You should carefully consider all of the information in this document, including the following risk factors before making any [REDACTED] decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The [REDACTED] of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your [REDACTED]. The information given is subject to the cautionary statements in the section headed "Forward-Looking Statements."

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

We operate in highly competitive industries, and if we are unable to compete successfully, our business, results of operations and prospects may be harmed.

We currently face significant competition in the industries where we compete, and such competition may intensify as existing competitors expand, new entrants emerge, and technological developments reshape the market. Our products may be imitated, adapted or surpassed by competitors, which could weaken our product differentiation and may result in loss of market share, intensified price competition, and pressure on our margins. For instance, significant technological advancements in alternative semiconductor materials could render our existing or future core products uncompetitive, obsolete or otherwise unmarketable. Even if we successfully develop and launch new products, we may not be able to commercialize them effectively unless we complete customer certification processes successfully. Our target customers, primarily leading IDMs, foundries, and display panel manufacturers, typically impose stringent and lengthy certification procedures for new materials, involving multiple rounds of validation, testing and trial production. This could take a long period, with significant upfront investment and no assurance of success. Any inconsistency in product quality or performance may also result in loss of existing certifications or approved supplier status.

More broadly, keeping up with industry standards and technological innovation is critical to our business development. The industries in which we operate are characterized by ongoing advances in product design, materials, production processes and performance requirements, and customer expectations and regulatory or industry standards may also change over time. If we are unable to identify, develop, adopt or effectively implement new technologies, or otherwise fail to respond promptly to such changes, our products may no longer meet customer needs or applicable specifications, and we may be unable to retain existing customers, attract new customers or maintain our market position. As competition intensifies, we may face risks arising from margin compression, higher marketing and customer retention expenses, and failure to differentiate, thereby adversely affecting our profitability, business, financial condition and results of operations.

Our performance depends on demand from downstream industries that adopt our products, and a slowdown in the growth of these industries could adversely affect our business, financial condition and results of operations.

Our performance is subject to the fluctuations in demand from downstream industries. During the Track Record Period, we supplied our semiconductor materials and solutions mainly to IDMs, foundries and display panel manufacturers, and our CPT to toner cartridge manufacturers. Demand for our products is in turn affected by conditions in end markets such as consumer electronics, automotive electronics, high-performance computing, AI data centers, IoT devices and telecommunications, which are beyond our control. Any slowdown, cyclical downturn, pricing pressure, technological and customer preference shifts, macroeconomic weakness, regulatory or trade-related restrictions, supply chain disruptions, or reduced market acceptance in these end markets may adversely affect our customers' production volumes, capital expenditures, purchasing and inventory decisions. As a result, demand for our products could decline, which may materially and adversely affect our business, financial condition and results of operations.

Specifically, when end-market demand weakens or customers adopt a cautious view toward market prospects, our customers may delay capacity expansion plans, slow the introduction of new products and the progress of material validation, reduce or postpone orders, adjust inventory levels, demand price reductions, or shift to alternative products or suppliers with greater price competitiveness. These developments may lead to lower sales volume of our products, increased pricing pressure, reduced capacity utilization, slower inventory turnover and a longer accounts receivable collection cycle. If such adverse trends continue or worsen, our profitability, cash flow, business, financial condition and results of operations may be materially and adversely affected.

If we fail to timely and cost-effectively develop and commercialize new products that meet customer preferences and achieve market acceptance, our business, financial condition and results of operations may be adversely affected.

Our future success depends on our ability to continuously anticipate evolving customer requirements, develop and commercialize new products that meet increasingly stringent technical and performance standards, and bring such products to market on a timely and cost-effective basis. These efforts require substantial and ongoing investments in R&D activities. We incurred research and development expenses of RMB328.1 million, RMB402.7 million, RMB475.6 million, RMB145.2 million and RMB190.3 million in 2023, 2024 and 2025, and for the four months ended April 30, 2025 and 2026, respectively. There can be no assurance that our R&D efforts will yield timely breakthroughs or generate sufficient revenue to offset these substantial costs.

Even if we successfully develop new materials, we may encounter difficulties in commercializing them, including achieving cost-effective mass production. In particular, certain key materials used in semiconductor wafer lithography processes, such as KrF photoresists and ArF photoresists, involve high technological barriers, complex production processes and stringent quality requirements. Accordingly, we are subject to risks that the commercialization and scale-up of such products may not proceed as expected. The scale-up of certain new chemical formulations or material designs with higher technological barriers often involves lower initial production yields and longer production cycles. If we fail to optimize our production processes, or if our new products experience delayed market acceptance and weak initial sales volumes, we may be unable to recover our research and development and commercialization costs, and such products may miss market opportunities. As a result, our market share, profitability and results of operations could be materially and adversely affected.

Our quality control system may not be able to completely eliminate product defects or non-conformities.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design and production process, our products may contain undetected defects or failures when first introduced or after commencement of commercial shipments, which may result in product returns. In addition, changes in raw materials used in the production processes may cause our products to fail. If defects and non-conformities occur in our products, we could experience lost revenue, increased costs, including costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which could harm our operating results.

In particular, the production of our semiconductor materials involves highly complex processes. For example, minute levels of contaminants in the production environment can introduce defects during the chemical synthesis and formulation process, such as impurities or particle agglomerations, degrading the chemical and physical properties of our advanced materials. These defects can severely affect the performance and reliability of the end products that adopt our semiconductor materials and solutions. These problems may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. They may also result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

If we are unable to produce or deliver high-quality products on schedule and on a large scale, our business may be materially and adversely affected.

Our ability to produce and deliver high-quality products on schedule and on a large scale is critical to our business. The mass production of our products requires stable operations, tight process control, and consistent access to critical raw materials. If our suppliers experience shortages, disruptions or quality issues, fail to deliver sufficient quantities on time, or if we are unable to promptly find alternative qualified suppliers, our ability to maintain stable large-scale production, consistent product quality, and timely delivery may be adversely affected. In addition, our production and delivery capabilities may also be affected by facility disruptions, equipment failures, labor shortages, sudden increases in customer demand, transportation or logistics disruptions, and delays by third-party logistics providers, which could constrain our production capacity or result in delivery delays.

Our ability to consistently manufacture and deliver high-quality products that meet customer requirements is also critical to our business. Any interruption in our production processes, including qualification rate fluctuations, quality control issues, product defects, performance inconsistency or insufficient batch-to-batch consistency, may impair the stability of our product quality and affect customer acceptance and use of our products. In particular, for semiconductor materials, high qualification rate and strict batch-to-batch consistency are essential. Any decline in qualification rate, product defects, or inconsistency in performance may result in failed customer qualifications, customer complaints, order delays or cancellations, or disruptions to our customers' operations, which could adversely affect our reputation and customer relationships. If we fail to maintain such standards, our existing customer relationships may be harmed and our reputation may be damaged, which could materially and adversely affect our business, financial condition and results of operations.

Failure to sufficiently utilize our production lines may have a material adverse effect on our financial condition and results of operations.

