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An investment in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and “Financial Information,” before making an investment in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial condition, results of operations or prospects. The [REDACTED] of our H Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory environment which may differ significantly from those prevailing in other jurisdictions. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We generated a majority of our revenue from a limited number of key customers during the Track Record Period. Any decrease in sales from, or loss of, one or more of our key customers would have negative impacts on our results of operations.

Our success relies on maintaining strong and stable relationships with our customers. During the Track Record Period, a significant proportion of our revenue was derived from sales to certain of our customers. In 2023, 2024 and 2025 and for the five months ended May 31, 2026, revenue from our five largest customers amounted to RMB11.9 billion, RMB24.8 billion, RMB31.3 billion and RMB12.3 billion, accounting for 77.9%, 88.7%, 90.0% and 90.1% of our revenue in the respective years/period. Additionally, sales to our largest customer, Customer A, amounted to RMB6.1 billion, RMB17.2 billion, RMB24.7 billion and RMB9.3 billion, accounting for 39.9%, 61.6%, 71.0% and 68.2% of our revenue in 2023, 2024 and 2025 and for the five months ended May 31, 2026.

If these key customers do not continue to transact with us on scales or terms similar to historical levels, our business, financial condition and results of operations will be negatively affected. In particular, these key customers’ products are characterized by rapidly evolving technologies that innovate product features or adoption of new or alternative technologies each time a new product is introduced or an existing product is upgraded. In addition, we enter into framework agreements with these customers, and the agreements do not specify the number of products these customers will purchase from us in any given year or contain minimum purchase requirements. Product sales are confirmed with purchase orders rather than framework agreements, and the quantities stated in these purchase orders can be amended unilaterally by our customers before we accept the purchase orders. Our customers may alter their purchasing volume or terminate their engagement with us due to a variety of reasons, including internal procurement adjustments, changes in downstream-customer demand, intensified competition, product performance issues, or their own operational or financial challenges. The loss of or reduction in any key customer’s business as a result of our inability to meet the product specifications, to adopt new technologies, our exclusion from a key product development cycle or for any other reason may materially and adversely affect our results of operations. There is no assurance that any of our major customers, including our largest customer, will continue to place orders with us at the current levels or at all.

If (i) there is any reduction, delay or cancellation of orders from one or more of our key customers due to a reduction in their product sales or for any other reason, (ii) one or more of our key customers select our competitors’ products; (iii) we lose one or more of our key customers and are not

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able to obtain additional or alternative customers that can replace the lost sales volume and profit or (iv) any of our key customers fails to make timely payment for our products, our financial condition and results of operations may experience material fluctuations and our sales may decline.

Given the significant order volume of our key customers, we anticipate that we may continue to generate a substantial part of our revenue from a limited number of key customers in the foreseeable future. If our relationships with these customers are not sustained or do not develop, we may not be able to continue to generate revenue and profit from these customers on scales that are comparative to historical levels, or at all.

Our continued success depends on our ability to respond to technological upgrades demanded by customers in consumer electronics, automotive electronics, smart office applications and emerging sectors and others. Failure to further refine our technology and introduce new products or improved processes could render our products or production methods uncompetitive or obsolete and reduce our sales and market share.

The consumer electronics, automotive electronics, smart office applications and emerging sectors and others are characterized by changing technologies, evolving industry standards and continual improvements in performance characteristics and product features, which result in short product cycles, frequent introduction of new products and price erosion of existing products. Advances in technology typically lead to rapid declines in sales volumes for products made with older technologies and lead to certain products becoming less competitive in the marketplace, or even obsolete. We expect that improvements in mobile phones (including smartphones), multimedia tablets, laptop computers, smart driving vehicles and electronic office appliances will further increase the pace and importance of technological innovation in the sectors and industries we operate. Changes in our customers’ requirements in light of such improvements may result in new and more demanding product specifications and performance parameters, which may also necessitate changes to our manufacturing processes. Our ability to remain competitive will depend upon our ability to timely develop and introduce technologically advanced products and manufacturing processes in a cost-effective manner. For example, our ability to manufacture our products by utilizing advanced manufacturing processes to increase production yields at relatively low costs as well as manage the risks associated with new production ramp-up will be critical to maintaining our competitiveness. Accordingly, we expect to continually invest in research and development to upgrade our products and enhance our production facilities and manufacturing processes. If we do not adequately anticipate changes in technology and effectively introduce new and innovative products and manufacturing processes, we may not be able to produce products that meet customer requirements or produce them at competitive prices, which could render our products or production methods uncompetitive or obsolete and reduce our sales and market share.

Our future growth and profitability depend on our ability to upgrade our manufacturing facilities and increase production capacity, and our ability to achieve our facility upgrades and capacity expansion goals is subject to a number of risks and uncertainties.

Our provision of precision optical solutions requires capital expenditures in order to maintain competitiveness. In particular, our future growth and profitability depend in part on our ability to timely and cost-effectively upgrade our manufacturing facilities and increase our production capacity. We plan to continue to strategically invest in upgrading and expanding our manufacturing lines to add production capacity selectively and achieve additional economies of scale that will enable us to generate further production cost savings. Our capital expenditures (equivalent to the cash we spent for the purchases of property, plant and equipment, and intangible assets) amounted to RMB1.2 billion in

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2023, RMB2.5 billion in 2024, RMB1.1 billion in 2025, RMB0.5 billion and RMB0.7 billion for the five months ended May 31, 2025 and 2026, respectively. Our ability to build and successfully operate our additional production capacity and increase output is subject to significant risks and uncertainties, including:

- the inability on our part to raise sufficient funds to build additional production capacity and maintain adequate working capital to operate new manufacturing lines;
- delays and cost overruns associated with the build-out of additional facilities due to a variety of factors, many of which may be beyond our control, such as delays in or the inability to obtain government approvals, problems with suppliers of manufacturing equipment and equipment malfunctions and breakdowns;
- the inability on our part to effectively operate our new manufacturing lines to meet cost and production requirements of existing and new customers;
- the inability on our part to secure adequate additional supplies of components and materials as well as skilled labor to operate our new manufacturing lines; and
- diversion of management attention and other resources.

