
RISK FACTORS

An [REDACTED] in our H Shares involves various risks. You should carefully consider all the information in this Document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. These risks could materially and adversely affect our business, financial condition, and results of operations. The [REDACTED] of our H Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof and is subject to the cautionary statements in the section headed “Forward-looking Statements” in this Document. You should seek professional advice from relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to our financial position and need for additional capital; (iii) risks relating to our business in jurisdictions where we operate; and (iv) risks relating to the [REDACTED].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, results of operations and prospects. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is subject to cyclicalities and macroeconomic fluctuations in the industries we serve.

Our business is affected by the overall macroeconomic environment and the investment and consumption cycles in the industries and end-markets we serve, including industrial, consumer electronics and other application sectors. Demand for our products may be influenced by factors such as capital expenditure plans of customers, changes in downstream consumption, technological upgrades, inventory adjustments in the supply chain and general economic conditions.

During periods of economic slowdown, industry downturn or weaker end-market demand, our customers may postpone, reduce or cancel their orders, adjust their inventory levels or negotiate for lower prices and longer payment terms. In addition, uncertainties in the macroeconomic environment, including inflation, interest rate changes, currency volatility and regional or global crises, may negatively affect our customers’ business performance and willingness to invest in new projects or products.

As a result, our revenue, margins and cash flows may fluctuate significantly from period to period, and our historical performance may not be indicative of future results. If industry or macroeconomic conditions worsen or remain weak for an extended period of time, our business, financial condition, results of operations and prospects could be materially and adversely affected.

During the Track Record Period, new energy products were our largest product category by revenue, accounting for 54.0%, 57.3%, 55.7% and 53.8% of our total revenue in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively. In particular, as our new energy products are primarily applied in PV power generation, energy storage systems and PV inverter equipments, a downturn in the photovoltaics industry, including any slowdown in PV installations, reduction in project investment, inventory adjustments along the PV industry chain or intensified price competition, may reduce demand for our PV-related transformers and power conversion components, which may materially and adversely affect our revenue, profitability and overall financial performance.

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We operate in a highly competitive market and face pricing pressure, which may adversely affect our margins.

We operate in a competitive market where we face competition from existing industry participants as well as new entrants. Competitors may include domestic and international manufacturers offering similar or substitute products. They may compete with us on the basis of price, product performance, quality, reliability, delivery time, technological capabilities, brand recognition and service.

In order to maintain or increase our market share, we may be required to offer more competitive pricing, provide additional technical support or invest more resources in product development and customer service. Technological advancements or changes in customer preferences could also render certain of our products less competitive if we do not respond in a timely and effective manner. In addition, some competitors may have greater financial, technological or marketing resources than we do, enabling them to withstand periods of market downturn, invest more aggressively in R&D or offer more favorable commercial terms to customers.

If we are unable to compete effectively, we may experience loss of customers, reduced order volumes or pressure to lower prices, which could erode our gross margins and profitability. Any sustained increase in competitive intensity or pricing pressure could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business is highly dependent on the capital investment cycles of downstream industries such as infrastructure, new energy products, and consumer electronics. Any slowdown in market demand within these sectors will directly impact our revenue and profitability.

Our product portfolio includes new energy products, data center products, power distribution products, industrial control products, lighting products, and other related offerings. During the Track Record Period, these product lines contributed to our revenue. Please see “Financial Information — Description of major components of our results of operations — Revenue” for further details.

Our customers primarily operate in sectors characterized by long-cycle capital investments, such as those involved in renewable energy, data infrastructure, grid modernization, and industrial automation. These sectors typically follow extended capital expenditure cycles spanning several years, including phases like equipment investment, capacity expansion, and technology upgrades, which reflect the capital-intensive nature of these industries. As a result, demand for our products is closely tied to the level, timing, and continuity of investment activities in these downstream industries, rather than short-term consumer demand.

For example, the demand for PV-related transformers and power conversion components is directly linked to global investment cycles in renewable energy projects, energy storage deployment, and power grid construction. Any slowdown, postponement, or reduction in PV installations, grid expansion, or infrastructure upgrades could lead to reduced procurement by project developers, utilities, and contractors, weakening demand for these products. Similarly, sales of our distribution transformers are closely tied to power grid expansion and upgrading cycles, and any delays or contractions in infrastructure investment could negatively impact sales volumes in this product category.

During the Track Record Period, our new energy products generated revenue of RMB1,953.2 million, RMB2,636.3 million, RMB2,904.1 million and RMB1,432.0 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, representing 54.0%, 57.3%, 55.7% and 53.8% of our total revenue for the respective periods. In 2025, our gross profit from new energy products decreased by 16.8% from RMB492.6 million in 2024 to RMB410.1 million in 2025, and our gross profit margin of new energy products decreased from 18.7% to 14.1% during the same period. Any downturn in the photovoltaic industry or slowdown in investments in photovoltaic power generation, energy storage and related grid infrastructure could reduce demand for our new energy products, intensify price competition and materially and adversely affect our revenue, gross margins and profitability.

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In addition, demand for our lighting products is influenced by production volumes in the consumer electronics sector and the pace of energy-efficient LED adoption in residential, commercial, and industrial applications. This segment is particularly sensitive to macroeconomic conditions, construction activity, and retrofit cycles, which may fluctuate significantly over time.

The capital expenditure cycles in these end markets are influenced by external factors beyond our control, such as global and regional economic conditions, government policies, fiscal budgets, financing costs, technological developments, and fluctuations in commodity prices. A sustained slowdown or contraction in any of our key end markets could result in reduced customer orders, intensified price competition, and delays or cancellations of projects.

Given our limited ability to rapidly adjust our cost structure or diversify revenue sources in the short term, adverse changes in demand arising from these capital expenditure cycles may have an amplified impact on our revenue, gross margins, and overall profitability. Consequently, our financial condition and results of operations could be materially and adversely affected.

We are exposed to risks from raw material and component price volatility and supply chain disruptions.

Our manufacturing operations depend on the timely and cost-effective supply of raw materials and components from our suppliers. During the Track Record Period, direct materials constituted the largest component of our cost of sales. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our cost of direct materials amounted to RMB2,504.8 million, RMB3,173.9 million, RMB3,557.9 million and RMB1,763.6 million, respectively, accounting for 88.4%, 86.3%, 82.8% and 81.6% of our total cost of sales, respectively. As a result, changes in the prices of our major materials may have a direct impact on our cost of sales and, in turn, our financial performance.

The prices of our key input materials — in particular copper, aluminium and major electronic components — have experienced significant historical volatility. Any material increase in the prices of copper, aluminium or key electronic components would directly increase our cost of sales and, if we are unable to pass on such increases to customers in a timely manner, compress our gross margins and profitability.

The prices of our key inputs may be affected by factors such as global and regional supply-demand dynamics, commodity price fluctuations, production capacity changes, energy costs, regulatory developments and geopolitical events, and may fluctuate with market conditions. Copper, aluminium and electronic components are the company's key raw materials. According to Frost & Sullivan, copper, as the preferred coil material due to its superior conductivity, saw its average price rise significantly from RMB68,654 per ton in 2021 to RMB81,076 per ton in 2025, with a CAGR of about 4.2%, driven by post-pandemic manufacturing recovery and accelerated new energy and grid investments. In the near future, copper average prices are expected to remain at relatively elevated levels with continued volatility, supported by strong demand from electrification and new energy sectors. Aluminium, offering good conductivity at lower cost, increased in its average prices from RMB19,330 per ton in 2021 to around RMB20,742 per ton in 2025, with more moderate growth, prompting leading companies to adopt diversified material strategies combining copper and aluminium for cost control. In the near term, aluminum average prices are expected to remain relatively stable with mild upward pressure, as demand from power infrastructure and lightweight applications continue to expand. Meanwhile, electronic components, which are critical for voltage regulation and intelligent control, maintained relatively stable average prices from 2021 to 2025, supporting cost predictability while enabling product upgrades and capacity expansion. Looking ahead in the short term, average prices of major electronic components are expected to stay broadly stable with gradual normalization in supply chains. See also in “Industry Overview — Price Analysis of Raw Material.” However, we may not always be able to pass on increases in input costs on to our customers in a timely manner, or at all, due to market competition, contractual arrangements or customer sensitivities.

In addition, our supply chain may be subject to disruptions arising from supplier capacity constraints, changes to customs or tariff policies, trade restrictions (including sanctions and export controls), quality issues, logistics delays, labor disputes, natural disasters, pandemics, regulatory restrictions or other unforeseen events. If any major supplier fails to deliver materials or components

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of the required quality, quantity or specifications on a timely basis, we may experience production delays, increased rework or replacement costs, or challenges in meeting customer delivery schedules.

Rapid technological change in the power electronics and new energy industries requires sustained research and development investment, and failure to maintain adequate R&D capabilities could weaken our competitiveness.

Our ability to remain competitive depends on our capacity to keep pace with technological developments in areas such as power conversion efficiency, energy storage, system integration, grid-interactive capabilities, digitalisation and smart energy management. We must ensure that our products, including high-frequency magnetic components, smart transformer stations, data center transformers and HVDC power supply systems, continue to meet evolving customer requirements and industry standards.