We have made and plan to continue making significant capital investments to build and expand production lines. In recent years, we have completed the CMP Pads and high-end wafer photoresist production lines in Qianjiang, the capacity expansion projects for CMP Slurry, abrasive particles, YPI and PSPI, as well as the production line for advanced semiconductor materials in Xiantao. Additionally, it takes time for newly built or expanded production lines, after being completed and put into operation, to achieve stable production, obtain customer certification and realize large-scale sales, and newly added capacity may not necessarily be converted into saleable output in a timely manner as planned. For example, during the Track Record Period, the utilization rates of our production capacity for CMP Slurry and Cleaning Solutions were 25.6%, 12.8%, 18.8% and 20.6% for the years ended December 31, 2023, 2024 and 2025, and the four months ended April 30, 2026, respectively, and the utilization rates of our production capacity for semiconductor display materials were 28.8%, 38.3%, 43.3% and 41.6% for the same years/periods, respectively.

Our ability to achieve satisfactory utilization rates depends on a number of factors, many of which are beyond our control, including market and industry trend shifts, customer demand fluctuations, the stability of our production processes, the timing of customer certification, and our ability to secure continuous purchase orders. In addition, as we plan and construct our production lines based on long-term demand projections, our installed capacity may exceed near-term demand. If we fail to project customer demand and appropriately align our production lines, some of our utilization rates may remain at unsatisfactory levels. There is no assurance that we will be able to improve the utilization rates of our production lines to satisfactory levels, or at all. If we are unable to achieve satisfactory utilization rates, we will not be able to achieve economies of scale, meaning that our high fixed costs, particularly depreciation, will absorb a disproportionately large percentage of our revenue, resulting in lower gross margins. Any such decline in gross margin would materially and adversely affect our profitability, financial condition and results of operations.

Our highly customized products may fail to achieve successful customer onboarding, qualification and continued procurement, which could adversely affect our business, financial condition and results of operations.

Our ability to commercialize our products depends on several factors, including our ability to obtain and maintain customer qualifications, meet customer specifications and process requirements, ensure product quality and consistency, respond to evolving industry standards and technology requirements, offer competitive pricing, and demonstrate sufficient differentiation from competing products with limited substitutability. In addition, many of our products are highly customized and require targeted development, validation and continuous optimization based on different customers' technology roadmaps, process conditions, performance indicators and application scenarios. Such customized products typically involve longer development cycles, more complex customer validation procedures and slower adoption cycles, and generally have more limited universality and replicability across different customers. If we fail to satisfy these requirements, customers may not adopt our products or may reduce or discontinue their purchases of our products.

In addition, the production processes for semiconductor materials are complex, and our customers are generally reluctant to switch suppliers due to the risks of qualification rate fluctuation, process instability, and substantial switching costs. As a result, failure to obtain an initial qualification may exclude us from a customer's supply chain for an extended period or the entire product cycle. For customized products, if we fail to accurately understand customer needs or complete development and qualification within the agreed timeframe, if product performance fails to continuously satisfy customer requirements, or if the customer's own technology roadmap, production process, procurement strategy or end-market demand changes, the relevant products may fail to be smoothly introduced, may be unable to achieve large-scale sales, or may be replaced, subject to reduced procurement or even terminated after adoption. In addition, customized products often require significant upfront investment in R&D, testing, validation and supporting resources, and if customer adoption or sales ramp-up falls short of expectations, we may not be able to recover such investment in a timely manner. If we are unable to convince current and prospective customers to adopt our products, maintain existing qualifications, or introduce new products that meet evolving customer and industry requirements in a timely manner, our business, financial condition and results of operations could be materially and adversely affected.

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

As we have been expanding globally, we are subject to the impact of evolving international trade policies, tariffs, export control regimes, and economic sanctions that apply to China-based entities and the broader semiconductor industries. During the Track Record Period, our revenue from continuing operations from other regions and countries outside Chinese Mainland was RMB52.7 million, RMB55.3 million, RMB39.4 million, RMB14.4 million and RMB18.9 million in 2023, 2024, 2025, and for the four months ended April 30, 2025 and 2026, representing 4.0%, 2.8%, 1.6%, 2.0% and 1.7% of our total revenue from continuing operations for the respective years/periods.

Governments and supranational organizations, including the United States and other countries, have in recent years imposed, and may further impose or expand, laws, regulations and policies relating to export controls, investment restrictions, tariffs, import and export licensing, supply chain security, data and cybersecurity, foreign ownership or participation in strategic sectors, and sanctions on certain countries, regions, entities and individuals. Many of these measures specifically target or affect semiconductor and related technologies and may directly or indirectly affect our access to overseas markets, customers, suppliers, technologies, equipment and capital. Moreover, our products, technologies and certain of our raw materials and equipment may be, now or in the future, subject to export controls or licensing requirements under the laws and regulations of jurisdictions such as the United States, the EU or other countries. Changes in export control classifications, the addition of new items, technologies, software or entities to control lists, or other regulatory developments could restrict or delay our ability or the ability of our business partners to obtain, import or use certain advanced production equipment, software, materials or components necessary for our R&D and production, among other things. The interpretation and enforcement of export control laws and sanctions are complex, constantly evolving and may involve significant uncertainties. Even unintentional or perceived non-compliance, or association with entities or individuals that are or become sanctioned or subject to export controls, may expose us to investigations, fines, penalties, debarment, restrictions on our ability to engage in certain transactions, reputational damage and other adverse consequences.

We may also become exposed to U.S. tariffs and retaliatory tariffs imposed by other countries in which we operate. Beginning in February 2025, a baseline tariff was imposed on all China-origin goods and was subsequently increased in March 2025. In April 2025, the U.S. further announced reciprocal tariffs applicable to China, which were later adjusted through bilateral consultations between the U.S. and China. Following the ruling of the U.S. Supreme Court and pursuant to the relevant executive orders and official notices issued by the U.S. government, all tariffs previously imposed under the International Emergency Economic Powers Act ("**IEEPA**") became inactive as of February 24, 2026. In lieu thereof, the U.S. President Trump announced an across-the-board global tariff pursuant to Section 122 of the Trade Act of 1974, initially set at 10% for a period of 150 days and subsequently increased to 15%, with effect from February 24, 2026.

Furthermore, on October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued a final rule titled Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern, 31 C.F.R. §850 (the "**Outbound Investment Rule**"). The Outbound Investment Rule imposed certain investment prohibition and notification requirements, additional diligence responsibilities, and record-keeping requirements on U.S. persons and their controlled foreign entities involving new investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities involving certain sectors ("**Covered Foreign Person**"). U.S. persons subject to the Outbound Investment Rule are prohibited from making or are required to report certain investments in Covered Foreign Persons, which are defined as "covered transactions." Covered transactions may include, among other things, acquisitions of equity interests, certain debt financing transactions, the formation of certain joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund.

We ourselves do not engage in any covered activities, hence we are not a Covered Foreign Person under 31 C.F.R.§850.209(a)(1). Despite certain of our subsidiaries are engaged in the design of integrated circuits, which may fall within the scope of "notifiable transactions", our annual revenue/net income derived from and capital expenditures/operating expenses attributed to such subsidiaries are significantly less than 50% respectively. As advised by our International Sanctions Legal Advisors, the financial metrics contributed by such subsidiaries to us do not satisfy the financial significance thresholds that would cause us to be categorized as a Covered Foreign Person under 31 C.F.R.§850.209(a)(2). Hence, our International Sanctions Legal Advisors are of the view that we are not a Covered Foreign Person and thus would not be subject to the Outbound Investment Rule. However, there is no assurance that the Treasury will take the same view. In addition, the application and implication of the outbound investment review rules and any related policies, laws and regulations are complex, which may be changed and updated from time to time.