Furthermore, expansion of production capacity often leads to a short-term drop in profitability due to the lead-time and investments required to achieve desired production yields and for additional personnel training and other adjustments necessary for the successful operation of the new manufacturing lines. If we are unable to successfully build and operate additional manufacturing lines and increase our output, we may not be able to meet demand from our existing or new customers, which could result in loss of customers and market share. In addition, our investments typically will be made well in advance of any sales that will be generated from making such expenditures. If unforeseen adverse market conditions and corresponding shortfall in actual demand for our products result in a mismatch between sales volume and anticipated production volume, or if unit sales prices are lower than forecasted due to market oversupply, we may not be able to recover our investments, in part or in full, or the recovery of these investments may take longer than expected, which could materially and adversely affect our business, results of operations and financial condition.

The successful implementation of our customer base expansion and product diversification strategy depends on a variety of factors, some of which are beyond our control.

Our overall strategy includes further expanding our customer base by entering into additional products supply arrangements with major customers in consumer electronics, automotive electronics and smart office applications, as well as selectively diversifying into a wider variety of emerging sectors such as intelligent robots, XR smart devices, smart glasses, naked-eye 3D products, holographic projection, and immersive displays which we believe can help generate sales growth and enhance our profitability. However, our past operating history may not serve as an accurate basis to judge our future prospects and results of operations, and therefore, past growth in sales experienced by us should not be taken as indicative of the rate of sales growth, if any, that can be expected in the future pursuant to our customer base expansion and product diversification strategy.

Our ability to implement our expansion and diversification strategy will also depend on a variety of factors, some of which are beyond our control, including the establishment of new relationships and expansion of existing relationships with customers and suppliers, and the availability of qualified engineers and personnel to diversify our operations and access to investment capital at reasonable costs.

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Following the expansion of our customer base and production capacity, as well as the diversification of our product offerings, we may not be able to achieve or maintain satisfactory production yields, which may materially and adversely affect our results of operations and financial condition. Our plan to expand our customer base and diversify our product offerings may not be successful, and our business and prospects should be evaluated in light of the risks, uncertainties and expenses that we will face as a company seeking to add new customers and develop and manufacture new products in continually evolving markets.

Our historical growth may not be indicative of our future growth.

We experienced fast growth in our revenue during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB15.2 billion, RMB27.9 billion and RMB34.8 billion, respectively, representing a CAGR of 51.0%. Furthermore, our revenue increased by 14.7% from RMB11.9 billion for the five months ended May 31, 2025 to RMB13.6 billion for the five months ended May 31, 2026. We cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty of our continuous offerings of quality products to attract our downstream customers, failure of our marketing strategies and intensified competition within the consumer electronics, automotive electronics, smart office applications and emerging sectors and others globally.

In addition, we plan to continue to invest substantial financial, management and operational resources to sustain our growth. However, we cannot assure you that we will be able to continually obtain these resources in the future. For instance, we may not be able to obtain additional internal and external capital to support our business growth on commercially acceptable terms, or to retain and attract sufficient number of competent staff to support our business development.

Our revenue, expenses and operating results may vary from period to period due to various factors beyond our control, including the economic growth and the development of, as well as changes in laws, regulations and rules applicable to, the consumer electronics, automotive electronics, smart office applications and emerging sectors and others globally. Any unfavorable change in the factors above may prevent us from maintaining our historical growth rate. As a result of these, and other factors, we cannot assure you that our future revenues will increase or that we will continue to be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

We operate in highly competitive markets and our failure to compete successfully would adversely affect our businesses and market position.

The global precision optical solutions industry is intensely competitive. We face significant competition in each of our product lines, as we believe there are certain products from other manufacturers that are competitive with our products in terms of quality and price. New entrants may seek to develop or acquire the required technical capability and customer base through substantial investments in the necessary technology, production facilities and marketing network to compete with our existing business. Our principal competitors in the global precision optical industry include large-scale, mature companies with strong resources, and we face potential competition from emerging companies that may be seeking to significantly expand the scale of their operations. Such intense competition has been characterized from time to time by oversupply, erosion of average selling prices and frequent product enhancements from changes in technology. As a result of the competitive environment, many of our competitors have used aggressive pricing and marketing strategies as well as different product design approaches and alternative technologies that customers may prefer over those utilized by us, in order to maintain or gain market share. Some of our principal competitors have greater financial, technological and other resources than we do and may be better positioned to

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withstand periodic downturns. Our competitors’ greater size, more diversified product offerings and, in some cases, longer operating histories and relationships with key customers and suppliers provide them with a competitive advantage. Such competitors may have stronger bargaining power with customers and suppliers and have an advantage over us in pricing as well as in securing the necessary key components and materials at times of shortages. Some of our competitors may also have greater brand name recognition, larger customer bases and extensive knowledge of our target markets. They may be able to devote greater resources to research and development and marketing of their products and respond more quickly to evolving industry standards and changes in market conditions than we can, as well as influence market pricing. Our ability to compete successfully with them in the global precision optical solutions industry depends on many factors, including:

- ability to accurately identify and respond to emerging technological trends and demand for product features and performance characteristics;
- successful and timely development of new products and manufacturing processes;
- ability to develop and maintain customer and supplier relationships;
- product performance, quality and reliability;
- competitive pricing;
- availability of adequate production capacity;
- customer service, including after-sales service of products and technical support; and
- brand recognition and financial strength.

In light of the characteristics of the global precision optical solutions industry and its pace of change, we cannot assure you that we will be able to effectively adapt to changing market conditions and compete successfully with existing or new competitors. Our failure to do so may materially and adversely affect our business, results of operations and financial condition.

Our business is subject to the cyclical nature of the industries we serve and is vulnerable to downturns in the global economy.

Our success depends on the consumer electronics, automotive electronics, smart office applications and emerging sectors and others. As a supplier of precision optical solutions for end products like smartphones, tablets, laptops, automotives, and other electronic devices, our performance is directly tied to the development of these sectors and the level of consumer spending.

