity and market price of our Shares may be volatile.

Prior to the **[REDACTED]**, no public market existed for our H Shares. The initial **[REDACTED]** range to the **[REDACTED]** for our H Shares is the result of negotiations between us and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the market price for our H Shares following the **[REDACTED]**. There is no assurance that an active trading market for our H Shares will develop following the **[REDACTED]** or, if it does develop, that it will be sustained or that the market price for our H Shares will not decline below the initial **[REDACTED]**.

There will be a time gap of several business days between [REDACTED] and the start of [REDACTED] of our H Shares. During this period, holders of our H Shares may be exposed to the risk that trading prices could decline.

The **[REDACTED]** of the H Shares is expected to be determined on the **[REDACTED]**. However, the **[REDACTED]** will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be two Hong Kong business days after the **[REDACTED]**. As a result, **[REDACTED]** may not be able to sell or deal in the **[REDACTED]** during that period. Accordingly, holders of the **[REDACTED]** are subject to the risk that the price of the **[REDACTED]** could decline before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Because the [REDACTED] per H Share is higher than the [REDACTED] book value per H Share, purchasers of our H Shares in the [REDACTED] will experience immediate dilution.

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

We have significant discretion in how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with our use of such [REDACTED].

Our management may spend the net **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the net **[REDACTED]** from the **[REDACTED]** for purposes including the construction of our manufacturing facilities, product research and development, digitalization and production line upgrades, as well as for working capital and other general corporate purposes. However, our management will have discretion as to the actual application of our net **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net **[REDACTED]** from this **[REDACTED]**.

A significant increase or perceived increase in the supply of our H Shares in the public markets in the future could cause the market price of our H Shares to decline significantly, and/or dilute shareholdings of existing Shareholders.

Future sales of a substantial number of our H Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Certain amount of the H Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which the **[REDACTED]** in our H Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any H Shares they may own now or in the future. In addition, certain existing Shareholders of our H Shares are not subject to lock-up agreements. Market sale of H Shares by such Shareholders and the availability of these H Shares for future sale may have a negative impact on the market price of our H Shares.

Our Controlling Shareholders have significant influence over our Company, and their interests may not align with the those of other Shareholders.

Immediately after the **[REDACTED]**, our Controlling Shareholders will own in total **[REDACTED]**% of our issued share capital (assuming the **[REDACTED]** is not exercised). Our Controlling Shareholders will be in a position to exert significant influence over our affairs, and will be able to significantly influence the outcome of any Shareholders' resolution, irrespective of how other Shareholders may vote. The interests of our Controlling Shareholders may not necessarily be aligned with those of other Shareholders. Our Controlling Shareholders may cause us to take actions that are not in the interests of us or our other Shareholders. In the event that the interests of our Controlling Shareholders conflict with those of our other Shareholders, or if our Controlling Shareholders choose to cause us to pursue objectives that would conflict with the interests of our other Shareholders, such other Shareholders could be left in a disadvantageous position by such actions caused by our Controlling Shareholders.

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 **[REDACTED]** and **[REDACTED]** additional H Shares or other securities convertible into or exchangeable for our H 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.

No assurance can be given as to the accuracy or completeness of certain facts, forecasts and statistics obtained from various government publications, market data providers and other independent third-party sources, contained in this document.

Certain facts, forecasts and statistics in this Document relating to the PRC and global economy and the industry in which we operate are obtained from official government publications or publicly available sources that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the **[REDACTED]** or any of our or their respective affiliates or advisers and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled in or outside the PRC. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

[REDACTED] should read the entire document carefully and should not rely 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 issued. Prior to the publication of this document, there has been coverage in the media regarding us and the **[REDACTED]**, which may have contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. **[REDACTED]** should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and **[REDACTED]** may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.

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

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