In addition, the United States and other jurisdictions or organizations, including the EU, the UN, the UK, Australia and other relevant sanctions authorities, have imposed international sanctions on entities and individuals through executive orders, the passage of legislation or other governmental measures, including sanctioned persons, entities and individuals who are nationals of or located in certain sanctioned countries, and entities and individuals associated with certain industries or sectors in specific countries. If the authorities of such jurisdictions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us, our business and reputation could be adversely affected. Meanwhile, sanctions laws and regulations are constantly evolving, and new individuals and entities are regularly added to sanctioned persons lists.

New requirements or restrictive measures may come into effect, which could enhance scrutiny of our business or result in one or more of our business activities being deemed to be in violation of sanctions regulations.

During the Track Record Period, we made sales of CPT and toner cartridges to customers located in Iran, which is subject to comprehensive U.S. economic sanctions. Certain sales to Iran involved payments in USD ("**Iran USD Sales**"). As advised by our International Sanctions Legal Advisors, these Iran USD Sales appear to be in violation of the U.S. primary sanctions laws. The payments received during the Track Record Period for Iran USD Sales were in an aggregate amount of approximately US$1.3 million, representing approximately 0.1% of our aggregated revenue for the Track Record Period. After consulting with our International Sanctions Legal Advisors, we made an initial notification of Voluntary Self Disclosure ("**VSD**") to the Office of Foreign Assets Control of the United States ("**OFAC**") on July 2, 2026 related to the Iran USD sales.

According to the base penalty matrix specified under the OFAC Enforcement Guidelines, cases where the apparent violation is disclosed through a VSD can result in a 50 percent reduction in the base amount of a proposed civil penalty. As advised by our International Sanctions Legal Advisors, in practice, OFAC is unlikely to impose a civil penalty greater than the transaction value in cases where a VSD is filed, and OFAC may impose a civil penalty that is significantly lower than 50 percent of a proposed civil penalty, or close its investigation without taking further action through a negotiated settlement process by considering mitigating factors such as first-time offense, voluntary disclosure and cooperation with OFAC.

We believe the penalty amount will not materially and adversely affect our financial position, operating results, or cash flows. We have ceased all Iran-related business activities. We will continue to enhance internal control and risk management measures which we believe enable us to better monitor and evaluate our business and to address economic sanctions risks, and have provided undertakings to the Stock Exchange and its related group companies with respect to sanctions risks. For details, see "Business — Impact of Trade Restrictions and International Sanctions."

If our pricing policy and strategy fail to effectively respond to changes in market conditions, customer demand and competitive dynamics, we may not be able to maintain profitability and our business, results of operations and financial condition could be materially and adversely affected.

Our pricing strategies are determined based on a variety of factors, including our substantial upfront R&D investments, raw material costs, prevailing market prices, and specific requirements of our downstream customers. However, the markets in which we operate are highly competitive, and some are also subject to cyclical fluctuations. We may face intense pricing pressure due to macroeconomic downturns, price wars among competitors that cascade up the supply chain, or aggressive discounting by our competitors aiming to capture market share.

If we fail to adjust our pricing policies in a timely manner in response to evolving market dynamics, our products may lose their competitive advantage, leading to a loss of key customers and decreased sales volumes. Conversely, if we are forced to significantly lower our prices to defend our market share, our gross profit margins will be severely compressed. Any inability to successfully navigate these pricing pressures while recovering our significant research and development and capital expenditures could materially and adversely affect our profitability, financial condition, and results of operations.

Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth.

During the Track Record Period, we experienced rapid revenue growth. We generated revenue from continuing operations of RMB1,305.3 million, RMB1,953.4 million, RMB2,467.6 million, RMB723.8 million and RMB1,090.3 million in 2023, 2024, 2025, and for the four months ended April 30, 2025 and 2026, respectively. However, there can be no assurance that we will be able to sustain our historical growth rates. We may encounter risks and difficulties frequently associated with growing companies, including failure to sustain historical demand growth; difficulties in accurately forecasting market demand; difficulties in maintaining product quality and reliability as operations scale; failure to expand production capacity efficiently; delays in facility construction, equipment upgrades or product launches; higher-than-expected operating, labor, raw material, logistics, or compliance costs; significant capital expenditures with uncertain, delayed, or insufficient returns; failure to implement or execute our business strategies; and regulatory changes or compliance burdens in existing or new markets. As a result, we may not be able to sustain our historical growth rates or financial performance.

Our expansion into new sectors, such as new energy materials, and the advancement of new strategic directions may not be successful or generate the expected outcome.

In recent years, we have continued to explore growth opportunities beyond our existing businesses, including in the new energy materials sector, creating new sources of revenue and expanding the scope of our operations. In February 2026, we completed the acquisition of Hao Fei, a company primarily engaged in the R&D, production and sales of lithium battery functional auxiliary materials. For details, see "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Hao Fei." If the valuation proves inaccurate, or if the transaction does not achieve the expected results, we may incur losses on the investment. In addition, we cannot assure you that this expansion will be successful or that the expected synergies will materialize as anticipated.

Following the acquisition, we plan to further develop and commercialize high-end lithium battery process materials by broadening our product matrix to include novel conductive agents, solid-state electrolytes, and new interfacial materials, while leveraging Hao Fei's existing sales channels and customer resources. We also plan to integrate our R&D teams to focus on next-generation technology pathways such as solid-state batteries, sodium-ion batteries, and silicon-based anodes, with the aim of delivering tailored solutions for high-end applications. However, the successful execution of these plans is subject to significant uncertainties including risks relating to product development, technology reserves, customer development and industrialization implementation. In addition, the integration of an acquired business involves significant challenges, including aligning management structures and corporate cultures, among others. Any failure or significant delay in completing such integration could result in increased costs, loss of key customers or suppliers, or diversion of management attention from our core semiconductor materials business, which could have an adverse effect on our business, financial condition and prospects.

We derive a large portion of revenue from our major customers, and any deterioration or termination of these business relationships could negatively impact our results of operations, financial condition, and growth prospects.

Our key customers are critical for our business. In particular, we derived a large portion of our revenue from our key customers during the Track Record Period, primarily consisting of leading IDMs, foundries, display panel manufacturers, and power battery and energy storage battery manufacturers. Our revenue from our five largest customers of continuing operations was RMB554.5 million, RMB1,041.7 million, RMB1,316.2 million, and RMB567.1 million in 2023, 2024, 2025 and the four months ended April 30, 2026, accounting for 42.5%, 53.4%, 53.5% and 52.1% of our total revenue from continuing operations in the corresponding years/periods, respectively. Furthermore, according to Frost & Sullivan, the downstream markets for our semiconductor materials and new energy materials are highly concentrated. If any of our key customers significantly reduces its purchase volume, delays its orders, revokes our qualifications, or terminates our business relationship, our revenue and profitability could decline substantially.