These industries are highly volatile and sensitive to general economic conditions. Factors such as rising interest rates, low consumer confidence, or global economic uncertainty can cause consumers to postpone purchases of our customers’ end products. This, in turn, leads to reduced demand and downward pricing pressure for our own products. Furthermore, the downstream industries of our products face inherent risks of overcapacity and rapid shifts in technology and consumer preferences, which can exacerbate downturns.

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During an industry or economic downturn, we would face significant pressure to reduce our prices. At the same time, our ability to cut costs may be limited by the need to continue investing in research and development to maintain our competitive position. If we are unable to manage these competing pressures effectively, our business, financial condition, and results of operations could be materially and adversely affected.

We may be subject to the risks associated with international trade policies, export controls, geopolitics and trade protection measures.

We operate within a global supply chain and our products are sold globally as part of various end products. As such, we face risks associated with international trade regulations and geopolitical developments. Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. In April 2025, the United States imposed a tariff of 145% on all Chinese goods, except for certain consumer electronics produced in China, which was lowered to 30% until November 10, 2025, and further lowered to 20% under the agreement reached between the U.S. and China on October 30, 2025. On July 24, 2026, the U.S. imposed a new 12.5% tariff on many products of China (as well as other countries), which is the rate applicable to our products as of the Latest Practicable Date. It is not yet clear whether further negotiations between the U.S. and China will reduce or eliminate the application of this new tariff to our products. Our products could be incorporated into various types of end products and be imported into the United States, with tariff, if any, to be borne by the importing party. Companies who import the products may wish to pass on the additional tariff to us, their other suppliers or their customers. Even if the tariff is not passed on to us, the reduced competitiveness of our customers’ end products could lead to reduction or cancellation of their purchase orders from us.

The Export Administration Regulations (the “**EAR**”) regulate U.S. export control, and the Bureau of Industry and Security (the “**BIS**”) of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export or transfer. Under the EAR, a non-U.S.-produced item is subject to the EAR if it incorporates or bundles U.S.-origin controlled items valued at a certain ratio or utilizes certain U.S.-controlled software or technologies during the production process.

In addition to the restrictions introduced above, the BIS also maintains lists of individuals and entities subject to enhanced export control restrictions. One such list, the Entity List, includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organizations, individuals, and other legal entities. In recent years, the United States has added an increasing number of entities, including several hundred in China, to the Entity List and other restricted or prohibited parties lists. Due to the sudden and unpredictable nature of these decisions, it is challenging to foresee developments in this area. The United States has recently strengthened export control and economic sanctions on China, including adding certain PRC entities or individuals to the Entity List and other sanctions lists that limit their access to certain U.S.-origin goods, software, and technologies, items that contain certain portions of U.S.-origin goods, software or technologies, and foreign direct products of certain U.S.-origin software, technologies or equipment.

These policies have introduced uncertainties to global supply chains, limited access to critical raw materials and components, and increased production and compliance costs for companies operating in affected industries. For instance, restrictions on the export of specific technologies or materials to certain regions could disrupt our ability to procure key inputs or supply solutions to customers in

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affected markets, causing operational delays or interruptions. If these trade restrictions or geopolitical tensions escalate, we may face additional risks such as reduced access to key markets, strained customer relationships and loss of market opportunities.

Increased compliance costs and operational challenges arising from adhering to complex export control regulations and sanctions could still strain our resources. Tariffs, quotas and local content rules may further raise production costs, impacting the profitability and competitiveness of our solutions. As the Entity List and other sanctions and export control laws and regulations, including the EAR’s De Minimis Rule and the Foreign Direct Product Rules, continue to evolve, future sanctions and export controls may significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. In addition, dealing with customers or suppliers that are subject to export control or sanctions may pose significant risks to our business. These risks include potential disruptions in our supply chain, legal and regulatory compliance challenges, and the possibility of financial penalties. Apart from requiring our customers by contract to comply with applicable laws, we have no control over the countries, regions, or destinations to which the customers will sell and/or export their end products. If the export sales of the customers’ end solutions are restricted, prohibited or made subject to any export controls or economic sanctions imposed by any jurisdictions, the customers’ demand in our solutions may decline, and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Our manufacturing processes are complex and potentially vulnerable to impurities in the production environment and manufacturing disruptions, which could reduce our production yields and adversely affect our sales and customer relationships and business reputation.

Manufacturing optical modules and system integration is a highly complex and precise process, requiring production in a tightly controlled and clean environment. Microscopic impurities such as dust and other contaminants, minor deviations in the manufacturing process or malfunctions of equipment or facilities can cause substantial decreases in production yields, affect the quality of the product, and in some cases, cause production to be suspended or result in products unfit for commercial sale. In addition, our manufacturing processes require the use of sophisticated and costly equipment, which is regularly modified and updated to improve production yields and product performance and reduce unit manufacturing costs. These updates and migration to advanced technologies expose us to the risk that production difficulties will arise from new or changed processes that could affect the quality of the products and cause delivery delays, reduced output or both. Our products may contain undetected defects or otherwise fail to perform as expected, especially when new optical modules and system integration manufactured using the latest technologies are first introduced to the market. These defects could cause us to incur significant reengineering costs, divert the attention of our engineering personnel from product development efforts or lead to returns of our products and adversely affect our customer relationships and business reputation. In addition, our sales arrangements with our customers typically contain customary product warranties, and we may be exposed to substantial warranty claims. Widespread product failures, or perceptions of such failures, may damage our market reputation, reduce our market share and adversely affect our business, results of operations and financial condition.

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In line with general industry practice, we make capital expenditures based on forecasts of supply needs provided by our customers as well as our projections of future demand for our products, and discrepancies between such forecasts and projections and actual order volume for our products could harm our business.