During the Track Record Period, we incurred significant R&D expenses. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our total R&D expenses amounted to RMB185.8 million, RMB191.2 million, RMB239.1 million and RMB102.3 million, respectively. However, the growth rate of our R&D investment has lagged behind revenue growth, and the ratio of R&D expenses to revenue has not fully recovered to prior levels.

If our R&D investment is insufficient or not effectively allocated, product upgrades and technological update may lag behind market developments. Should competitors introduce products with higher efficiency, lower costs or superior performance, we may be forced to reduce prices to maintain market share, which would place further pressure on our gross margins.

Research and development activities are inherently uncertain, and there is no assurance that our investments will result in commercially successful products. If our technological advantages erode, we may experience loss of market share, unrecovered R&D costs and reduced profitability, potentially creating a negative cycle of declining competitiveness and constrained future R&D investment. Any such developments could materially and adversely affect our business, financial condition and results of operations.

A portion of our revenue is derived from overseas markets including North America, Europe, and Asia (excluding Chinese Mainland), exposing our export business and operations to legal, regulatory, political, and economic risks beyond our control.

We have gradually established a global sales network. Our overseas revenue is derived from various major geographical regions globally, the percentage breakdown of which by continent is detailed in the “Business” section of this Document. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our aggregate revenue derived from customers outside of Chinese Mainland amounted to approximately RMB981.3 million, RMB1,357.1 million, RMB1,909.7 million and RMB1,293.5 million, accounting for 27.1%, 29.5%, 36.6% and 48.6% of our total revenue, respectively. Among them, during the same periods, our revenue derived from North America amounted to approximately RMB376.2 million, RMB600.1 million, RMB900.2 million and RMB484.4 million, representing approximately 10.4%, 13.0%, 17.3% and 18.2% of our total revenue, respectively (in particular, our revenue directly derived from the U.S. amounted to approximately RMB257.4 million, RMB471.3 million, RMB777.4 million and RMB452.8 million, representing approximately 7.1%, 10.2%, 14.9% and 17.0% of our Group’s revenue, respectively, whereas potential indirect revenue derived from the U.S. is not within our knowledge); revenue derived from Europe amounted to approximately RMB352.8 million, RMB521.2 million, RMB524.9 million and RMB244.8 million, representing approximately 9.8%, 11.3%, 10.1% and 9.2% of our total revenue, respectively; revenue derived from Asia (excluding Chinese Mainland) amounted to approximately RMB222.9 million, RMB195.5 million, RMB452.4 million and RMB545.3 million, representing approximately 6.2%, 4.2%, 8.7% and 20.5% of our total revenue, respectively. As a result, our export business and overseas operations are exposed to legal, regulatory, political and economic risks beyond our control.

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These risks include trade disputes, tariff increases, trade restrictions, and differences in regulatory and safety requirements, technical standards (such as grid interconnection and energy efficiency requirements), customs procedures and product certification regimes across jurisdictions. Non-compliance with applicable requirements may lead to sales delays, penalties, market access restrictions, or the need for costly product redesigns or delayed product launches.

In addition, geopolitical developments, changes in free trade arrangements, stricter export controls over our products supplied to these markets, sanctions that may be imposed against certain customers in these markets, currency fluctuations, foreign exchange controls, restrictions on profit repatriation and differing tax regimes may adversely affect market access, component sourcing and overall financial performance. If we are unable to effectively manage these challenges, our international expansion, cost structure, customer retention and growth prospects could be constrained, materially and adversely affecting our export sales, competitiveness, business, financial condition and results of operations.

Our operations and transactions involving certain high-risk jurisdictions and entities giving rise to potential sanctions and/or trade controls concerns expose us to compliance risks that could materially and adversely affect our business, financial condition and results of our operations.

During the Track Record Period, the Group entered into transactions with the following counterparties:

- restricted parties subject to targeted sanctions measures and/or restrictions under certain export control laws (collectively, “**Restricted Party Transactions**”).

On the Restricted Party Transactions, as advised by our International Sanctions and Trade Controls Legal Advisors, based on the information reviewed, there is no indication that these transactions constituted any violations or otherwise gave rise to any material sanctions or export control risks (as the case may be) because: (i) the underlying sanctions restrictions for certain restricted parties only applied to U.S. persons, for which the relevant Group entity that engaged in transactions with such restricted parties was not; and (ii) for restricted parties that were subject to export control restrictions, none of the products supplied to these counterparties were subject to the Export Administration Regulations (“**EAR**”) administered by the Bureau of Industry and Security (“**BIS**”) of the U.S. Department of Commerce or U.S. export controls. In particular, as regards (ii), there are no general restrictions under the EAR with respect to the placement of deposits with banks included on the Entity List.

In addition to the foregoing transactions, the Group had also entered into transactions during the Track Record Period with customers in jurisdictions generally deemed high-risk from a sanctions and/or trade controls perspective, such as Russia, Belarus, Ukraine, Myanmar and the Democratic Republic of Congo.

Notwithstanding the above, sanctions laws and export control rules are complex and subject to change. Future legal and regulatory changes including but not limited to expanded designations or changes in enforcement priorities could expose the Group to heightened compliance risks if and to the extent the Group intends to engage in transactions with any such jurisdictions or entities going forward. The nature and quantum of such transactions are described in “Business” in this Document.

Any failure to comply with applicable sanctions, export control or other trade-related regulations could result in regulatory investigations, administrative and/or criminal penalties, operational and supply chain disruptions, and reputational damage. Our business, financial condition and results of operations could be materially and adversely affected as a result.

Our Group’s success depends on maintaining and expanding our customer base while encouraging increased use of our products and services.

Our continued success depends on maintaining and expanding our customer base and increasing customer adoption of our products and services. During the Track Record Period, our customer retention rate was approximately 61%, 57%, 63% and 78% in 2023, 2024, 2025 and for the

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six months ended June 30, 2026, respectively. During the Track Record Period, we recorded the net dollars retention rate of 90%, 87%, 81% and 94%, respectively. The year-on-year decrease in our net dollar retention during the Track Record Period was primarily attributable to the reduction in procurement volume from our single largest customer. In addition, revenue generated from our top five customers accounted for 56.4%, 52.2%, 40.2% and 47.3% of our total revenue in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, while revenue generated from our largest customer accounted for 43.0%, 35.3%, 23.8% and 28.1% of our total revenue for the same years, respectively. If any of our major customers, in particular our largest customer, materially reduces its procurement volume, changes its procurement strategy, delays payment or terminates its business relationship with us, our revenue, cash flows and results of operations may be materially and adversely affected. Although we acquired new customers during the Track Record Period and the revenue contribution from our top five customers and largest customer decreased, we may not be able to continue to diversify our customer base, and any material reduction in procurement by our major customers may materially and adversely affect our revenue, cash flows and results of operations.

However, customer engagement may decline due to factors such as dissatisfaction with product performance, competitive pressure, macroeconomic conditions or changes in customer strategies. If we fail to adapt to industry trends, continue innovating or maintain strong customer relationships, customer retention and acquisition may be adversely affected. Any sustained decline in customer engagement could lead to lower revenue and materially and adversely affect our business, financial condition and results of operations.

Any shortage in key supplies or disruptions to our supply chain may have an adverse effect on our business, financial condition and results of operations.

We rely on third-party suppliers to provide materials and components used in our production processes. In 2023, 2024, 2025 and for the six months ended June 30, 2026, purchases from our top five suppliers for each year/period during the Track Record Period amounted to approximately RMB555.2 million, RMB694.3 million, RMB677.4 million and RMB331.4 million, representing 20.1%, 20.5%, 13.6% and 17.6% of our total purchase amount for such year, respectively. The purchases from our largest supplier for each year/period during the Track Record Period amounted to approximately RMB159.9 million, RMB174.6 million, RMB210.3 million and RMB135.1 million, representing 5.8%, 5.2%, 4.2% and 7.2% of our total purchase amount in the same years, respectively.

The timely availability and consistent quality of materials supplied by third parties are critical to our ability to manufacture products according to schedule, maintain product standards and meet customer delivery requirements. Any interruption, delay or shortfall in the supply of required materials from key suppliers could disrupt our production plans and adversely affect our ability to fulfill customer orders.

In addition, as our business expands globally, we procure certain materials from overseas suppliers. Geopolitical tensions, trade restrictions, export controls or changes in customs or tariff policies may increase procurement costs, affect pricing, extend lead times or, in certain circumstances, limit or prevent the sourcing of imported materials from certain suppliers in accordance with applicable laws and regulations.

Any sustained shortage of key materials or disruption to our supply chain could increase operating costs, reduce production efficiency, delay order fulfilment and impair customer relationships. As a result, our business, financial condition and results of operations could be materially and adversely affected.

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We operate across multiple product categories, and any failure to effectively allocate resources among these segments may adversely affect our overall performance.

We operate across multiple product categories, including (i) transformer and power equipment products, comprising new energy products, data center products, power distribution products and industrial control products, (ii) lighting products, and (iii) other products. Each of these product categories differs in terms of market dynamics, customer requirements, competitive landscape, technological development cycles and capital investment needs.

Our management is required to continuously allocate financial, human and operational resources among these product segments in response to changing market conditions and strategic priorities. However, we may not be able to accurately anticipate market trends or appropriately balance resource allocation among these segments at all times. Over-investment or under-investment in any particular product category, or delays in reallocating resources in response to market changes, could result in missed growth opportunities, increased costs or reduced operational efficiency.