Any failure to offer high-quality support services for our customers may harm our relationships with them and, consequently, our business.

Our highly customized products, such as semiconductor materials and solutions, typically require deep involvement by our technical team during customer development and the early stages of cooperation. Our technical personnel often engages with customers before our products are sold or our formal cooperation begins. We assist customers in identifying their specific needs, application scenarios, process conditions and performance indicators, and participate in product selection, solution design, sample testing and adaptation development on that basis. During the stages of R&D, validation, product introduction, mass production and continuous supply, we are also typically required to provide our customers with ongoing technical support services, including technical communication, testing, process adaptation and troubleshooting. As our business grows, it is critical that our technical support capabilities keep pace with such growth. We may not be able to recruit or retain technical support or field service personnel with sufficient experience, or enhance our capabilities to process and respond to customer requests efficiently.

Our ability to attract new customers is highly dependent on our business reputation and referrals from our existing customers. If we are unable to provide high-quality and efficient technical support services to our customers, or fail to respond to and resolve technical issues encountered by our customers in a timely manner, our customers' evaluation of our overall service capabilities and their willingness to continue purchasing our products may be adversely affected, which could harm our reputation and business. If we fail to continuously provide high-quality technical support at the early stages or throughout the cooperation, our existing customers may reduce purchases or terminate our relationship, or potential customers may decide not to engage us, which could adversely affect our business, financial condition and results of operations.

Any disruption to our production facilities or operations could restrict our ordinary business operations and materially and adversely affect our financial condition and results of operations.

We operate several production bases, including in Wuhan, Qianjiang, Xiantao, and Ningbo. The operation of these facilities may be disrupted by fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning affecting the underlying land, and regulatory development, many of which are beyond our control. In particular, any power outage, disruption or shortage in power supply could have a material and adverse impact on our production and employee safety. Any of the foregoing events could also cause damage to, or render unusable, our production plants, warehouses, cleanrooms or key equipment, which may require us to temporarily or long-term suspend our operations during the period of repair or replacement, and result in property damage, increased capital expenditures, disruptions to our production schedules, delivery delays and loss of revenue.

In addition, our operations involve certain inherently hazardous activities, including the processing of certain raw materials, the use of special equipment, and management of special gases, which may result in gas leakages, equipment failures, industrial accidents, fires and explosions. These risks can result in personal injuries and fatalities, damage to or destruction of properties or production facilities, and pollution and other environmental damage. Any of these consequences, if significant, could disrupt the operation of our production plants and result in business interruption and legal liability, and materially and adversely affect our financial condition and results of operations.

An increase in prices or shortage of raw materials, or disruption in our supply chain, could increase our production costs and delay deliveries of our products.

We procure from third-party suppliers both the commodities needed to produce critical raw materials and other raw materials used in our production processes. Our material costs allocated to cost of sales amounted to RMB343.0 million, RMB485.2 million, RMB575.9 million and RMB273.3 million, respectively, in 2023, 2024 and 2025, and for the four months ended April 30, 2026, representing 61.2%, 70.5%, 70.0% and 74.3% of our total cost of sales for the respective years/periods. The raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and governmental regulations and policies. Any shortages of, or delay in the supply of the raw materials could increase our procurement costs, and cause delays in our production and delivery to customers. We may in the future experience price increases and supply shortages of certain raw materials, and the availability and pricing of such materials may be difficult to predict. If we are unable to meet demand for our products due to our inability to obtain the raw materials necessary to manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance of our products could be adversely affected.

In addition, during the Track Record Period, for the integrated circuit design business, we engaged third-party contractual manufacturers to provide wafer fabrication services. As a result, we are exposed to risks associated with our reliance on such third-party manufacturers, including potential disruptions to manufacturing services, increases in the cost of procuring such services, and quality control issues that may be beyond our direct supervision and control. There can be no assurance that our quality control procedures will be effective in consistently ensuring that our third-party contract manufacturers comply with our quality standards. Any disruption in wafer fabrication services or failure by these manufacturers to meet our quality requirements could result in production delays, increased costs, product defects, product liability claims, or contractual liabilities to our customers.

Our business depends substantially on the continued efforts of our management and other highly skilled personnel, including R&D personnel, and the departure of such personnel may materially and adversely affect our operations.

Our future performance depends on the continued service and contribution of our management and other highly skilled personnel to oversee and execute our business plans, and identify and pursue new opportunities and product innovations. We may experience the departure of such personnel from time to time, and any such departure can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

Our business depends on our ability to protect our intellectual property rights. We may be subject to infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

We rely primarily on a combination of our patents, copyrights, trademarks, the confidentiality agreements signed by our employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time-consuming. For details, see "Business — Intellectual Property." In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks related to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. Accordingly, we may not be able to effectively protect or enforce our intellectual property rights in all relevant jurisdictions, which may have a material adverse effect on our business, financial condition and results of operations.

Our business depends on reliable and adequate transportation services provided by third parties, and any disruption to transportation could interrupt our deliveries and adversely affect our business, financial condition and results of operations.

We engage specialized third-party logistics providers for product transportation and may not be able to fully control their operations or ensure their continuous compliance with applicable safety and regulatory requirements. In addition, such providers may experience capacity shortages, scheduling constraints during holidays or other peak periods, or intermittent service interruptions, any of which could disrupt deliveries and increase transportation costs. Transportation may also be affected by traffic accidents, border controls, natural disasters and adverse weather conditions, or other events beyond our control.

In addition, if access to and from our production bases is significantly damaged, cut off, suspended, or otherwise unavailable, the delivery of our products would be significantly affected, and we may fail to deliver our products on time and breach our sales contracts. Any difficulties we experience in transporting our products may affect demand for our products, and cause our customers to select suppliers closer to their operations who are able to supply products of comparable quality, or to demand us to significantly lower the prices.

The printing and copying critical materials industry is subject to risks arising from technological changes, changing market conditions and evolving customer demand.

The printing and copying critical materials industry is well established and characterized by intense competition. During the Track Record Period, we provided a range of products under the printing and copying critical materials business and related products, once covering multiple stages from upstream critical materials to downstream end-market consumables, primarily including CPT, developer rollers, toner cartridges, and ink cartridges. Currently, for printing and copying critical materials, we focus on the R&D, manufacturing and sales of CPT. For details, see "History and Corporate Structure — Major Acquisitions, Disposals and Mergers — Disposal of Zhuhai Mingtu and Jixun Technology." There can be no assurance that we will not further adjust our printing and copying critical materials business in the future.

Furthermore, printing and copying critical materials such as CPT also face risks of technological upgrading or substitution. As printing equipment, imaging technologies, material formulations and end-market application demands continue to evolve, customers may impose higher requirements on printing materials in terms of print quality, compatibility, stability, environmental performance, energy efficiency and cost effectiveness. If more competitive new materials, alternative technology pathways or other solutions that reduce dependence on traditional toners emerge in the future, and we fail to carry out timely technological upgrades, product iteration or adjustments to our R&D direction, our existing CPT products may face risks of declining demand, loss of market share, pressure on selling prices or substitution.