Our sales arrangements with our major customers usually do not establish fixed purchase volume commitments, and purchase volumes are generally determined based on purchase orders provided by our customers. Our major customers usually provide us with a non-binding rolling forecast of their supply needs on a regular basis, and in line with general industry practice, we make many of our capital expenditure decisions, including those relating to expansion and upgrading of our production facilities, based on such forecasts as well as our projections of future demand for our products. There is no assurance that, at any given time, we will be able to accurately estimate the volume of future purchase orders to be generated by our customers. If the actual order volume is lower than our estimates, we may experience under-utilization of production capacity and excess inventory and fail to recover our capital expenditures made based on such estimates. On the other hand, if the actual order volume exceeds our estimates, we may be unable to satisfy our customers’ purchase orders and our customer relationships and reputation could be harmed. Any of these occurrences could hurt our business, results of operations and financial condition.

Investment in new business strategies, acquisitions and other forms of business integration could disrupt our ongoing business and present risks not originally contemplated, and we may be unable to realize the anticipated benefits, synergies, cost savings or efficiencies from acquisitions.

We have invested, and may invest in the future, in new business strategies or acquisitions. Endeavors of such kinds are inherently risky, and future ventures of such nature may involve significant risks and uncertainties, including distraction of our management from current business operations, regulatory investigations or potential allegations on our management, greater than expected liabilities and expenses, inadequate return of capital, failure to establish or operate subsidiaries, and unidentified issues not discovered in our due diligence. For example, in the past, Luxvisions Limited acquired the operating assets and business of portable image device business unit from a Taiwan company. To address the critical needs of the Taiwanese employees of the acquired business for maintaining their labor insurance contributions in the Taiwan Area after such acquisition, the representatives of the Taiwanese employees and Luxvisions Limited established an entity in Taiwan (the “**Taiwan Entity**”). Later on, the representatives of Luxvisions Limited ceased investment in the Taiwan Entity, after which the Taiwan Entity remained as our supplier in the Taiwan Area to provide R&D services for optical module hardware considering its familiarity with the business needs and product specifications, until its dissolution by shareholders’ resolution in October 2025. The Taiwan authority alleged that the establishment of the Taiwan Entity may be in violation of a local Taiwan law, and therefore implemented administrative measures on our chairlady to facilitate its investigations as it considered necessary. Consequently, our chairlady became subject to temporary travel restrictions to Taiwan.

Additionally, we may incur significant acquisition, administrative and other costs in connection with such transactions, including costs related to the integration of acquired businesses. These costs may include unanticipated costs or expenses, including post-closing asset impairment charges and legal, regulatory or contractual costs. In addition, upon completion of an investment or acquisition, we may allocate significant resources to the integration of the acquired business into our existing business to realize synergetic benefits. The integration process involves certain risks and uncertainties, some of which are outside our control, and we cannot assure you that we will be able to realize the anticipated benefits, synergies, cost savings or efficiencies. We may also experience difficulties integrating any investments, acquisitions or partnerships into our existing business and operations.

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Any impairment of goodwill could have a material adverse effect on our results of operations.

As of December 31, 2023, 2024 and 2025 and May 31, 2026, our goodwill amounted to RMB2.0 billion, RMB2.0 billion, RMB2.0 billion and RMB1.9 billion. We test the goodwill for impairment on an annual basis and when events occur or circumstances change that indicate that the recoverable amount of the cash generating unit may be below its carrying amount. The determination of recoverable amounts requires considerable judgment and are sensitive to inherent uncertainties and changes in estimates and assumptions. Declines in market conditions, a trend of weaker than anticipated financial performance of our cash generating units or an increase in the market-based weighted average cost of capital, among other factors, are indicators that the carrying value of our goodwill may be impaired. Any impairment of our goodwill could have a material adverse effect on our results of operations.

Future operating results depend upon our ability to obtain raw materials in sufficient quantities on commercially reasonable terms from third-party suppliers.

Raw materials are the largest component of our total cost of sales. The raw materials that we mainly use in the manufacturing of our products are lens, motors, sensors, PCBs, chips and other electronic components. The prices of these materials are susceptible to significant fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of high quality raw materials in a timely manner at reasonable prices, or if there are significant increases in the costs of raw materials that we could not pass on in full to our customers.

We rely on the timely supply of raw materials in order to carry out our production plans as scheduled. Any delays or disruptions in such supplies from our suppliers may have a material and adverse impact on our ability to meet our customers’ demands for our products on time. In addition, any natural or man-made disasters or other unanticipated catastrophic events, including adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of pandemics could impair the operations of our suppliers and impede our ability to manufacture and deliver our products to our customers in a timely manner.

Our raw materials are at times affected by industry-wide shortages and significant commodity pricing fluctuations. We cannot assure you that we will be able to extend or renew the agreements that we have entered into for the supply of raw materials on similar terms, or at all. The effects of global or regional economic conditions on our suppliers could also affect our ability to obtain raw materials, and we remain subject to significant risks of supply shortages and price increases, which may adversely affect our business, results of operations and financial condition.

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

We currently purchase certain of our key components and materials for the production of our optical modules and system integration from a limited number of suppliers. In 2023, 2024 and 2025 and for the five months ended May 31, 2026, purchases from our five largest suppliers in each year/period amounted to RMB5.4 billion, RMB14.1 billion, RMB18.1 billion and RMB7.5 billion, respectively, accounting for 41.9%, 56.5%, 62.1% and 62.5% of our total purchases in the same years/period. For the same years/period, purchases attributable to our largest supplier amounted to RMB2.7 billion, RMB9.1 billion, RMB14.1 billion and RMB5.7 billion, respectively, accounting for 20.7%, 36.5%, 48.5% and

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47.3% of our total purchases. See “Business — Procurement and Supply — Our Suppliers.” A stable source of raw materials determine our product quality to a large extent, and is crucial to our success. In addition, to ensure quality control, several of our suppliers are designated by our customers. We expect to continue to depend upon a relatively limited number of suppliers for certain of our key components and materials. Failure of a supplier to supply key components or materials that meet our quality, quantity and cost requirements in a timely manner, failure to maintain our relationships with our major suppliers, or our inability to obtain supplies from alternative sources on a timely basis or on commercially reasonable terms could prevent us from timely delivering our products to our customers in the required quantities, impair our ability to manufacture our products and increase our production costs, which could have a material adverse effect on our business, results of operations and financial condition.

We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories or lose sales.