If we fail to effectively balance resources among our various product segments, our overall operating performance, profitability and growth prospects may be adversely affected, which could materially and adversely affect our business, financial condition and results of operations.

Our manufacturing operations consume significant amounts of electricity and other forms of energy, exposing us to risks from rising global and regional energy costs as well as potential supply disruptions.

We are exposed to the risk of rising energy prices as well as potential supply disruptions, both of which could adversely affect our operations and financial performance. Volatility in, or shortages of, electricity or other energy inputs may arise from factors beyond our control, including fluctuations in fuel prices, instability of local or regional power grids, geopolitical events affecting energy supply and pricing, adverse weather conditions or natural disasters, and changes in energy, environmental or climate-related policies or regulations. Any of these factors could result in higher tariffs, surcharges, mandated curtailments, or unplanned outages affecting the facilities from which we obtain electricity or other energy. In response to these risks, we may from time to time take mitigation measures, such as adjusting our production schedules, arranging for alternative energy supply or maintaining backup power systems. However, these measures involve additional capital and operating expenditures, may not be economically viable in all circumstances and cannot guarantee uninterrupted power supply or full protection against cost increases. In particular, our ability to pass higher energy costs on to customers through price adjustments is subject to market conditions, competitive dynamics and contractual arrangements, and there can be no assurance that such cost increases will be fully or promptly recovered.

A sustained increase in energy prices, or prolonged or recurrent disruptions in our energy supply, would directly increase our operating expenses, could lead to production interruptions or delays, and may adversely affect our cost structure, margins, profitability and competitive position. Any resulting deterioration in our ability to meet delivery schedules, maintain product quality or operate our facilities efficiently could negatively affect our customer relationships and reputation. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Failure to maintain required certifications and regulatory compliance could restrict our market access and disrupt our operations.

Our products as introduced in the “Business — Our Products” section are subject to mandatory safety, quality and environmental standards in the jurisdictions where they are sold, including ISO and country-specific certifications. These certifications are subject to periodic renewal and ongoing supervision. If we fail to renew required certifications or if certifications are suspended or revoked due to non-compliance or product defects, we may be prohibited from manufacturing, selling or exporting the affected products. Regulatory authorities may also impose penalties or require corrective actions.

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Given the international scope of our operations, any certification-related failure could result in operational disruptions, reputational damage and loss of market access, materially and adversely affecting our business, financial condition and results of operations.

Our financial results may be adversely affected by tax risks relating to our transfer pricing arrangements.

During the Track Record Period, we conducted intra-group transactions among our subsidiaries in the PRC, the United States, Japan, Malaysia, Thailand and Hong Kong. However, there can be no assurance that our arrangements will not be challenged by tax authorities, or that the relevant laws and regulations will not be amended or reinterpreted in the future.

If tax authorities determine that any intra-group transaction was not conducted on an arm’s length basis, they may adjust the taxable income of the relevant entities through a transfer pricing adjustment. This could result in the reallocation of income, the imposition of additional tax assessments, and the levying of statutory interest or penalties. Any such adjustment would increase our tax liabilities and overall tax burden, and may necessitate changes to our operating or pricing practices. Failure to rectify any non-compliance within the required timeframe could lead to further late payment interest, surcharges, or other penalties. Additionally, tax adjustments in one jurisdiction could give rise to recoverable taxes in another.

Adverse determinations regarding our transfer pricing could also lead to disputes, increase our compliance costs, and divert management attention. Consequently, our business, financial condition, and results of operations could be materially and adversely affected.

We rely on continuous and substantial R&D investment to strengthen our technological capabilities, support our diversified product portfolio, and advance power electronics and renewable energy solutions, with R&D expenses expected to remain at relatively high levels.

In 2023, 2024, 2025 and for the six months ended June 30, 2026, research and development expenditure was RMB185.8 million, RMB191.2 million, RMB239.1 million and RMB102.3 million, representing 5.1%, 4.2%, 4.6% and 3.8% of our total revenue in the same years/periods, respectively. Research and development activities are inherently subject to uncertainty. Our ability to achieve anticipated technical outcomes depends on, among other factors, the availability of sufficient resources, including qualified personnel, as well as effective project management and execution. Even where technical milestones are achieved, commercialization may be delayed or constrained by regulatory requirements, supply chain limitations, or higher-than-expected production and implementation costs.

Given the rapid pace of technological change in our industry, there is no assurance that our solutions can be upgraded in a timely, efficient or cost-effective manner. Technological breakthroughs by competitors may render our existing or future technologies obsolete or commercially unattractive, which could limit our ability to recover research and development expenditures. As a result, our revenues, market share, profitability and cash flows may be adversely affected.

In addition, insufficient investment in research and development, or the failure of key development projects to achieve their intended objectives, could weaken our competitive position. Any of the foregoing circumstances may materially and adversely affect our market position, business, financial condition and results of operations.

We may not be able to effectively manage our distributors, and any actions taken by our distributors in breach of the framework agreements or sales guidelines could materially and adversely affect our business, prospects and reputation.

We have limited control over the operations and conduct of our distributors, all of whom, to the best knowledge of our Directors, were Independent Third Parties during the Track Record Period. We primarily rely on distribution agreements and sales guidelines to regulate our

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relationships with our distributors. However, we cannot assure you that we will be able to manage our distributors effectively at all times, or that our distributors will not breach our agreements or policies.

If any of our distributors engages in one or more of the following activities, our business, results of operations, prospects and reputation may be materially and adversely affected: (i) breaching the distribution agreements or our internal policies and measures; (ii) failing to obtain or maintain the requisite licenses, permits or approvals, or failing to comply with applicable regulatory requirements in connection with the sale, export or transfer of our products; or (iii) violating sanctions, import and export controls, customs requirements or other trade regulations, anti-corruption, anti-bribery, competition or other applicable laws and regulations in the PRC or other jurisdictions. Any breach or alleged breach by our distributors of the distribution agreements, sales guidelines or applicable laws and regulations could result in potential legal liability incurred by us, damage to our goodwill, a decline in the market value of our brand and adverse public perception regarding the quality of our products, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to ESG laws and regulations, and any failure to comply with such requirements may have a negative impact on our business operations.

We are subject to various ESG laws and regulations imposed by regulatory bodies, including the Stock Exchange upon our [REDACTED], as well as regulatory authorities in the PRC. For details, please refer to “Business” in this Document. We are required to adapt to new and evolving regulatory measures under applicable laws and changing social trends relating to ESG risks. However, such laws, regulations and policies continue to evolve, and [REDACTED] are increasingly focusing on ESG matters and incorporating ESG performance into their [REDACTED] decisions, while customers are becoming more environmentally conscious and tending to prefer products designed and manufactured in a more environmentally friendly manner.

In response, we monitor environmental- and climate-related risks that may affect our business, strategy and financial performance, and assess the potential impact of such risks over the short-, medium- and long-term horizons. We also monitor a range of indicators to manage environmental and climate-related risks arising from our operations, and we are committed to providing appropriate support to our employees in order to foster a positive and supportive corporate culture. Our efforts to comply with new and evolving laws, regulations and social trends relating to ESG matters may result in increased general and administrative expenses and require management to devote additional time and attention to compliance matters rather than operational activities, which could materially and adversely affect our business, financial condition and results of operations.

Any discontinuation of preferential tax treatments or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

We enjoyed certain preferential tax treatments and export tax refunds. For example, during the Track Record Period, our certain subsidiaries operating in the PRC were accredited as “High and New Technology Enterprises” (“HNTE”), and were therefore eligible for a preferential EIT rate of 15%. Certain subsidiaries were entitled to other types of preferential tax treatments. For details, see “Financial Information — Description of Major Components of Our Results of Operations — Income Tax Expense.” However, any expiration or change of these preferential tax treatments could adversely affect our operating results. We cannot assure you that the policies on preferential tax treatments and export tax refund will remain unchanged or that the current preferential tax treatments we enjoy will not be canceled. In addition, we cannot assure you that we will continue to enjoy similar preferential tax treatment in the future. If any of our subsidiaries ceases to be entitled to preferential tax treatment, it may lead to an adverse effect to our results of operations.

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Our products are deployed in critical infrastructure applications, and any safety or quality failure could materially damage our reputation and financial performance.

Our products, including transformers, LED drivers and related components, are used in critical infrastructure such as power grids, data centers and renewable energy systems, where safety, reliability and operational stability are essential. Accidents may occur during the course of business. In addition to claims arising from accidents, we may also experience interruptions to our business as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. For details, please refer to “Business — Environmental, Social and Governance — 5.3 Employee Health & Safety” of this Document.

If our products fail to meet applicable safety standards or regulatory requirements, we may be required to initiate recalls, implement corrective measures or face product liability claims. Product issues may arise from components such as insulation materials, power semiconductor modules, control systems or magnetic components, and the direct costs of remediation may not always be fully recoverable from suppliers.

In addition to direct costs, product defects or recalls may result in indirect consequences, including production disruptions, increased warranty claims, adverse publicity, loss of customer confidence and potential regulatory actions. Even perceived quality issues could negatively affect our reputation. Any significant product quality failure could materially impair our brand, customer relationships and market position, thereby materially and adversely affecting our business, financial condition and results of operations.

We derive a significant portion of our revenue from LED driver products, and the increasing commoditization of the LED driver market may adversely affect our business, financial condition and results of operations.