We may be subject to product liability that could result in significant direct or indirect costs, which could adversely affect our business, financial condition and results of operations.

Certain of our products are incorporated into downstream products. The use of such downstream products could result in losses as a result of, among other factors, production flaws, design defects or inadequate disclosure of product-related risks or information. These factors could result in product liability claims or other claims, and we could be named as a defendant in such claims. Any insurance that we carry may not be sufficient, or it may not apply to all situations. In addition, our customers could be subject to claims as a result of such incidents and bring claims against us to seek indemnification.

In addition, if our products fail to perform as expected, or if such product failures result in returns, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers, and could materially and adversely affect our business, results of operations and financial condition. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, respond to claims or address other problems, including costs related to product returns, and may also face negative publicity or litigation, including class actions, which could be costly, time-consuming and distracting, and could adversely affect our business and operating results.

We may pursue strategic investments, partnerships or acquisitions, and our business could be adversely affected if we fail to successfully identify, evaluate and integrate target businesses.

We may, from time to time, seek to grow our business through strategic investments, partnerships or acquisitions, by ourselves or in collaboration with external parties. For instance, in February 2026, we completed the acquisition of Hao Fei to enter the lithium battery functional auxiliary materials sector. However, the execution and success of any such transactions depend on various factors, including market conditions, regulatory developments, competition for attractive targets and the availability of internal and external resources. We may not be able to identify suitable targets or partners on acceptable terms, within the desired timeframe, or at all. Even if we are able to do so, we may, upon further due diligence or negotiation, determine that the proposed transaction is not commercially or strategically viable and decide not to proceed.

Any completed transaction may also involve risks such as difficulties in integrating acquired businesses, technologies, personnel or management systems; failure to retain key personnel of the acquired businesses; failure to realize expected synergies or growth opportunities; diversion of management attention from existing operations; assumption of unknown or contingent liabilities; and increased operational complexity. There can be no assurance that any such integration will be completed successfully or within budget. If we are unable to effectively manage these risks, our invested capital may not yield the anticipated returns, and we may be exposed to impairment charges, contractual disputes or other liabilities, which could adversely affect our business, financial condition, results of operations and prospects.

We do not always enter into long-term agreements with customers, and our business may be adversely affected by fluctuations in the level of orders placed by our customers.

We do not always enter into long-term agreements with customers. Our business with customers is often conducted through individual purchase orders. Our customers are not obligated to continue to place orders with us at historical levels, or at all. As such, our customer portfolio and order types and sizes may vary from period to period. Any material reduction, postponement or cancellation of orders from our key customers could adversely affect our capacity utilization, economies of scale and profitability. Furthermore, unexpected volatility in orders may require us to adjust production schedules or raw material procurement, which could result in higher operating costs or inventory write-downs. If we fail to secure sufficient new orders from existing or new customers to replace any reduced or lost business, our revenue, profitability and cash flow may be materially and adversely affected.

We are subject to risks relating to lawsuits, claims, disputes, regulatory investigations or administrative proceedings, which could adversely affect our business, financial condition, results of operations and prospects.

We may from time to time become a party to litigation, legal disputes, claims, administrative proceedings or other administrative measures in connection with contractual disputes, labor or employment-related matters, allegations of intellectual property infringement or misappropriation, product quality or safety issues, data protection and privacy, anti-corruption or compliance matters, or disputes involving alleged misconduct or negligence of our employees, agents or other representatives. Such disputes and claims may evolve into lengthy and costly litigations and could damage our reputation, thereby adversely affecting our customer base and our relationships with business partners and other stakeholders. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business or that we will always be able to resolve such matters on commercially acceptable terms.

Litigation and other legal or regulatory proceedings are distractive and expensive as they may cause us to incur significant legal fees, allocate our resources, divert the attention of our management team, and damage our reputation, any of which could adversely affect our business. In addition, we may from time to time become subject to investigations, inquiries, inspections or enforcement actions by regulatory or governmental authorities, which may also require substantial time and resources, result in the imposition of fines, penalties, sanctions, remedial measures or other restrictions, and may result in subsequent civil claims brought by third parties. Any adverse judgment or settlement could require significant payments, and unfavorable outcomes or even the announcement of such proceedings could damage our reputation, reduce customer and investor confidence, and restrict our business activities, any of which could adversely affect our business, financial condition and results of operations.

Any failure to obtain or continuously maintain or renew requisite approvals, licenses or permits applicable to our business operations may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. For details, see "Business — Licenses, Permits and Approvals." Any non-compliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors are relatively new and continuously evolving. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes and developments in this regard. If we fail to maintain compliance with law, or otherwise 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 our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We may face operational, financial and regulatory risks when sustaining and expanding our overseas sales.

During the Track Record Period, our overseas revenue was primarily generated from the sales of printing and copying critical materials. Our revenue from continuing operations from other regions and countries outside Chinese Mainland was RMB52.7 million, RMB55.3 million, RMB39.4 million, RMB14.4 million and RMB18.9 million in 2023, 2024, 2025, and for the four months ended April 30, 2025 and 2026, representing 4.0%, 2.8%, 1.6%, 2.0% and 1.7% of our total revenue from continuing operations for the respective years/periods.

As we enter broader international markets, we may face a range of operational, financial, and regulatory challenges, including difficulties in understanding local markets, developing and maintaining customer relationships, longer sales cycles, greater credit risk, fluctuations in exchange rates, increased logistics and transportation costs, challenges in providing customer support and after-sales service, management and operational complexities, local protectionist measures, and compliance with differing legal, regulatory, tax, customs, environmental, and product standards across jurisdictions. In addition, our overseas sales and expansion efforts may be adversely affected by geopolitical tensions, changes in trade policies, tariffs, export controls, sanctions, or other restrictions in the relevant markets. If we are unable to manage these risks effectively or adapt to changing overseas market conditions in a timely manner, our overseas expansion plans may be delayed or unsuccessful, and our business, financial condition, and results of operations could be materially and adversely affected.

Downturns or volatility in global economic conditions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our sales and profitability depend significantly on general economic conditions and the demand for the end products in the markets in which our customers compete. Weakness in the economy and financial markets can lead to lower demand in our target product categories. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand can affect our customers' demand for our products, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, reduce or delay their existing and future orders with us. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties, including complaints to regulatory authorities, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenue.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory authorities. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, inaccurate or malicious information about us may be posted online on an anonymous basis and spread rapidly through social media, often without filters or opportunity for correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenue.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our well-recognized brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products, and the constant emergence of new industry standards and practices. We compete with multinational chemical companies, specialized material suppliers, and domestic market participants, many of which are established industry leaders with recognized brands, strong technological capabilities, broader patent portfolios, and greater financial, operational, or pricing advantages. Our ability to maintain and strengthen our brand depends in part on effective marketing and customer referrals, which may require significant expenses. There can be no assurance that these efforts will be successful or generate sufficient returns. If we fail to maintain our brand recognition or competitive position, our business, financial condition, and results of operations could be materially and adversely affected.

Security breaches and other disruptions to our technology networks and systems could compromise our confidential and proprietary information and interrupt our operations, which could adversely affect our business and reputation.