Our inventories consist of raw materials, work-in-progress and finished goods. We have taken measures to optimize our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. See “Business — Inventory Management and Logistics.” As of December 31, 2023, 2024 and 2025 and May 31, 2026, we had inventories of RMB2.3 billion, RMB3.8 billion, RMB3.3 billion and RMB4.0 billion, respectively. For the years ended December 31, 2023, 2024 and 2025 and for the five months ended May 31, 2026, our inventory turnover days were 60 days, 45 days, 42 days and 46 days, respectively. See “Financial Information — Discussion of Certain Key Items in the Consolidated Statements of Financial Position — Inventories.” We primarily adopt a production volume-based procurement model, and reserve raw materials as appropriate. However, we cannot guarantee that we will be able to maintain proper inventory levels for our raw materials, work-in-progress and finished goods. We maintain our inventory levels based on our internal forecasts of customers’ demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials, work-in-progress or finished goods. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. On the other hand, if our forecast demand is lower than actual demand, we may experience inventory shortages and may fail to meet consumer demand or deliver our products to our customers in a timely manner, which may in turn damage our reputation and customer relationships. Any of the above may materially and adversely affect our business, financial condition and results of operations.

Our results of operations are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonality in our business. During the Track Record Period, we recorded higher revenue in the second half of a calendar year than in the first half of that year, which was mainly attributable to the more intensive close-to-year-end promotional activities for sales of products held in many consumer electronics sectors to which our products are applied, such as smartphones, tablets and laptops, which leads to a larger purchase volume in the second half of a year. See “Business — Seasonality” for details. As a result, our revenue and business performance may vary considerably from periods to periods. The comparison of revenue and operating results from different periods in any given financial year may not be relied upon as indicators of our performance. As a result, our profitability, results of operation and business may be adversely affected.

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If we fail to protect our intellectual property rights and our customers' technology that we utilize, our competitive position may be undermined and we may be exposed to claims and liabilities.

We rely primarily on a combination of patents, trademarks and trade secret protections, as well as confidentiality agreements, to safeguard our intellectual property, as well as the technologies of our major customers that we utilize in our production process. With respect to proprietary know-how that is not patentable and production processes for which patents are difficult to enforce, we rely on trade secret protections and confidentiality agreements to safeguard our interests. We believe that many elements of our products and manufacturing processes involve proprietary know-how that is not covered by patents or is impractical to patent. In order to safeguard our intellectual property and that of our major customers, all of our full-time employees have entered into a confidentiality agreement with us as part of their terms of employment. However, the steps taken by us to protect such proprietary information may not be adequate to prevent misappropriation of our technology or that of our major customers that we utilize. In addition, such proprietary rights and technologies may not be adequately protected because:

- individuals may not be deterred from misappropriating our and our customers' technologies despite the existence of laws or contracts prohibiting it;
- policing unauthorized use of our and our customers' intellectual property may be difficult, expensive and time-consuming, and we may be unable to determine the extent of any unauthorized use; and
- certain countries in which we do business do not protect intellectual property rights to the same extent as in developed countries.

Reverse engineering, unauthorized copying or other misappropriation of our or our customers' proprietary technologies and manufacturing processes could enable third parties to benefit from such technologies without compensating us or our customers for doing so. We cannot assure you that infringement of our or our customers' intellectual property rights by other parties does not exist now or that it will not occur in the future. Furthermore, if our customers' technology that we utilize is misappropriated by third parties due to our inadequate protection of such technology, we may be subject to claims from and liability to our customers for violating the terms of our agreements with them. Our competitors may also independently develop substantially equivalent technologies, or otherwise gain access to our proprietary technologies, and obtain patents for such intellectual properties in other jurisdictions, including the countries in which our camera modules, optical components and system integration are sold. If any third parties are successful in obtaining patents for technologies that are substantially equivalent or the same as the technologies we use in our production of camera modules, optical components and system integration in any of our markets before we do and enforce their intellectual property rights against us, we may be required to stop selling such allegedly infringing products, seek licenses and pay royalties for the relevant intellectual properties, or redesign such products with non-infringing technologies. To protect our intellectual property rights and those of our customers, and to maintain our competitive advantage, we may file suits against parties that we believe are infringing such intellectual property. Such litigation may be costly and may divert management attention as well as other resources away from our business, and there is no assurance that any outcome will adequately compensate us. In certain situations, we may have to bring suit in overseas jurisdictions, in which case we would be subject to additional risks as to the results of the proceedings and the amount of damages that we can recover. An adverse determination in any such litigation or in lawsuits by our customers against us may harm our business, prospects and reputation. In addition, we

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have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to lose significant rights and pay significant damage awards.

Our success depends largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. The validity and scope of claims relating to our patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. Because patent applications in many jurisdictions are kept confidential for an extended period before they are published, we may be unaware of pending patent applications by other parties that relate to our technologies, products or processes. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or to redesign our products or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Protracted litigation could also result in our customers deferring or limiting their purchase or use of our products until resolution of such litigation. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

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

Labor costs have been fluctuating and may rise in the future. Our staff costs accounted for 7.1%, 6.0%, 5.4%, 6.3% and 6.1% of our total revenue in 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, respectively. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. For details of our employee training efforts and welfare, see “Business — Employees.” However, we cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

Delivery delays, poor handling by third-party logistics service providers or disruptions in the transportation network may adversely affect our business.

We use third party logistics service providers to deliver certain of our products to our customers. Disputes with or terminations of our contractual relationships with our logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish

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relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors, we may lose customers and sales and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third party logistics service providers. Delays in delivery could adversely impact our suppliers’ ability to timely deliver materials to us, and our ability to deliver to our customers.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners may materially and adversely affect our business.

We are exposed to risks of fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners in the course of our business operations. Such misconduct could include fraud, corruption, bribery, collusion or other violations of applicable laws, including anti-corruption and anti-bribery laws, which could expose us to liabilities, fines and penalties imposed by government authorities, as well as significant reputational damage. We cannot assure you that our measures in place to monitor and prevent such misconduct would be effective at all times in identifying or mitigating all potential risks. Instances of misconduct may still occur, and any undetected or unresolved incidents could lead to adverse consequences, such as financial losses, legal liabilities or disruptions to our operations.