We derive a significant portion of our revenue from the sale of LED driver products. The LED driver market is highly competitive and has become increasingly commoditized due to rapid technological diffusion, standardization of product specifications and the presence of numerous domestic and international competitors. As a result, LED driver products are often subject to intense price competition.

In addition, industry-wide capacity expansion and relatively low barriers to entry may result in oversupply in the LED driver market from time to time. Such oversupply may further intensify price pressure and limit our ability to pass on increases in raw material, labor and other production costs to our customers. As competition increases and product differentiation becomes more difficult to maintain, we may be required to lower our selling prices, offer more favorable commercial terms or incur additional marketing and sales expenses to maintain or expand our market share.

If we are unable to effectively differentiate our LED driver products, improve operational efficiency or manage pricing pressure, our gross margins and profitability may be adversely affected. Consequently, our business, financial condition and results of operations could be materially and adversely affected.

We depend on our key management and technical personnel, and the loss of any of them could adversely affect us.

Our success depends to a significant extent on the experience, expertise and continued service of our key management, technical and engineering personnel. These individuals possess a deep understanding of our business, products, technologies, customer relationships and operational processes, and have played an important role in formulating and executing our strategies, managing our operations and driving our product development.

Competition for qualified management and technical personnel in our industry is intense. If any of our key personnel resigns, retires or otherwise ceases to work for us, we may not be able to recruit or retain suitable replacements in a timely manner or on commercially reasonable terms. The

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integration of new personnel may also take time and may not be successful. In addition, the loss of key personnel could disrupt our operations, affect our relationships with customers, suppliers and other business partners, and result in the loss of institutional knowledge and technical know-how.

There is no assurance that we will be able to retain our key personnel or attract new talent as needed. Any significant loss of key management or technical personnel, or failure to effectively recruit, develop and retain qualified personnel, could materially and adversely affect our business, financial condition, results of operations and prospects.

Our Single Largest Shareholders Group may cease to be our single largest shareholders group in case of default of his obligations under a bona fide commercial loan, which could have a negative impact on the control of Mr. Xiao in the operations of the Company and in turn our business, operation and financial results.

As of Latest Practicable Date, in order to obtain financing for his personal needs, Mr. Xiao has from time to time pledged the A Shares he owned directly or indirectly to certain PRC financial institutions as collateral. As of the Latest Practicable Date, Mr. Xiao has pledged 12.84% of the voting power of our Company as security in favor of certain PRC financial institutions regulated by the NAFR and/or the CSRC. For further details of the pledge arrangements, see “Single Largest Shareholders Group — Share Pledges by Mr. Xiao.”

In the event of default by Mr. Xiao and MegaMax under the said bona fide commercial loan(s), the lenders can enforce the share pledge arrangement and Mr. Xiao and MegaMax may cease to be a member of the single largest shareholder group, which could have a negative impact on the control of Mr. Xiao in the operations of the Company and in turn our business, operation and financial results.

We are actively expanding into new energy products as part of our growth strategy, but this new segment exposes us to risks due to rapid technological changes.

One of our key new energy products is “High-Frequency Magnetic Components”, which serve as critical functional components in PV inverters, new energy vehicles, charging piles, and energy storage systems. High-Frequency Magnetic Components are PV-related products operating at frequencies above approximately 1 kHz and rely on specialized magnetic core materials, winding structures and high power-density designs. Our product development and design processes incorporate dedicated high-frequency magnetic core materials and optimized winding structures, with designs intended to deliver heat resistance, anti-aging performance and operational reliability for long-term use in high-reliability scenarios.

However, the power electronics industry is characterized by rapid technological evolution in areas such as system architecture, materials science and system integration. Continuous advances in these areas may necessitate frequent product iteration and redesign. There is no assurance that our existing or future designs will remain competitive as technologies evolve, and certain designs may become less attractive or obsolete over time. Any failure to keep pace with technological developments could weaken the competitiveness of our products and adversely affect our market position.

We rely on a limited number of major customers and any reduction in orders from these customers could adversely affect us.

A portion of our revenue is derived from a limited number of major customers. In particular, sales to a single major customer for each year/period during the Track Record Period amounted to RMB1,554.4 million in 2023, RMB1,623.7 million in 2024, RMB1,241.8 million in 2025 and RMB748.6 million for the six months ended June 30, 2026, respectively. In addition, the aggregate revenue attributable to our top five customers for each year/period during the Track Record Period amounted to RMB2,041.0 million in 2023, RMB2,403.2 million in 2024, RMB2,094.4 million in 2025 and RMB1,259.4 million for the six months ended June 30, 2026, respectively. The relatively high contribution from a limited number of customers indicates a certain degree of customer concentration, which exposes us to heightened risks associated with fluctuations in demand,

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purchasing decisions and creditworthiness of these major customers. As a result, any adverse change in the business relationship with one or more key customers could have a disproportionate impact on our revenue and operating performance.

These customers may, from time to time, experience changes in their own business strategies, procurement policies, product road-maps or financial conditions, which could in turn affect their demand for our products. Our sales to any particular customer may vary significantly from year to year and there is no assurance that such customers will maintain or increase their level of purchases from us in the future.

Our major customers may reduce their orders, delay deliveries, request price reductions, change their suppliers, or terminate cooperation with us for various reasons, including their own market performance, internal supply chain optimization, strategic adjustments or competitive offers from other suppliers. In addition, if we fail to meet their quality, delivery, cost or technology requirements, they may reduce their reliance on us or cease to source from us.

If we lose one or more major customers, or if any such customer significantly reduces its orders or fails to make timely payments, we may not be able to quickly replace the lost business with new customers or orders on comparable terms.

Limitations or disruptions in our customer acquisition channels could adversely affect our revenue growth.

We rely on a combination of reactive and proactive customer acquisition channels, including international trade fairs, exhibitions, customer referrals and targeted outreach by our business development teams. Reactive channels have historically played an important role in generating exposure and customer engagement.

Factors beyond our control, such as public health incidents, geopolitical tensions or budget constraints, may limit our ability to participate in exhibitions or trade fairs. Alternative channels may not provide equivalent exposure or cost efficiency.

Sustained limitations on our marketing and customer acquisition channels could weaken market visibility, delay product promotion and increase customer acquisition costs, thereby materially and adversely affecting our revenue growth and business performance.

Our success depends significantly on protecting our proprietary technologies, products, and solutions through intellectual property rights, including patents, software copyrights, registered trademarks, and domain names filed in China and overseas jurisdictions.

Our success depends in part on our ability to protect our proprietary technologies, products and solutions through intellectual property rights, including patents, software copyrights, registered trademarks and domain names in the PRC and overseas jurisdictions. As of June 30, 2026, we held 47 registered trademarks, 688 patents and 52 copyrights in the PRC.

The process of applying for, prosecuting and maintaining intellectual property rights is time-consuming and costly. We may fail to timely identify patentable aspects of our research and development activities, or to file and prosecute all necessary applications in a cost-effective manner. Even where patents are granted, they may provide only limited protection, as competitors may design non-infringing alternatives, challenge the validity or enforceability of our intellectual property rights, or benefit from the expiration of such rights after their statutory terms. In addition, ongoing compliance with procedural requirements, such as responses to office actions and payment of maintenance fees, is required to maintain intellectual property rights, and any failure to comply could result in lapse or abandonment.

If our intellectual property rights are compromised, competitors may be able to replicate or compete more effectively with our products, eroding our market position. Furthermore, we may be subject to infringement claims by third parties, which are not uncommon in our industry. Such claims, whether or not ultimately successful, could result in costly litigation, product redesigns, sales

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suspensions or unfavorable licensing arrangements, and would divert management attention and resources. Any of these outcomes could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may fail to identify or avoid infringing third-party intellectual property rights, as determinations of patent infringement require complex legal and factual analyses with uncertain outcomes.

We may not always be able to identify or avoid infringing third-party intellectual property rights, as determinations of infringement involve complex legal and factual analyses with uncertain outcomes. Employees or contractors may inadvertently use proprietary information, and certain patents or trademarks may not be publicly identifiable.

Any claims alleging intellectual property infringement, regardless of merit, could be costly and time-consuming to resolve and may require us to suspend product sales, redesign products or pay damages or licence fees. Such risks could materially and adversely affect our business, financial condition, results of operations and prospects.

Our Group is actively expanding its global footprint with branches and operations in several countries and jurisdictions.

Our Group is actively expanding its global footprint through operations and/or facilities in multiple overseas jurisdictions, including the U.S., Europe, Japan, Thailand, Hong Kong, Mexico, Peru and Malaysia. Our strategy currently focuses on expanding capacity at existing sites rather than establishing additional manufacturing bases.

These overseas operations expose us to a range of legal, regulatory, political and economic risks that are beyond our control and difficult to predict. Each jurisdiction imposes distinct regulatory and safety requirements, technical standards, customs procedures and product certification regimes, and any failure to comply may result in delays, penalties or restrictions on sales. In addition, products may require adaptation to local grid standards, interconnection requirements, energy efficiency regulations and customer specifications, while managing differing legal, tax, labor and cultural environments increases operational complexity and costs.