In the course of our business operations, we collect business and transaction data of our customers and suppliers. For details, see "Business — Data Privacy and Protection." The secure maintenance of such data is critical. Our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

We rely on third-party service providers and business partners to provide products and services to us and our customers.

We work with certain third-party service providers and business partners, including suppliers. These third parties are also subject to their own risks relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their own legal, regulatory and market risks.

Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, we do not have control over their business operations or governance and compliance systems, practices and procedures, which may increase our financial, legal, operational and reputational risk. If we are unable to effectively manage our relationships with third-party service providers, suppliers and business partners, or for any reason our third-party service providers, suppliers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

Our employees or other third parties may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, import-export controls, lobbying or similar activities, and any other applicable laws or regulations. In addition, our employees may also breach their confidentiality obligations, non-competition obligations or other contractual obligations, and improperly disclose, use, transfer or take away our trade secrets, know-how, customer information or other confidential and proprietary information, or join competitors, provide services to competitors or engage in businesses that compete with us after departure. If any employee breaches such obligations, or if any supplier, agent or business partner improperly obtains, discloses or uses our confidential information, we may be subject to the misappropriation of trade secrets, loss of proprietary technology and customers, weakening of our competitive advantages, and exposure to disputes, arbitration, or litigation. Furthermore, failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China, and we had not maintained product liability insurance or any business interruption or litigation insurance. For details, see "Business — Insurance." We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

Our overall revenue level and growth performance may be adversely affected due to the varying stages of development of our business lines.

Our product portfolio spans multiple segments, primarily including semiconductor materials and solutions, printing and copying critical materials, and more recently, new energy materials and others. These segments are at different stages of development. Some of our businesses are relatively mature and have an established revenue base and operating history, while others remain at the stage of continued investment, customer introduction, product validation, capacity ramp-up or market development. Due to differences in their stages of development, these business lines differ significantly in terms of revenue scale, growth rate, profitability, margin profile, cash flow performance, capital needs, customer bases, sales cycles, and competitive landscape.

During the Track Record Period, the gross profit margins of our new energy materials and others segment were lower than those of our semiconductor materials and solutions segment. The gross profit margins of our new energy materials and others segment were 37.7%, 16.5%, 30.7%, 21.5% and 39.0% in 2023, 2024 and 2025, and for the four months ended April 30, 2025 and 2026, respectively, compared to 62.6%, 68.7%, 69.6%, 67.6% and 71.7% for our semiconductor materials and solutions segment for the respective years/periods. There can be no assurance that this trend will be reversed, and the gross profit margins of our new energy materials and others segment may remain lower than those of our other businesses, which could affect our overall profitability.

Given the significant differences in gross profit margins and growth profiles across our business segments, any shift in our revenue mix could adversely affect our overall profitability and results of operations. In addition, some of our newer businesses may require a longer period to achieve large-scale commercialization or meaningful revenue contribution, while certain more established businesses may experience slower growth, increased competition, business adjustments, or declining market demand. Any shift in our business focus or resource allocation among segments may not achieve the expected results and could increase operational complexity and management burden. As a result, changes in our business mix could materially and adversely affect our business, financial condition, results of operations, and prospects.

We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

Our business relies on our ability to develop new products and technologies and improve existing ones in response to evolving customer needs, industry trends, and technological developments. To support these efforts, we have invested, and expect to continue to invest, substantial resources in R&D, including personnel, equipment, materials, testing, and process optimization. However, we may not always be able to make accurate judgments and allocate our R&D resources appropriately among different R&D projects, product directions or technology pathways based on market opportunities, customer needs, technical feasibility and commercialization prospects. We may also experience low efficiency in the use of our R&D resources due to improper project selection, inadequate execution of R&D plans, insufficient internal coordination, misjudgment of technology pathways, duplicated investment or insufficient control over the R&D process. In 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026, we incurred research and development expenses of RMB328.1 million, RMB402.7 million, RMB475.6 million, RMB145.2 million and RMB190.3 million, respectively. If we fail to effectively control our R&D budget, staffing, project schedules or resource utilization efficiency, the related investment may exceed expectations and the input-output ratio may become disproportionate, which could further adversely affect our profitability and cash flow performance.

In addition, R&D activities involve significant uncertainties. Our projects may take longer than expected to complete, may fail to achieve their intended technical objectives, may not obtain customer qualification or commercial acceptance, or may not generate sufficient market demand or financial returns. R&D activities typically involve long cycles and require cross-departmental collaboration, continuous testing and validation, and dynamic adjustments. If we fail to effectively manage our R&D process, timely identify and terminate projects with poor prospects, or timely adjust our R&D priorities based on customer feedback, market changes and technological progress, we may continue to invest resources in projects with limited returns or unclear commercialization prospects. We may also be unable to successfully convert our R&D efforts into commercially viable products on a timely basis, or at all, and even if such products are successfully commercialized, they may not generate sufficient results or returns to justify our investments. If our R&D investments do not produce the expected results, our business, financial condition, results of operations, and prospects may be materially and adversely affected.

Our product portfolio is diverse, and different products vary in turnover rates, storage periods, product lifespan and inventory characteristics, we may face inventory-related risks, which could negatively affect our financial condition and results of operations.

Effective inventory management is important to our business. Our product portfolio spans different business segments, application scenarios and technology pathways, and the turnover rates, storage requirements, shelf lives and demand patterns of our raw materials, work in progress and finished goods vary significantly. Certain products and raw materials may have relatively short storage periods or stringent storage conditions, and may become unsuitable for use or sale if stored for too long, stored improperly, or if customer demand does not materialize as expected. We are required to maintain sufficient inventory to meet customer demand and delivery schedules, while avoiding excess or slow-moving inventory that may increase storage costs, tie up working capital or become obsolete. Our ability to manage inventory effectively depends on, among other things, the accuracy of demand forecasts, stability of customer orders, production planning, supply chain conditions, raw material availability, product life cycles and market demand. If we fail to maintain adequate inventory, we may be unable to fulfill customer orders on time, which could result in lost sales, customer dissatisfaction or damage to customer relationships. Conversely, if we hold excessive inventory or fail to consume inventory in a timely manner due to changes in market demand, customer orders, product mix or business priorities, we may incur higher storage and management costs and be required to make inventory write-downs or write-offs. Any failure to manage our inventory effectively could materially and adversely affect our financial condition and results of operations.

Expiration of, or changes to, certain government incentives, government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a high-technology enterprise can be reduced to a preferential rate of 15%. In addition, under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs from January 1, 2021. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations.

In 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026, we recorded government grants of RMB60.6 million, RMB36.2 million, RMB38.4 million, RMB9.3 million and RMB12.1 million, respectively, which are largely non-recurring in nature. For details, see "Financial Information — Description of Major Components of Our Results of Operations — Other Income." We cannot assure you that we will continue to receive and benefit from such grants in the future.

Our future capital expenditure on property, plant and equipment may result in an increase in our depreciation expenses and may affect our profitability.