Furthermore, any publicized instances of fraudulent or illegal activities associated with our employees or business partners could harm our reputation, reducing customer and partner trust in our business. If such misconduct involves our employees, we could also face liabilities to third parties and penalties imposed by authorities. Accordingly, any failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners could materially and adversely affect our business, financial condition and results of operations.

Fluctuations in foreign currencies may adversely affect our business, financial condition and results of operations.

A portion of our total revenue has been denominated in foreign currencies. We recorded net foreign exchange gains of RMB24.8 million and RMB93.3 million in 2023 and 2024, respectively, and foreign exchange losses of RMB49.6 million and RMB96.7 million in 2025 and for the five months ended May 31, 2026, respectively. Appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results without giving effect to any underlying change in our business, financial condition or results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. As such, we cannot insure against certain risks related to our assets or business even if we desire to. We have purchased property insurance and cargo insurance in view of any potential loss arising from the logistics of our products. During the Track Record Period, we had not been the subject of any product liability claims. See “Business — Insurance.” We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring

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such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured occurrence of including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may result in our incurring substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Our future success depends, to a significant extent, on our ability to attract, train and retain qualified executive officers, engineers and technical personnel, particularly those with expertise in the precision optical solutions industry and established relationships with our major customers. Furthermore, we are placing higher emphasis on research and development in order to develop proprietary product and manufacturing technologies and continually bring to market innovative products in response to rapidly evolving customer preferences and technology developments. Accordingly, we must recruit top engineers and technical personnel. There is substantial competition for qualified personnel, and there can be no assurance that we will be able to attract or retain qualified personnel on commercially reasonable terms or at all. If one or more of our key executive officers, engineers or technicians are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted and we may incur additional expenses to recruit and retain new personnel or find other suitable replacements. All of our full-time employees have entered into a confidentiality agreement with us, which also contains non-competition provisions. However, if any disputes arise between our employees and us, we cannot assure you as to the extent to which we may be able to effectively enforce any of these agreements. The loss of the services of any of our key personnel without adequate replacement, the inability to attract new qualified personnel, significant increases in the cost to retain such personnel, or the inability to enforce our confidentiality or noncompetition agreements with our employees may have a material adverse effect on our operations.

We may require additional funding in the future and may not be able to secure such funding on terms acceptable to us.

Access to financing is required in order for us to execute our business strategies, including expanding or upgrading manufacturing facilities and equipment, developing new technologies and products and expanding our operations into new businesses. As of December 31, 2023, 2024 and 2025 and May 31, 2026, our gearing ratio (which represents total debts (including bank loans, lease liabilities and amount due to a related party) divided by total equity multiplied by 100%) reached 75.0%, 56.1%, 32.6% and 42.5%, respectively. We recorded significant gearing ratio in 2023, primarily due to the additional bank borrowings we incurred for our working capital and business expansion. See “Financial Information — Key Financial Ratios — Gearing Ratio.” Such high gearing ratios may limit our ability to service our loans and may prevent us from borrowing additional funds in the future, which may materially and adversely affect our business prospect, results of operations and financial condition.

Historically, we have generally relied on bank loans and other external financing as well as cash generated from our operations to fund our operations and expansion. Our ability to continue to obtain debt financing at a reasonable cost will depend on several factors, some of which may be outside our control, including general economic conditions and the liquidity of the international capital markets. In the event of adverse financial market conditions, our external financing activities combined with our internal sources of liquidity may not be adequate to support our current and future business plans. If such were the case, we may not be able to implement our business strategies as scheduled, including

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capital investments related to capacity expansion of our existing facilities or construction of new production facilities, all of which could have an adverse effect on our business, results of operations and financial condition.

Failure to collect our trade receivables in a timely manner may adversely affect our liquidity.

During the Track Record Period, our trade receivables primarily represented receivables from customers for sales of our products. As of December 31, 2023, 2024 and 2025 and May 31, 2026, our trade receivables, net of loss allowance amounted to RMB4.1 billion, RMB6.1 billion, RMB7.5 billion and RMB6.0 billion, respectively. See “Financial Information — Discussion of Certain Key Items in the Consolidated Statements of Financial Position — Trade and Other Receivables.” We may not be able to collect our trade receivables in a timely manner, and we may face difficulty collecting receivables for reasons beyond our control, such as customers delaying payment past the relevant credit periods granted or being unable to pay us when payments are due. Any significant delay or default in our collection of trade receivables may impose pressure on our cash flow and working capital and reduce the pool of available financial resources relative to our expectations and expenditure plans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our financial performance and results of operations.

We received government grants and preferential tax treatment under relevant preferential tax policies during the Track Record Period. In 2023, 2024 and 2025 and for the five months ended May 31, 2026, several of our subsidiaries were accredited as “High New Tech Enterprise” and were therefore entitled to a preferential income tax rate of 15%. In 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, we recognized income from government grants of RMB21.9 million, RMB35.0 million, RMB74.4 million, RMB11.8 million and RMB25.0 million.

We may not be able to continue to enjoy similar government grants and preferential tax treatment in the future as they are non-recurring in nature. The discontinuation of any of our government grants or current tax treatments could adversely impact our net income and materially increase our tax obligations. Government grants and preferential tax treatments are subject to review of authorities and may be adjusted or revoked at any time in the future. We cannot guarantee that the government grants and preferential tax treatments to which we and certain of our subsidiaries are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments, potentially with retrospective effect.

We have awarded and may continue to award equity instruments under our share incentive scheme, which may cause shareholding dilution to our Shareholders and result in increased share-based compensations.

We adopted a share incentive scheme on May 18, 2021. See “Appendix IV — Statutory and General Information — D. Share Incentive Scheme.” In 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, we recorded equity settled share-based payment expenses of RMB25.0 million, RMB75.5 million, RMB120.2 million, RMB70.1 million and RMB26.1 million in our statements of profit or loss, respectively. To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives in the future. Issuance of Shares with

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respect to our equity incentive plan may dilute the shareholding of our existing Shareholders and incur substantial share-based compensations that could have a material and adverse impact on our results of operations.

A failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local property administration authority. As of the Latest Practicable Date, we had not obtained the registration for 31 of our lease agreements in China, primarily because the relevant lessor failed to provide necessary documents for us to register the lease agreement with the local government authorities. These leased properties are primarily used as premises of offices, workshops, warehouses, staff dormitories, and production and manufacturing sites. Our PRC Legal Advisors have advised us that failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements under PRC laws, but we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. Furthermore, as of the Latest Practicable Date, the ownership certificates or other similar proof for five of our lease properties had not been provided to us by the relevant lessors. These lease properties are primarily used as production and manufacturing sites, offices and staff dormitories. The absence of title certificates may technically expose us to legal risks, including potential challenges to lease enforceability or the possibility of having to vacate the premises if adverse claims arise. In case any such lease is terminated and we are required to relocate, we may face the risk of not being able to continue using the properties and the risk of relocation. As such, if we are challenged by third parties or governmental authorities regarding any of the circumstances stated above, we may be forced to relocate, which could adversely affect our business operations.

We may be subject to additional contributions of social insurance and housing provident fund, late payments and fines imposed by relevant governmental authorities with respect to labor related matters.

Companies operating in the PRC are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. In addition, we may hire labor dispatched personnel for temporary, ancillary and replaceable roles for a term of less than six months should our business needs arise. Under PRC labor laws and regulations, the use of dispatched workers is capped at 10% of a company’s total workforce (including both direct hires and dispatched personnel). Employers who exceed this threshold may be ordered to rectify the situation and, if they fail to do so, may face fines against them.

During the Track Record Period and up to the Latest Practicable Date, we had non-compliance with respect to these labor related matters. As advised by our PRC Legal Advisors, according to the Social Insurance Law of the PRC, we may be ordered to pay for the shortfalls within a prescribed time period along with the late payment fees and be imposed of a fine if such payment is not made within the required time period, the maximum penalty amount being three times of the cumulative shortfall in our social insurance contribution. In addition, according to the Regulations on the Administration of Housing Provident Fund, we may be ordered to pay for the shortfalls within a prescribed time period,

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failing which an application may be made to the courts in the PRC for compulsory enforcement. Any of such legal consequence, additional contributions, late payments or fines might adversely affect our business, financial condition and results of operations.

We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, increasing both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in China, and to new and evolving regulatory measures under applicable laws. We may also be subject to the changing social trends on the concerns regarding environmental, social and governance risks. Our efforts to comply with new and changing laws, regulations and social trends have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, as these laws, regulations and standards are subject to varying interpretations, their enforcement in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty for compliance and additional costs necessitated by ongoing updates to our disclosure and governance practices. Any failure to address and comply with these laws and regulations and any subsequent changes could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations.

Our production process produces pollutants such as waste gas, wastewater, noise and solid waste. The discharge of waste gas and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. Should the governments impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such standards and regulations at reasonable costs, or at all. Any failure or any claim that we have failed to comply with these regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business.

Our risk management and internal control systems may not be adequate or effective.

We have established risk management and internal control systems in relation to our operations. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot assure you that such systems will be able to identify, mitigate and manage all our exposure to risks.

Our risk management and internal controls also depend on the proficiency of and implementation by our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

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Unfavorable results of legal and regulatory proceedings could adversely affect our business and financial condition and performance.

We may be subject to a variety of litigation and legal compliance risks. Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial statements in any particular reporting period. Results of legal and regulatory proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost-effectively available. Regardless of merit, legal and regulatory proceedings may be time-consuming, costly and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation, regardless of the existence or amount of liability.

We may be involved in disputes, legal and other proceedings arising out of our operations and activities from time to time and may face liabilities as a result.

As we operate a number of business lines in various countries and regions around the world, we may be involved in disputes, legal and other proceedings from time to time with various parties, including our customers, suppliers, employees, service providers and other business partners, in relation to our business operations, commercial transactions, mergers and acquisitions, business expansions, product liability, workers’ compensation, IP claims, regulatory actions and shareholding disputes. During the Track Record Period, our chairlady faced investigations and allegations from relevant Taiwan authorities in connection with certain business activities of our related parties in Taiwan, and is currently subject to temporary travel restrictions to Taiwan. For details, see “Directors and Senior Management — Further Information” and “Regulatory Overview — Laws and regulations relating to business operations in Taiwan.” These investigations and allegations, along with any other such investigations we or our Director or senior management may be involved in, may lead to legal or other proceedings and negative publicity, damage our reputation, divert our resources and management’s attention and limit our capability to expand our presence in certain geographical markets. Costs may have to be incurred in settling such investigations and allegations or defending ourselves in any related proceedings, and we may be held liable for damages and other liabilities, which may negatively impact our business, results of operations and financial position. In addition, we may have compliance issues in the course of our operations, which may subject us to administrative proceedings or unfavorable decrees that may result in liabilities and cause other material adverse effects on our business, results of operations and financial position.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation 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 and permits in order to operate our business. If we fail to maintain compliance with such laws and regulations, or otherwise fail to obtain or maintain any of the required approvals, licenses or permits or make or complete the necessary filings in any of the jurisdiction where we operate our business, our operations may be adversely affected.

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 and permits in a timely manner or at a reasonable cost. If we are unable to obtain, or experience material delays in obtaining necessary approvals, licenses and permits, it may have a material and adverse impact on our business, financial condition and results of operations.

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We depend on a limited number of qualified suppliers for key manufacturing equipment, and the unavailability of such equipment could cause interruptions to our operations or delay implementation of our expansion plans.