Our international operations are also subject to risks arising from political instability, geopolitical tensions, trade barriers and other international trade policies, tariff changes, export controls and economic sanctions, which may increase costs or restrict market access and component sourcing. Currency fluctuations, foreign exchange controls, profit repatriation restrictions and differing tax regimes may further adversely affect financial performance. Failure to effectively manage these risks could constrain our overseas expansion, increase operating costs, impair customer acquisition and retention, and materially and adversely affect our business, financial condition, results of operations and growth prospects.

Our Group’s market reputation benefits from certifications, rankings, and awards from reputable industry associations.

Our Group’s market reputation is supported in part by certifications, recognitions and memberships awarded by industry organizations and third-party institutions, as well as by our participation in industry associations. These certifications and recognitions may be considered by our customers, suppliers and other stakeholders when assessing our credibility, product quality and competitiveness.

However, the maintenance, renewal or upgrading of such certifications and recognitions is not assured. They typically require us to comply with specific standards and to undergo periodic reviews, audits or assessments. If we fail to meet relevant criteria, experience quality issues, or are unable to allocate sufficient resources to maintain these qualifications, we may lose certain certifications or fail to obtain new recognitions in a timely manner. In addition, changes in industry standards, assessment methodologies or regulatory requirements could make it more difficult or costly for us to maintain or obtain such recognitions.

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The loss of key certifications or reputational recognitions, or any negative evaluation by industry organizations or associations, could adversely affect our perceived reliability and competitiveness in the market, and could in turn reduce customer confidence in our products and services. Any such development could materially and adversely affect our business, financial condition, results of operations and prospects.

Defects or unsatisfactory performance of our products, or failure to maintain effective quality control, could result in returns, recalls, reputational damage, loss of customers and product operations.

Defects or unsatisfactory performance of our products, or failures in our quality control processes, could result in product malfunctions, reduced efficiency or shorter-than-expected service life. We cannot assure you that all defects will be detected and remedied before our products are delivered to customers or integrated into their end-products or systems.

Defective products or components may give rise to returns, replacements, repairs, product recalls, contractual penalties or warranty claims, which could increase our costs and negatively affect our profitability. In certain circumstances, product quality issues may also delay customer projects, disrupt their operations or cause them to switch to other suppliers. Furthermore, if our products cause or are alleged to have caused property damage, personal injury or other losses, we may be exposed to claims or disputes that could result in additional costs and divert management attention.

Any material quality issues or product failures, particularly if they affect key customers, could damage our reputation for reliability and performance, reduce customer satisfaction and impair our ability to win new orders or renew existing business. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to a range of laws, regulations and regulatory standards, and any failure to comply with these requirements may expose us to liabilities.

We are subject to extensive laws, regulations and regulatory requirements in the PRC and other jurisdictions in which we conduct our business, and any failure to comply with such requirements may subject us to liabilities and penalties. For example, we are required to comply with various labor-related laws and regulations in the PRC, including those relating to social insurance and housing provident fund contributions for our employees.

Under the relevant PRC laws and regulations, including the Regulation on the Administration of Housing Provident Funds and the PRC Social Insurance Law, PRC enterprises are required to establish housing provident fund accounts for their employees, complete social insurance registration and make contributions to social insurance and housing provident fund in a timely and full manner. For the years ended December 31, 2023, 2024, 2025 and for the six months ended June 30, 2026, we had a shortfall in social insurance and housing provident fund contributions amounted to RMB18.4 million, RMB22.8 million, RMB29.8 million and RMB14.9 million, representing approximately 0.5%, 0.5%, 0.6% and 0.6% of the total revenue of the Group for each year/period during the Track Record Period, respectively. See further in “Business — Employees” for details of such shortfall. We cannot assure you that the relevant authorities will not require us to pay any contribution shortfall, late payment fees or penalties retrospectively. If we are required to make additional contributions or become subject to any late payment fees or penalties, our financial condition and results of operations may be adversely affected.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business.

We have been and may from time to time continue to be, a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

Regardless of the merit of any particular claims, legal and administrative proceedings may be costly and time-consuming and may divert our management’s attention. In addition, if one or more material legal or administrative matters were resolved against us or an indemnified third party, we may incur materially additional expenses to cover compensatory or punitive monetary damages,

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disgorge any relevant profits, establish remedial measures or comply with injunctions or specific performance. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Force majeure events, such as natural disasters, adverse weather conditions, public health and public security hazards, may severely disrupt our business and operations.

Force majeure events, including natural disasters, adverse weather conditions, public health incidents and public security hazards, may severely disrupt our business and operations. We may be exposed to events such as earthquakes, floods, snowstorms, typhoons, power outages or other similar occurrences that are beyond our control and may adversely affect our operational facilities and business activities.

Any future occurrence of force majeure events, including acts of God, hurricanes, earthquakes and other natural disasters, epidemics, quarantines, terrorism, embargos, plant closures or other unforeseen events beyond our control, could result in significant operational disruptions and property damage. Such events may interrupt production, logistics or other critical business functions and could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

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

Our revenue, gross profit and net profit have grown over the Track Record Period, and we have expanded our customer base, product portfolio and production capacity. Our revenue increased from RMB3,616.3 million in 2023 to RMB4,602.7 million in 2024, and further increased to RMB5,214.0 million in 2025; and our revenue increased from RMB2,440.9 million in the six months ended June 30, 2025 to RMB2,662.1 million in the six months ended June 30, 2026. Our net profit increased from RMB216.8 million in 2023 to RMB300.2 million in 2024, and further decreased to RMB215.0 million in 2025; and our net profit increased from RMB109.8 million in the six months ended June 30, 2025 to RMB115.7 million in the six months ended June 30, 2026. However, such historical growth and financial performance reflect the operating environment, market conditions, competitive landscape and cost structure prevailing during those periods, and may not be indicative of our future results.

Our future performance will depend on a number of factors, many of which are beyond our control, including overall macroeconomic conditions, industry cycles in the sectors we serve, changes in customer demand, pricing pressure from competitors, fluctuations in raw material and energy costs, and regulatory or technological developments. In addition, as our business grows in scale and complexity, we may face increased challenges in maintaining operating efficiency, managing working capital, recruiting and retaining qualified personnel, and integrating new projects or production bases.

There can be no assurance that we will be able to sustain our historical growth rates or profitability. Any slowdown in revenue growth, compression of margins or increase in costs could cause our results of operations to fluctuate significantly from period to period. Accordingly, [REDACTED] should not rely on our historical results as an indication of our future financial performance, and any failure to achieve expected growth could materially and adversely affect our business, financial condition and results of operations.

We may experience inventory impairment, shortages or excess inventory, which could adversely affect our business, financial condition and results of operations.

As of December 31, 2023, 2024, 2025 and June 30, 2026, our inventories amounted to RMB483.8 million, RMB734.0 million, RMB957.8 million and RMB998.9 million, respectively. Over the same periods, our inventory turnover days increased from approximately 54.0 days in 2023 to 59.6 days in 2024 to 70.9 days in 2025 and further to 81.5 days as of June 30, 2026. The continuous increase in both inventory balances and inventory turnover days indicates rising inventory holding pressure and reflects the risk of slower-moving or unsold products amid changes in market demand.

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Such elevated inventory levels increase our exposure to fluctuations in market demand, pricing pressure and product obsolescence, particularly in an environment characterized by rapid technological iteration and cyclical investment patterns in the renewable energy and power infrastructure sectors.

If market demand weakens further or if downstream investment continues to slow, the net realizable value of our inventories may fall materially below their carrying costs, which could require us to recognize substantial inventory write-downs or impairment losses. Any such impairment would directly reduce our gross profit and net profit, adversely affect our asset quality and leverage ratios, and may weaken our ability to obtain external financing on favorable terms. In addition, excess or obsolete inventory may constrain our operational flexibility and negatively affect our liquidity position, thereby materially and adversely affecting our business, financial condition and results of operations.

Market risk from fluctuations in foreign currency exchange rates could adversely impact our financial performance.

We are exposed to foreign exchange risks arising from transactions, investments and financing activities denominated in currencies other than Renminbi. As of June 30, 2026, our cash and cash equivalents included balances denominated in U.S. dollars equivalent to RMB893.3 million, in euros equivalent to RMB42.1 million and in Japanese yen equivalent to RMB21.7 million.

Such fluctuations indicate that our financial results are highly sensitive to movements in foreign exchange rates. In particular, appreciation of the Renminbi against the U.S. dollar and other foreign currencies may weaken the price competitiveness of our products in overseas markets, while depreciation of the Renminbi may increase the costs of raw materials, components and operating expenses sourced from overseas suppliers. Moreover, although a substantial portion of our overseas subsidiaries’ operating costs are denominated in local currencies, part of their revenues are settled in U.S. dollars, further amplifying the impact of currency mismatches on our consolidated results.

We currently do not maintain comprehensive or effective hedging arrangements to mitigate such foreign exchange risks. If exchange rate volatility persists or intensifies, we may experience significant fluctuations in reported earnings, cash flows and equity. Such volatility could impair [REDACTED] ability to accurately forecast our performance, adversely affect market confidence, and negatively impact the valuation of our H Shares and our ability to raise capital in the future, thereby materially and adversely affecting our business, financial condition and results of operations.

Certain projects regarding our new energy products require significant upfront capital commitments and are characterized by extended construction and development timelines. If we fail to exercise sound judgment in project selection or to implement effective risk management measures, our business, financial condition and results of operations could be materially and adversely affected.