Our depreciation expenses for our property, plant and equipment amounted to RMB136.9 million, RMB192.4 million, RMB227.8 million, and RMB85.6 million, respectively, in 2023, 2024, 2025, and for the four months ended April 30, 2026. As part of our business strategies to expand our production capacity for our advanced materials, we plan to build new production bases and purchase specialized production equipment under our production capacity expansion plan. For details, see "Business — Our Growth Strategies" and "Future Plans and [REDACTED]." As soon as the properties and equipment are put into operation, they will result in additional annual depreciation charges. The increase in depreciation will adversely affect our financial condition and results of operations.

We have granted, and may continue to grant, certain awards under our share incentive schemes, which may result in increased share-based compensation expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive schemes, including share-based compensation, for the benefit of our Directors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026, we incurred share-based payments of RMB6.3 million, RMB51.4 million, RMB53.5 million, RMB16.6 million and RMB21.5 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based compensation expenses would potentially dilute the shareholding of existing shareholders. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive scheme from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this [REDACTED].

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms, or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including [REDACTED] in this [REDACTED], will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

We may be exposed to credit risk 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.

Our trade and notes receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024, 2025, and April 30, 2026, our trade and notes receivables amounted to RMB914.8 million, RMB1,069.7 million, RMB1,070.2 million, and RMB1,048.0 million, respectively. The credit period granted to our customers is generally within 60 to 90 days from the date of billing, and we offer a credit period of 120 days to certain customers in accordance with industry practice. We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstances. Our trade receivables turnover days decreased from 134 days in 2023 to 112 days in 2024, further decreased to 103 days in 2025, as a result of increasing sales contribution from customers with shorter credit terms. We may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

Our prepayments to suppliers may not be recoverable or may not result in timely delivery of goods or services, which could materially and adversely affect our liquidity, results of operations and financial condition.

We make prepayments to suppliers primarily for the procurement of equipment and construction works. As of December 31, 2023, 2024, 2025, and April 30, 2026, our prepayments, other receivables and other assets amounted to RMB222.6 million, RMB251.0 million, RMB374.4 million, and RMB542.8 million, respectively. However, there can be no assurance that the relevant suppliers will perform their obligations in full or in a timely manner, or that the goods or services prepaid for will be delivered as agreed. If any of our key suppliers experience financial distress, significant production disruptions, or bankruptcy, they may fail to deliver the required materials or equipment, and we may be unable to obtain refunds for our prepayments. Such supplier defaults would not only disrupt our production schedules and delay our deliveries to downstream customers but also result in the write-off of our prepayments, which would directly harm our liquidity and financial condition.

Impairment losses on our goodwill could materially and adversely affect our results of operations and financial condition.

Our goodwill amounted to RMB537.2 million, RMB537.2 million, RMB537.2 million and RMB738.0 million as of December 31, 2023, 2024, 2025, and as of April 30, 2026, respectively, primarily including goodwill from Qijie Technology, Hao Fei, and Jixun Technology, among others. We conduct an impairment test on goodwill annually. During the Track Record Period, the recoverable amounts of cash-generating units were determined based on value-in-use calculations, which involve the application of assumptions. Such calculations utilize cash flow projections derived from five-year financial budgets. Cash flows beyond the five-year period are extrapolated using an estimated revenue growth rate. If the carrying amount of our goodwill is determined to be impaired, we would be required to write down the carrying value or record charges to earnings in our financial statements, which could materially and adversely affect our financial condition and results of operations.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The exchange rate of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. During the Track Record Period, our business was primarily focused on domestic sales. However, as our business develops in the future, and if our overseas purchases or sales increase, overseas financing activities are carried out, cross-border fund flows increase, or other foreign-currency-denominated transactions occur, we may be exposed to greater foreign exchange risk. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Failure to fulfill our contractual obligations could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations for sales contracts. Our contract liabilities were RMB11.3 million, RMB11.4 million, RMB6.7 million and RMB5.5 million as of December 31, 2023, 2024, 2025, and April 30, 2026, respectively. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

RISKS RELATING TO OUR OPERATIONS IN THE PRINCIPAL PLACE OF OUR BUSINESS

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

The global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. Furthermore, sanctions and export control measures imposed by the U.S. or other jurisdictions may affect Chinese companies, and we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

Our business, financial condition, results of operations and prospects may be influenced by policy, economic and social conditions in China, as substantially all our operations are located in China. Any economic downturn in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

Changes in the government macroeconomic policies and industrial policies may affect our business.

The PRC government has been supporting the development of semiconductor industries through a series of national strategies, policy directives, tax incentives, and other supportive measures. Benefiting from increasingly robust industrial policy support, China's semiconductor industry has achieved rapid development in recent years, with relevant incentive policies progressively extending to the key semiconductor materials sector. However, there can be no assurance that the government will maintain these favorable policies. The government may adjust its macroeconomic strategies and industrial policies, due to changing domestic economic conditions, evolving national priorities, or global trade dynamics. Any reduction, suspension, or termination of governmental support could increase our capital expenditure and hinder our capacity expansion plans. If we fail to adapt our business strategies to evolving industrial policies in a timely manner, our competitive position could be weakened, which would materially and adversely affect our business, financial condition, and results of operations.

Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and abroad, and any losses or unauthorized access to or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

Our day-to-day operation and management involve the utilization and storage of employees' confidential information, but does not involve collecting personal information of external personnel. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and abroad. In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information between us and our overseas subsidiaries. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs. Failure to comply could result in regulatory proceedings, significant penalties and reputational damage. In addition, our security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents.

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

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 (《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税有關問題的通知》) (Guo Shui Han[2008] No. 897) (國税函[2008]897號), a 10% withholding tax is normally applicable to dividends paid to non-PRC resident enterprise holders of H Shares, and any gains from the transfer of H Shares by such holders may also be subject to 10% PRC income tax. Such non-PRC resident enterprises should have no establishment or place of business in Chinese Mainland, or, where they have established an establishment or place of business, the relevant income should not be effectively connected with such establishment or place of business.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation rules, and Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號), dividends paid to non-PRC resident individual holders are generally subject to a 10% withholding tax, or 20% for holders in jurisdictions without a tax treaty with the PRC. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares

(《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No.61) (財稅字[1998]61號), gains of individuals from the transfer of listed shares may be exempt from individual income tax, and as of the Latest Practicable Date, no provision has expressly required the collection of individual income tax from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident [REDACTED], the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

We are subject to potential material and adverse effects in respect of defects in our owned and leased properties in China.

As of April 30, 2026, we primarily leased 15 properties as our production facilities, offices and staff quarters, with an aggregate gross floor area of approximately 31,000 sq.m. As of April 30, 2026, we had not completed the registration of lease filing for nine leased properties with the relevant competent authorities in accordance with applicable laws and regulations in China. As advised by our PRC Legal Advisors, the lack of registration of lease filing does not affect the validity of the lease agreements, or result in us being required to vacate from these leased properties, but we may be ordered by relevant competent authorities to complete the registration within a designated time period, and may be subject to fines from RMB1,000 to RMB10,000 for each lease agreement that we fail to register within the time period.