We have purchased, and expect to continue to purchase, a substantial portion of our key manufacturing equipment from a limited number of qualified suppliers. As a result, such equipment is not readily available from multiple suppliers and may be difficult to repair or replace in a timely manner or on commercially reasonable terms. Some of our major customers also require us to source certain key equipment from a select group of equipment manufacturers approved by the customer, which further limits our ability to find alternative suppliers. In order to mitigate the impact from delay or unavailability of key equipment on our operations, we continually assess our future need for new equipment, procure key equipment while taking into account potential lag-time, and seek to maintain close relationships with our key equipment suppliers. Increased market demand for manufacturing equipment may cause lead times to extend beyond those normally required by the equipment suppliers from time to time, and any significant delays in the sourcing, delivery and installation of new or replacement equipment could cause material interruptions to our operations. In addition, the unavailability or delays in delivery of key equipment, or failure of equipment to meet our specifications, could delay implementation of our expansion plans and impair our ability to meet customer orders, which could have a material adverse effect on our business, results of operations and financial condition.

Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We collect and store corporate data of our counterparties, such as customers, suppliers, and other relevant parties, during the transactions with them. See “Business — Data Privacy and Information Security Risk Management.” Our operations are subject to a variety of laws and regulations concerning data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC, as well as the data security and privacy laws in other jurisdictions where we operate, could result in significant reputational damage and adversely affect our business performance. To ensure compliance with evolving data privacy laws, regulations and standards, it will be necessary to maintain robust internal control and risk management policies, which will require substantial commitment of resources and efforts. The unauthorized access, loss, or misuse of data could lead to increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, and disruptions to our business activities. Such incidents may also result in additional costs associated with defending against legal claims. Concerns from our customers, employees, and third parties, even if unfounded, may also have a detrimental impact on our reputation and operations.

We may be subject to natural disasters, health epidemic, acts of war, terrorism or other factors beyond our control.

Natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fires or floods, outbreaks of a widespread health epidemic or pandemic such as COVID-19, or other events such as acts of war, terrorism, environmental accidents, power outages or communication interruptions may result in loss of lives, injury, destruction of assets and may materially and adversely affect our business. Our operations could also 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. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and

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environment, cause potential changes in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN THE PRINCIPAL PLACE OF OUR BUSINESS

Uncertainties with respect to the legal systems of the jurisdictions where we operate could affect us adversely.

Legal systems of the jurisdictions where we operate vary. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some jurisdictions where we operate are evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such jurisdictions. In particular, the interpretation and enforcement of these laws and regulations may be subject to future implementations, and the application of some of these laws and regulations to our businesses may need further clarification. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, there are other circumstances where key regulatory definitions may not be entirely precise or clear, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our jurisdictions may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our jurisdictions and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

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, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual

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Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be adversely 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.

Our operations may be subject to transfer pricing adjustment by competent authority.

According to the EIT Law, other rules and regulations and applicable Hong Kong regulations, related party transactions should comply with the arm’s length principle. If the related party transactions fail to comply with the arm’s length principle, the tax authority has the power to make an adjustment following certain procedures. We are also required to make annual filings in connection with our related party transactions to comply with such laws and regulations.

There is no assurance that the competent tax authorities would not subsequently challenge the appropriateness of our Group’s transfer pricing arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If a competent tax authority later determines that the transfer prices and terms that our Group has applied are not in compliance with the applicable transfer pricing rules and regulations, such authority may require our Group to re-assess the transfer prices, re-allocate the income, and/or adjust the taxable income. Any such reallocation or adjustment may result in a higher overall tax liability for our Group and may materially and adversely affect the business, financial condition and results of operations of our Group.

Foreign investors may find it difficult to effect service of legal process and enforce foreign judgments obtained against our properties or our Directors or members of our senior management in the PRC.

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in China. A majority of our management reside within China. The assets of these management also may be located within China. As a result, it may be complex and difficult to effect service of process upon or to enforce judgements against us and our management outside China.

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

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. 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

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SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and an active [REDACTED] for our H Shares may not develop.

No [REDACTED] currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of negotiations between our Company and the [REDACTED] (on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of our H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an [REDACTED] for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will rise following the [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses for investors who [REDACTED] our H Shares in the [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in [REDACTED] and changes in demand for our products may cause significant and sudden changes to the [REDACTED] and [REDACTED] of our H Shares. Furthermore, the [REDACTED] of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the [REDACTED] of our H Shares.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse impact on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], especially by our Directors, chief executive and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders’ interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods after the [REDACTED]. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods,

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we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

In addition, while investors subscribing shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they subscribed (except as disclosed in “[REDACTED]”), they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters related to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, our Controlling Shareholders will hold approximately [REDACTED]% of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Potential investors will experience immediate and substantial dilution as a result of the [REDACTED].

Potential investors will pay a price per H Share in the [REDACTED] that substantially exceeds the per H Share value of our tangible assets after subtracting our total liabilities as of May 31, 2026. Therefore, purchasers of our H Shares in the [REDACTED] will experience a substantial immediate dilution in [REDACTED] net tangible assets, and our existing Shareholders will receive an increase in the [REDACTED] adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [REDACTED], potential investors would receive less than the amount they paid for their H Shares. For more information, see “Unaudited [REDACTED] Financial Information” in Appendix II to this document.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official government sources or other sources contained in this document.

Certain facts, statistics and data contained in this document relating to China, Hong Kong and the industries in which we operate have been derived from various official government publications, industry associations, independent research institutions, third party reports and/or other publicly

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available sources we generally believe to be reliable. Such information has not been prepared or independently verified by us, the [REDACTED] or any of our or their respective affiliates or advisors, and we cannot guarantee the quality or reliability of such source materials.

Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of China and Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced with respect to other economies and should not be relied upon. Furthermore, we cannot assure you 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, you should give due consideration as to how much weight or importance you should attach to or place on such facts, forecasts or statistics.

There is no assurance whether and when we will pay dividends, which is subject to restrictions under PRC law.

No dividend had been paid or declared by our Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS Accounting Standards. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise.

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You should read this entire document carefully and should not consider or rely on any particular statements in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the [REDACTED], there may have been or may be press and media coverage regarding us, our business, our industries and the [REDACTED]. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the publication of any such information contained in such press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the press or media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of such information is inconsistent or conflicts with the contents of this document, we expressly disclaim responsibility for them. Accordingly, prospective investors should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to invest in our [REDACTED]. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this document, the [REDACTED], and any formal announcements made by us in Hong Kong in relation to our [REDACTED].