In particular, the development and operation of these projects often necessitate substantial financial and operational resources in their initial stages. The timely completion and successful execution of such projects depend on various factors beyond our control, including obtaining necessary regulatory approvals, prevailing climate conditions and the stability of supply chains. Any delays, interruptions or adverse changes in these factors may lead to increased costs, construction delays or project suspension or termination, which could negatively affect our business, financial condition and results of operations. In addition, the capital-intensive nature and extended payback periods of these projects may place pressure on our liquidity and profitability. There can be no assurance that we will consistently and accurately evaluate project feasibility, effectively manage construction and operational risks, or promptly adapt to evolving market conditions, and any failure to do so could adversely affect our business, financial condition and results of operations.

Insufficient returns on investment and research and development may lead to declining profitability and erosion of retained earnings.

Our research and development expenses amounted to RMB185.8 million in 2023, RMB191.2 million in 2024, RMB239.1 million in 2025 and RMB102.3 million for the six months ended June 30, 2026, representing a relatively modest growth rate compared to our revenue growth. In particular,

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the increase in R&D expenditure from 2023 to 2024 was approximately 2.9%, significantly lower than the revenue growth of approximately 27.3% during the same period, indicating declining R&D intensity.

As of June 30, 2026, our retained earnings amounted to only RMB815.2 million, representing a marginal increase compared to RMB763.6 million as of June 30, 2025. Continued pressure on profitability may constrain our ability to reinvest in technology development, weaken our equity base and increase the difficulty and cost of future equity financing. If we are unable to enhance R&D effectiveness and generate sustainable returns on our investments, our long-term growth prospects, financial resilience and shareholder value may be materially and adversely affected.

We may experience an adverse impact on our revenue and profitability as a result of geopolitical developments.

Our business is exposed to geopolitical risks and other external factors, including trade tensions and tariff policies. For example, the recent trade frictions between China and the United States have led to (amongst others) increased tariffs imposed by the United States on Chinese-origin goods, affecting the certain lighting products of the Group that are of a Chinese origin, thereby constraining revenue growth and reducing competitiveness in export markets.

Any further escalation of geopolitical tensions, trade restrictions, tariff increases, cost inflation or overseas market pressure could further compress margins, limit revenue growth and increase earnings volatility. Such developments may impair investor confidence, adversely affect our valuation in the capital markets and materially and adversely affect our business, financial condition and results of operations.

Our ongoing establishment of overseas bases exposes us to a slowdown in overall profit growth that could exert a negative impact on our business performance.

Our ongoing establishment and expansion of overseas production bases and operating platforms are intended to enhance our global presence, serve local customers more effectively and optimize our supply chain. However, these initiatives expose us to additional risks and uncertainties associated with operating in new markets and jurisdictions.

As of June 30, 2026, we had four overseas production bases in the U.S., Mexico, Malaysia and Thailand, among which our U.S. manufacturing facility commenced operations in October 2025 and our Mexico production base commenced production in June 2026. The construction, ramp-up and operation of overseas bases may encounter delays, cost overruns, regulatory or licensing hurdles, supply chain disruptions, labor shortages or difficulties in recruiting and retaining qualified local personnel. In addition, we may face unfamiliar legal, tax, regulatory and business environments, as well as cultural and language differences, which could complicate our management and oversight of these bases. The utilization rates and profitability of new overseas facilities, particularly during their initial ramp-up periods, may be lower than expected and may take longer to reach optimal levels.

Moreover, geopolitical tensions, trade restrictions, changes in tariffs, exchange rate volatility or other external factors could adversely affect the economics of operating overseas bases or our ability to move products and components across borders. Any material adverse development affecting our overseas bases could increase our costs, reduce our operational flexibility and negatively affect our overall business performance, financial condition and results of operations.

Our ongoing capital investment needs expose us to risks of cost overruns and financing shortfalls that could materially and adversely affect our business.

Our Group requires continuous and significant capital investments to expand and upgrade our production facilities, introduce new equipment, enhance automation and improve product quality and compliance with evolving technical standards. The scale and timing of our capital expenditures are influenced by our business plans, customer demand, technology trends and regulatory requirements, and may fluctuate significantly from period to period.

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During the Track Record Period, our capital expenditures amounted to RMB553.7 million, RMB1,753.0 million, RMB1,282.7 million and RMB420.9 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had capital commitments contracted but not yet provided for of RMB725.2 million, RMB1,094.3 million, RMB158.9 million and RMB591.6 million, respectively, primarily in relation to the acquisition of plant and equipment in connection with manufacturing facilities. If our capital expenditures or capital commitments are higher than expected, or if we are unable to obtain sufficient financing on terms acceptable to us, we may need to defer our business expansion or upgrade, and our liquidity position, finance costs and results of operations may be materially and adversely affected.

We may not always be able to accurately forecast the required level or timing of capital investments. If we invest in additional capacity or new technologies based on overly optimistic demand expectations, we may experience under-utilization of facilities, lower returns on investment and increased depreciation and financing costs. Conversely, if we under-invest or delay necessary capital projects, we may be unable to meet customer demand, risk falling behind competitors in technology and efficiency, or face higher maintenance and repair costs for aging equipment.

To fund capital expenditures, we may need to rely on internally generated cash flows, bank borrowings or other external financing. There can be no assurance that such financing will be available on terms acceptable to us, or at all. Increased leverage could, in turn, increase our interest expenses and subject us to restrictive covenants that limit our operational and financial flexibility. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Our investments and acquisitions may not achieve the intended benefits and may expose us to various operational, financial, valuation, regulatory and other related risks.

We have made, and may continue to make, strategic investments and acquisitions in companies or assets in industries such as transformer equipment industry, to expand our capabilities, access new technologies, enhance our product portfolio, or enter new markets within the various industries that synergize with our business. See “[REDACTED]”.

These transactions are subject to various risks and uncertainties, and there can be no assurance that they will generate the expected benefits or returns. The success of any such transaction depends on numerous factors, including the target’s ability to meet performance expectations, integration of personnel, systems and operations, alignment of strategic goals, and realization of anticipated synergies. We may encounter difficulties in business integration, incur unanticipated costs, or fail to achieve the intended business objectives, such as accelerating production, improving market position, or securing supply chains. We may also overestimate the value of acquisition targets or fail to accurately assess the associated risks and liabilities, which may result in acquisitions not achieving the anticipated benefits, synergies, cost savings or operational efficiencies. These challenges could divert management attention and resources from our existing business operations.

Furthermore, for those investments measured at fair value, we cannot assure you that market conditions and regulatory environment will create fair value gains on such products we invest in or we will not incur any fair value losses on such investments in the future. If we incur fair value losses, our results of operations and financial condition may be adversely affected. The fair value measurement of our relevant investments involves the exercise of professional judgment and the use of certain bases, assumptions and observable or unobservable inputs, which, by their nature, could be uncertain. Changes in estimates and judgments could affect their fair value, which in turn may adversely affect our results of operations and financial condition.

In addition, many acquisitions or strategic investments may require regulatory approvals or compliance with applicable laws and regulations. These requirements may increase the complexity and cost of transactions and could result in delays or failure to consummate certain deals. We may also be exposed to unknown or contingent liabilities of acquired businesses, including those arising from historical legal proceedings, contractual obligations, or regulatory non-compliance, for which we may not be fully indemnified, if at all.

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We may fail to collect trade receivables, prepayments, and other amounts due, materially and adversely affecting our liquidity and financial condition.

We extend credit terms to our customers in the ordinary course of business and, in some cases, make prepayments or advances to suppliers and other counterparties. During the Track Record Period, our impairment losses on trade receivables, prepayments and other amounts amounted to approximately RMB12.8 million, RMB17.2 million, RMB3.1 million and RMB7.2 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, representing 0.4%, 0.4%, 0.1% and 0.3% of our total revenue for the respective periods. During the Track Record Period, our trade and notes receivables turnover days were 124.6 days, 134.2 days, 133.7 days and 116.4 days in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively. Any further increase in our trade and notes receivables turnover days could adversely affect our cash flows, liquidity position and working capital management. As our receivables balance grows, any deterioration in customers’ payment behavior or creditworthiness could have a more pronounced impact on our cash flows and financial position, and we may face increased risks of delayed collection, impairment or bad debt losses.

The ability of our customers and counterparties to meet their payment obligations may be affected by their own business performance, financial condition, cash flow management and access to funding, as well as broader macroeconomic and industry conditions. If any major customer or a significant number of customers experience financial difficulties, delay payments, default on their obligations or become insolvent, we may have to extend payment terms, restructure receivables, recognize impairment losses or write off bad debts. Similarly, if suppliers or other counterparties fail to perform their obligations after receiving prepayments or deposits from us, we may face difficulties in recovering such amounts or obtaining alternative supplies on comparable terms.

Any significant delays or defaults in the collection of trade receivables, prepayments and other amounts due could adversely affect our cash flows, liquidity position, working capital management and overall financial condition.

We recorded net current liabilities as of December 31, 2025, which may expose us to liquidity risk.