Our business operations involve the acquisition, development, use, construction and management of land, properties and related production facilities, and are subject to applicable requirements relating to land administration, planning, construction, environmental protection and other regulatory matters. If we fail to develop, use or put into operation the relevant land, properties or production facilities according to their intended use or expected timetable, or fail to complete the relevant approvals, registrations, filings or other compliance procedures in a timely manner, the relevant governmental authorities may require us to rectify, adjust, terminate or dispose of the relevant arrangements, or take other remedial actions. As a result, we may incur additional costs, experience delays in our business operations or capacity expansion plans, or be unable to use the relevant land, properties or production facilities as originally planned, which could adversely affect our business operations, capacity expansion plans and financial condition.

Uncertainties in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems and regulatory environments in our operating markets vary significantly, and laws and regulations in certain jurisdictions may be evolving, inconsistently interpreted or unpredictably enforced. As a result, the scope and application of legal requirements, as well as the outcome of administrative or court proceedings, may be difficult to assess. In some jurisdictions, government policies or regulatory interpretations may change with limited notice and, in certain cases, may have retroactive effect.

In addition, proceedings may be lengthy and costly and may divert significant management time and resources. These factors may increase our compliance burden and legal exposure, limit our ability to enforce contractual rights (including the enforcement of foreign judgments or arbitral awards), and require additional resources to address regulatory developments. Any of the foregoing could adversely affect our business, results of operations and financial condition. In addition, we have benefited, and may continue to benefit, from various government incentives, subsidies, and grants. These preferential policies are subject to review and renewal and may be adjusted, suspended or terminated. If we cease to qualify for any preferential tax treatment, or if applicable laws, regulations or policies are amended, tightened or repealed, these preferential policies could be cancelled, which would adversely affect our financial condition and results of operations. We cannot assure you that we will continue to receive government grants or other similar support in the future, or at all. Any decrease, delay, cancellation or claw-back of such incentives, grants or preferential treatments could have a material adverse effect on our business, financial condition and results of operations.

You may experience 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 substantially all our business, assets and operations are located in China. In addition, all of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible to effect service of process upon most of our Directors and senior management in China. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the U.S., the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, in the Chinese Mainland or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible. Although we will be subject to the Listing Rules and the Takeovers Codes, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Codes do not have the force of law in Hong Kong.

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

Conversion and remittance of foreign currencies in China are subject to PRC foreign exchange regulations. We may need to convert Renminbi into other currencies to satisfy payment obligations denominated in foreign currencies, such as payments of dividends on our H Shares. There is no assurance that we will have sufficient foreign exchange. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange regulations that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders or satisfy any other foreign exchange obligation.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, see "Regulatory Overview — Laws and Regulations on Security Issuance and Overseas Listings." The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

Any failure to fully comply with present or future environmental, safety and occupational health laws and regulations in the PRC may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters. Our production process produces pollutants such as wastewater and solid, liquid and hazardous waste, the discharge of which may give rise to environmental liabilities and remediation costs. In addition, we are subject to various ESG rules and regulations by governing bodies, including the Stock Exchange, the SFC, as well as regulatory authorities in the Chinese Mainland. We must also adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks. Compliance with these requirements may result in increased costs and diversion of management attention, which may adversely affect our business, financial condition and results of operations.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

PRC laws and regulations require us to pay various statutory social welfare benefits for our employees, including social insurance and housing provident fund. For details, see "Regulatory Overview — Laws and Regulations on Labor and Social Insurance." During the Track Record Period, we made social insurance and housing provident fund contributions for all of our employees, but did not make full social insurance and housing provident fund contributions based on actual salaries for certain employees in accordance with the relevant PRC laws and regulations.

According to our PRC Legal Advisors, based on the following reasons, the possibility that we will be subject to paying the outstanding amounts within a specified period or be subject to material administrative penalties due to our underpayment of social insurance and housing provident fund is remote: (i) according to the professional credit reports issued by the relevant government authorities and the confirmations/interviews with the social insurance and housing provident fund authorities in our principal places of operation, during the Track Record Period, we did not receive any notice from the local authorities requiring us to settle any historical outstanding amounts, were not ordered by the competent authorities to rectify such non-compliance or make up any outstanding social insurance contributions, late payment surcharges or housing provident fund contributions within a prescribed time limit, and were not subject to any administrative penalties for violating laws or regulations on social insurance or housing provident fund management; (ii) there have been no material changes in current policies and regulations, regulatory practices and enforcement requirements of local governments; and (iii) we have not received any material complaints or reports from employees.

We cannot assure you that the relevant local government authorities will not require us to pay the unpaid amounts within a specified period or impose late payment fees, additional charges or fines on us in the future, which could materially and adversely affect our business, financial condition and results of operations.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

We and certain of our subsidiaries are entitled to preferential tax treatment under PRC law, and any changes to such treatment or increases in our effective tax rate could increase our tax liability. The PRC government may also amend regulations on income, withholding, value-added and other taxes, and non-compliance could result in penalties or fines. In addition, our overseas operations expose us to complex and varying tax regimes across jurisdictions, and changes in overseas tax policies may require us to divert additional managerial and financial resources. Any of the foregoing could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

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

As we are listed on the ChiNext Market of the Shenzhen Stock Exchange and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

There has been no prior [REDACTED] for our H Shares, and an active [REDACTED] may not develop or be sustained. As a result, the liquidity of our H Shares may be limited, and their [REDACTED] may be [REDACTED].

There was no [REDACTED] for our H Shares prior to the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], our H Shares (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]). However, there can be no assurance that an active and liquid [REDACTED] for our H Shares will develop or, if it develops, be sustained following the [REDACTED]. The [REDACTED] of our H Shares will be determined by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be indicative of the [REDACTED] of our H Shares after the [REDACTED]. Consequently, the [REDACTED] and [REDACTED] of our H Shares may be subject to significant fluctuations and could be materially and adversely affected.

Our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the ChiNext Market and our H Shares will be [REDACTED] on the Stock Exchange. Under current PRC laws and regulations, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED], liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

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

Our Single Largest Group of Shareholders has significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the Single Largest Group of Shareholders will be together entitled to control the exercise of approximately [REDACTED]% of the voting rights and thus remain as the Single Largest Group of Shareholders of our Company. The interests of our Single Largest Group of Shareholders might differ from the interests of our other Shareholders. In the event that our Single Largest Group of Shareholders causes us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Single Largest Group of Shareholders and our other Shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

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

The price and [REDACTED] of our H Shares may be subject to significant [REDACTED] in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and [REDACTED] [REDACTED] that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and [REDACTED] of our H Shares. In addition to market and industry factors, the price and [REDACTED] of our H Shares may be highly [REDACTED] for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to approval at a general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRSs (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

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

The [REDACTED] of the [REDACTED] may be higher than the [REDACTED] book value per Share immediately prior to the [REDACTED]. As a result, purchasers of the [REDACTED] in the [REDACTED] may experience an immediate dilution in [REDACTED] asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the [REDACTED] asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the [REDACTED] asset value per Share at that time. Furthermore, we may issue Shares pursuant to share incentive schemes, which would further dilute Shareholders' interests in our Company.

Certain facts, forecast and statistics contained in this document are derived from publicly available official government sources, which are not independently verified.

Certain facts, forecasts and statistics contained in this document are derived from publicly available sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this document. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], [REDACTED], [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts and statistics.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other 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.

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

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding our H Shares. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].