Our net current assets decreased from RMB1,740.1 million as of December 31, 2023 to RMB689.4 million as of December 31, 2024, and further changed to net current liabilities of RMB28.6 million as of December 31, 2025, primarily because the increase in our current liabilities outpaced the increase in our current assets. Such change was mainly attributable to the increase in bank borrowings and trade and notes payables, as well as the relatively high level of liabilities under supplier financing arrangements, while part of our working capital continued to be occupied by inventories, contract assets and prepayments, other receivables and other assets in support of our business expansion. Our liquidity position improved from net current liabilities of RMB28.6 million as of December 31, 2025 to net current assets of RMB1,049.8 million as of June 30, 2026. If we experience delays in collecting receivables, slower inventory turnover, shorter supplier credit terms or difficulties in obtaining financing, our liquidity position, working capital management, business operations and financial performance may be materially and adversely affected.

Our leased overseas facilities expose us to legal, regulatory, and operational risks that could disrupt production and materially and adversely affect our business.

Our Group operates a mix of owned and leased manufacturing facilities, including certain overseas plants that we lease from third-party landlords. The operation of these leased overseas facilities exposes us to a range of legal, regulatory and operational risks associated with local property, environmental, labor and safety requirements in the relevant jurisdictions. We may be unfamiliar with certain local practices, enforcement standards or dispute resolution mechanisms, which may increase our compliance and legal risks.

Our ability to continue using these leased facilities depends on the validity and enforceability of the underlying lease agreements and on our landlords’ willingness and ability to honor their contractual obligations. If any landlord fails to properly maintain the premises, breaches the lease terms, refuses to renew the lease upon expiry on terms acceptable to us, or becomes involved in

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disputes, insolvency or governmental enforcement actions, our operations at the relevant site could be disrupted or suspended. In addition, if our use of the leased properties is challenged by governmental authorities or third parties on the grounds of zoning, title defects, construction irregularities or non-compliance with local regulations, we could be required to incur additional costs for rectification, relocation or obtaining supplementary approvals.

The establishment and ramp-up of new overseas leased facilities may also experience delays, higher-than-expected costs or lower utilization rates during the initial periods. Any material disruption of operations at these leased overseas facilities, or any failure to secure suitable alternative sites in a timely manner, could adversely affect our production capacity, delivery schedules, customer relationships and cost structure. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Certain of our leased properties in the PRC are subject to registration defects or title uncertainties, which could disrupt our operations if we are required to vacate or relocate.

As of the Latest Practicable Date, for manufacture and operation in China, 12 of our leased properties in the PRC (excluding intra-group leases) had certain title defects or non-compliance issues. Specifically, (i) lessors of six leased properties with an aggregate GFA of approximately 12,724.6 sq.m. failed to provide valid ownership certificates; and (ii) leased properties under ten leased agreements with an aggregate GFA of approximately 74,297.74 sq.m. had not completed lease registration with the relevant PRC housing authorities. These affected properties are primarily used for office, production, and R&D purposes.

Under applicable PRC laws and regulations, the absence of valid ownership certificates may render the relevant lease agreements challengeable by the legal owners or other entitled third parties. In such event, we may be required to vacate the affected premises and seek alternative locations. Regarding the non-registration of leases, while it does not affect the validity of the lease agreements under the Civil Code of the People’s Republic of China, we may be ordered by the relevant authorities to rectify the non-compliance within a prescribed time limit. Failure to do so may expose us to fines ranging from RMB1,000 to RMB10,000 per unregistered lease.

In the event that we are required to vacate or relocate any of the affected properties due to title defects, we may incur costs associated with identifying and securing replacement premises, fit-out and renovation, and equipment relocation. Based on our internal assessment, as there are alternative properties available in the vicinity and we may also utilise our own properties as substitutes. Any unexpected delay in securing replacement premises or prolonged interruption to our production lines could adversely affect our operations and financial performance.

Discontinuation of government grants or preferential tax treatments could materially increase our costs and adversely affect our business.

Our Group has historically benefited from various government grants and interest income, with aggregate grants amounting to RMB44.2 million in 2023, RMB59.9 million in 2024, RMB68.6 million in 2025 and RMB20.4 million for the six months ended June 30, 2026, which have contributed positively to our financial performance. These include, among others, government grants related to industrial development, technological update and employment support, as well as preferential tax rates or tax incentives granted to eligible enterprises. The availability and amount of such grants and preferential treatments depend on applicable government policies, our qualification status and the authorities’ review and approval.

There can be no assurance that we will continue to receive government grants or enjoy preferential tax treatments at the same levels or on the same terms as in the past, or at all. Relevant policies may be revised, suspended or terminated by government authorities, or we may fail to maintain the necessary qualifications or comply with the conditions attached to such benefits. In addition, certain grants may be subject to claw-backs or refunds if the underlying conditions are not fulfilled or if the authorities determine that they were not properly obtained or used.

RISK FACTORS

If government grants are reduced or discontinued, or if preferential tax treatments cease to be available or are significantly curtailed, our effective tax rate could increase and we may incur higher operating costs. Any such changes could reduce our profitability and adversely affect our business, financial condition, results of operations and prospects.

We may have limited insurance coverage, which could expose us to additional costs.

We maintain a range of insurance policies, including property, liability, product liability, business interruption, and directors’ and officers’ insurance, which we believe cover the major risks associated with our operations. However, there can be no assurance that our insurance coverage is sufficient to cover all potential risks or to fully compensate us for actual losses incurred. For example, losses arising from natural disasters, industrial accidents, cyberattacks, or product defects may exceed policy limits or fall outside the scope of coverage. In addition, certain high-cost or complex claims may not be fully reimbursed by insurers, and claims processes may be delayed or contested. If we incur substantial uninsured losses or liabilities, we could face significant financial costs and diversion of management attention and resources from our core operations. Moreover, any increase in premiums or inability to renew coverage at current levels could increase operating costs and reduce our financial flexibility. These factors could materially and adversely affect our business, financial condition, results of operations, and prospects.

We are subject to risks associated with third-party payment arrangements.

During the Track Record Period, certain of our customers settled payments to us through third-party payors (the “**Third-Party Payment Arrangements**”). During the Track Record Period, the aggregate amount of payments received through such Third-Party Payment Arrangements accounted for 0.3%, 0.3%, 0.5% and 0.5% of the total revenue for each period. For further details, see “**Business — Third-Party Payments**” in this Document.

Notwithstanding the immaterial proportion involved, we were subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including, among others, potential claims by third-party payors for the return of funds on the basis that they were not contractually indebted to us and possible claims from liquidators or administrators of such third-party payors, as well as potential money laundering risks as we may not have knowledge about the true source and purpose of the funds utilized by the third-party payors. In the event that any claims are made by third-party payors or their liquidators, or if any legal proceedings (whether civil or criminal) are instituted or brought against us in connection with third-party payments, we may be required to devote significant financial and management resources to defend against such claims or proceedings. As a result, our financial condition and results of operations could be affected.

RISKS RELATING TO OUR BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in economic, political, and regulatory conditions across our operating jurisdictions could materially and adversely affect our business.

Our Group operates in multiple jurisdictions and is exposed to market, business, and financial risks arising from geopolitical tensions, macroeconomic instability, foreign currency fluctuations, and interest rate volatility. For example, appreciation of the RMB against the USD, EUR, or JPY could weaken our pricing competitiveness in overseas markets, while depreciation may increase procurement costs for imported components. Regulatory differences across jurisdictions, such as safety and environmental standards, also increase operational complexity and compliance costs. Such economic and regulatory uncertainties could materially impair our growth strategy, disrupt operations, and adversely affect our financial performance, business, and results of operations.

In addition, certain jurisdictions in which we operate have imposed or may impose sanctions, export controls, or other trade restrictions against certain countries, individuals and legal entities that have the effect of prohibiting or restricting certain business dealings and activities with such countries, individuals and/or legal entities. Sanctions and export control laws or regulations could change in a way that could affect our business, exports or sales activities and/or could result in investigations, penalties or fines. Changes in trade policies, tariffs, or local market regulations could therefore disrupt supply chains, reduce revenue, or limit market access.

RISK FACTORS

Our operations are subject to cybersecurity, data privacy and personal information protection risks, and any non-compliance or security incident could adversely affect us.

We rely on information technology systems to support our business operations, including production management, supply chain coordination, financial reporting and internal communications. In the course of our business, we may collect, process and store certain data, which may include business-sensitive information and limited personal information of employees and business contacts, subject to applicable cybersecurity, data privacy and personal information protection laws and regulations.

The regulatory framework governing cybersecurity and data protection in the PRC and other jurisdictions where we operate is evolving and becoming increasingly stringent. We are required to comply with various requirements relating to data classification, storage, transmission, cross-border transfer, security assessments and incident reporting. Any failure to establish and maintain appropriate policies, systems and controls, or any misinterpretation of applicable requirements, could result in non-compliance with the relevant laws and regulations.

Our IT systems and data may also be vulnerable to cyber-attacks, hacking, phishing, malware, ransomware, unauthorized access, misuse or other security incidents. Any actual or suspected data breach or loss, or any material disruption to our IT systems, could result in business interruptions, loss of data, increased recovery costs, reputational damage and potential regulatory inquiries or penalties. If any of the foregoing events occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

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

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

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

As we conduct business across multiple jurisdictions, our operations are subject to evolving international trade policies, geopolitical developments and trade protection measures, including tariffs, export and import controls, economic or trade sanctions and other regulatory restrictions. In recent years, heightened geopolitical tensions and national security considerations have led to increased uncertainty and volatility in global trade environments.

RISK FACTORS

The scope, interpretation and enforcement of applicable trade laws and regulations may change from time to time, and new restrictions or compliance requirements may be imposed on cross-border transactions, technology transfers, sourcing activities or market access. Any such changes may increase our compliance costs, disrupt our supply chain, restrict our ability to serve certain customers or markets, or otherwise adversely affect our business operations.

In addition, the imposition of export control measures or economic or trade sanctions, whether directly targeting us or indirectly affecting our suppliers, customers or business partners, could limit our access to certain products, technologies or components, reduce demand for our products, or impair our ability to conduct cross-border business. During the Track Record Period, the Group’s products were supplied to downstream industrial end customers, a majority of whom were based in the PRC, with a smaller proportion in jurisdictions across regions such as North America, Europe, the Middle East and Asia. It is possible that (i) any of our products may become subject to export controls or trade restrictions, (ii) our customers may become sanctioned, (iii) the materials and components needed for our operations may become subject to export controls, import controls, or other trade restrictions, or (iv) our suppliers may become subject to sanctions, thereby affecting our ability to source our inputs, manufacture our products, and/or supply to our customers in accordance with applicable laws and regulations. Furthermore, as we are looking to expand our business in other jurisdictions, our ability to do so would also depend on the scope and applicability of any relevant trade controls or restrictions. We cannot assure you that we will be able to timely anticipate, fully mitigate or effectively manage all such risks. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Policies on foreign investment in the PRC and other jurisdictions where we operate may adversely affect our business and results of operations.

As we conduct business in the PRC and expand into overseas markets, we are subject to foreign investment laws, regulations and policies in the PRC and in other jurisdictions in which we operate or seek to expand. These laws and regulations may govern, among other things, market entry requirements, ownership structures, approval, filing or licensing procedures, ongoing compliance obligations and restrictions on foreign investment activities.

Foreign investment policies, regulations and their interpretation and enforcement may change from time to time and may differ significantly across jurisdictions. In recent years, heightened geopolitical tensions and national security considerations have led to increased scrutiny of foreign investment, more restrictive investment review regimes and greater regulatory uncertainty in certain countries and regions. Such developments may result in additional regulatory approvals, restrictions, conditions or compliance requirements being imposed on our existing operations or future expansion plans.

Any tightening of foreign investment policies or adverse changes in applicable laws and regulations could restrict our ability to invest in, expand or restructure our business in the PRC or overseas markets, increase our compliance costs, delay or prevent the implementation of our business strategies, or limit our access to certain markets. In addition, any failure to comply with applicable foreign investment laws and regulations may expose us to penalties, fines, remedial measures or reputational damage.

We cannot assure you that future changes in foreign investment policies or regulatory environments in the PRC or other jurisdictions will not adversely affect our business operations. As a result, our business, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

Our Group’s operations face risks from changes in diplomatic and international trade relationships which could adversely affect our business.

Our business is influenced by global macroeconomic conditions and the international trade environment. Changing trade relations between China and certain other countries or regions that may result in an unfavorable imposition or expansion of tariffs, trade barriers, investment restrictions, sanctions, export controls or other trade restrictions may adversely affect our cross-border trade and investment flows.

In recent years, the U.S. in particular has imposed sanctions and export controls measures that directly or indirectly affect PRC companies. These regulatory measures are subject to frequent changes, depending on the prevailing national security and foreign policy objectives that drive them. Accordingly, the implementation and enforcement of these regulatory changes in sanctions and export controls involve substantial uncertainties which may be beyond our control. BIS for example maintains the Entity List, which is a list of persons that are subject to heightened export control restrictions. The U.S. in recent years has also placed an increasing number of PRC entities on the Entity List and other restricted party lists. Similar restrictions may also be imposed by other jurisdictions in the future.

Such measures could increase our costs of or restrict us from exporting products to, or importing components and equipment from, affected markets, or limit our ability to serve customers or source supplies in certain jurisdictions. Our overseas sales and operations may also be impacted by changes in customer procurement policies, localization requirements or supply chain restructuring driven by geopolitical considerations.

These rapidly evolving restrictions also mean that we will need to maintain heightened internal controls to ensure ongoing monitoring for compliance with such restrictions, which requires significant resources.

In addition, heightened geopolitical tensions may lead to volatility in currency exchange rates, commodity prices and financial markets, which could indirectly affect our business performance.

If geopolitical tensions, trade restrictions or related measures continue or intensify, our revenue growth, profitability and expansion plans in certain markets may be adversely affected. Any material adverse change in the international trade environment could negatively impact our business, financial condition, results of operations and prospects.

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

Under current PRC tax laws and regulations, non-resident enterprise and individual holders of our H Shares may, in certain circumstances, be subject to PRC income tax on dividends they receive from us and on any gains realized from the transfer of our H Shares, depending on factors such as their tax residency status, the existence of applicable tax treaties or arrangements, and the interpretation and enforcement of relevant tax rules by PRC tax authorities.

The PRC tax treatment applicable to non-PRC holders of our H Shares may be subject to changes in laws, regulations, tax treaties or administrative practices. There can be no assurance that the current tax treatment will remain unchanged, or that the PRC tax authorities will not adopt different interpretations or enforcement approaches in the future. Any increase in PRC tax liabilities, or any uncertainty or inconsistency in the application of tax rules, could affect the net returns received by non-PRC [REDACTED] from their [REDACTED] in our H Shares.

Potential [REDACTED] are advised to consult their own tax advisors regarding the PRC and other tax consequences of holding and disposing of our H Shares. Any adverse change in applicable tax treatment could negatively affect [REDACTED] returns and, in turn, our ability to attract and retain non-PRC shareholders.

RISK FACTORS

Uncertainties in serving legal process and enforcing judgments against us and our key personnel could materially hinder remedies and adversely affect our business.

Our operations span jurisdictions with evolving legal systems where recently enacted laws may not fully address commercial activities. Local courts may apply statutory provisions or contract terms inconsistently, reject judgments, or interpret regulations retroactively. Administrative and regulatory authorities may also exercise discretion in ways that complicate legal recourse. For example, our Group or key personnel could face lawsuits in jurisdictions where enforcement mechanisms are uncertain, which may result in prolonged proceedings, substantial litigation costs, diversion of management attention, and resource allocation away from core operations. Uncertainty in legal enforcement could hinder our ability to collect receivables, enforce contracts, or protect intellectual property rights. These factors could materially and adversely affect our business operations, financial condition, and results of operations.

The legal systems of the jurisdictions where we operate vary significantly, which may affect our judgment on legal requirements and our ability to enforce contractual rights.

We operate in countries that follow civil law systems, common law systems, or hybrid legal systems, where interpretation and application of laws can differ widely. Civil law systems often give limited precedential value to prior court decisions, while recent laws or regulations may be subject to reinterpretation. As a result, legal advice and risk assessment in one jurisdiction may not accurately predict outcomes in another. For example, enforcement of contractual obligations or intellectual property rights may be delayed, denied, or require additional compliance procedures. These legal uncertainties could complicate decision-making, expose us to unforeseen liabilities, or impede the timely execution of commercial agreements, materially and adversely affecting our operations, financial condition, results of operations, and prospects.

RISKS RELATING TO THE [REDACTED]

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

As our A Shares are listed on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Any failure to comply with these regulatory requirements may result in regulatory inquiries, criticisms, sanctions or other disciplinary actions, and may adversely affect our reputation and ability to access the capital markets. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED] volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

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There has been no prior [REDACTED] market for our H Shares and an active trading market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no [REDACTED] market for our H Shares. We cannot assure you that a [REDACTED] market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [REDACTED]. As the [REDACTED] of our H Shares is higher than the [REDACTED] consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be an indication of the market price of our H Shares at which our H Shares will be traded following the completion of the [REDACTED]. If an active [REDACTED] market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could result in substantial losses to you.

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

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

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRSs. The declaration, payment and amount of any future dividends are subject to the discretion of our Board of Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board of Directors may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of Chinese Mainland. For details, see “Financial Information — Dividends” in this Document. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Future sales or perceived sales of our H Shares in the [REDACTED] market could have a material adverse effect on the [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 our H Shares or other securities relating to our H Shares in the [REDACTED] market by our Shareholders,

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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 equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. 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 H 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, 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 trading volume of our H Shares.

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

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

You should read the entire [REDACTED] carefully and should not rely on any information contained in press articles or other media relating to us, our H Shares or the [REDACTED].

We strongly caution our investors not to rely on any information contained in press articles or other media coverage relating to us, our H Shares and the [REDACTED]. Prior to the publication of this Document, there may be press and media coverage regarding the [REDACTED] and us. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it and our investors should not rely on such information.

Certain facts, forecasts and other statistics in this Document obtained from official government publications have not been independently verified and may not be reliable.

Certain facts, forecasts and other statistics contained in this Document are derived from various sources, including (i) official government publications and (ii) industry research reports commissioned in connection with the [REDACTED]. Information derived from official government

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publications has not been independently verified by us, the Sole Sponsor or any of their respective affiliates or advisors. Investors should therefore consider carefully how much weight to attach to facts or statistics sourced from official government publications. Information derived from industry research reports commissioned for the purposes of the [REDACTED] has been reviewed and approved by the relevant industry experts, and our Directors and the Sole Sponsor take responsibility for the accuracy and completeness of such information as required under the applicable Listing Rules and Chapter 3.4 of the Guide for New Listing Applicants.

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”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, 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. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.