

RISK FACTORS

An investment in our H Shares involves various risks. You should carefully consider all the information in this Document and in particular the risks and uncertainties described below before making an investment in our H Shares. The following is a description of what we consider to be our material risks. The occurrence of any of the following risks could materially and adversely affect our business financial condition and results of operations. If any of these events occurs, the [REDACTED] of our H Shares could decline and you may lose all or part of your investment.

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated will not be updated after the date hereof and is subject to the cautionary statements in “Forward-looking Statements.”

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The mica product market in the new energy sector is highly competitive, and we may not compete effectively.

The mica product market in the new energy sector is highly competitive and rapidly evolving, characterized by high technical barriers, evolving industry standards and increasingly stringent regulatory requirements. According to Frost & Sullivan, the global and China market sizes are expected to reach RMB4.7 billion and RMB3.9 billion in 2025, respectively, and further grow to RMB14.7 billion and RMB12.1 billion in 2030, representing CAGRs of 26.2% and 24.9% from 2026 to 2030, respectively. This sector demands continuous innovation in material science, process engineering and application development, as well as close integration with applications in NEVs and energy storage systems. We face intense competition from established global and domestic mica-based composite material suppliers, as well as leading manufacturers in related sectors who are developing proprietary technologies and products in-house. The continuous emergence of new entrants and disruptive technologies further intensifies competition. In addition, downstream customers’ increasing tendency towards vertical integration and the industry’s shift towards customized, system-level products may reshape the competitive landscape and reduce our market opportunities.

To maintain our competitive position, we must invest significantly in R&D. During the Track Record Period, our R&D expenses amounted to RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 39.4%, 44.1%, 37.3%, 35.6% and 38.8% of our total operating expenditure. We must also enhance our intellectual property portfolio and rapidly adapt to changing customer demands and technological trends. The development and commercialization of mica-based composite materials and related products require substantial capital investment and long lead times, and there is no assurance that our efforts will result in market success. Many market opportunities remain in early stages, making it difficult to predict customer demand or penetration rates. Failure to innovate, adapt to industry changes, or accurately forecast customer needs could result in loss of market share and have a material adverse effect on our business, financial condition and results of operations.

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If we cannot timely and cost-effectively develop advanced technologies and products that satisfy evolving requirements, our business and financial performance would be materially harmed.

Our future business, financial condition, results of operations and competitive position depend on our ability to efficiently and promptly develop high-performance mica-based composite materials and related products and key precision structural components, including advanced insulation materials and precision structural components, that meet evolving market demands, customer requirements and regulatory standards.

Developing innovative mica-based composite materials and related products and key precision structural components requires deep expertise in material science, process engineering, product design and application development. We may encounter significant technical or production challenges and delays in developing or launching new products, including supply chain disruptions, quality control issues, and the complexity involved in integrating new materials or technologies into existing systems and processes. To remain competitive, we must continue to: (i) design innovative, high-performance and reliable products that differentiate us from competitors; (ii) collaborate effectively with customers and strategic partners on new designs and customization; (iii) respond swiftly to technological changes and competitor offerings; and (iv) adapt to shifting customer preferences, market conditions and regulatory standards across different regions and application scenarios in a timely and cost-effective manner.

Rapid changes in technology or regulation could significantly impact our business prospects. Failure to adapt to such changes may harm customer relationships, lead to loss of business and erode our position as a trusted partner across industry value chain. There is no assurance we can keep pace with technological evolution, recoup development costs, or adapt our products to meet emerging requirements efficiently. If we experience delays or fail to develop and launch new technologies or products as expected, our ability to meet customer needs or expand into new markets, including robotics and other new industrial sectors, may be compromised, which could materially and adversely affect our business, financial condition, results of operations and competitive position.

If the NEV sector adopts alternative battery technologies or insulation materials, or alternative thermal protection and insulation solutions become more competitive, the demand for our mica-based composite materials and related products may be materially and adversely affected.

Our mica-based composite materials and related products are designed to meet the insulation and safety requirements of NEVs. Should industry standards or our customers shift toward insulation products that offer lower cost, superior performance, or greater sustainability, or benefits enabled by new battery technologies, our products may be displaced or rendered obsolete in key market segments. We also face competition from alternative thermal protection and insulation materials and solutions used in battery systems, which may include flame-retardant foam, aerogel felt, and ceramicized silicone rubber. Depending on the relevant application scenario, such alternatives may offer different trade-offs from mica-based composite materials in terms of thermal insulation, flame resistance, electrical insulation, thickness, weight, cost, availability and ease of integration.

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The rapid development of substitute materials and battery technologies could further weaken our competitive position and compress pricing power. The competitiveness of mica-based composite materials relative to such alternatives may also vary depending on battery cell format, battery pack design, performance requirements, safety standards, customer preferences and supply conditions. Failure to anticipate or respond effectively to these technological changes may result in loss of market share, margin pressure, and declining demand. Advances in battery system architecture or changes in vehicle design could also reshape traditional insulation requirements, further impacting our core markets.

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

Our historical rapid growth may not necessarily represent or guarantee our future results of operations. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue was RMB800.3 million, RMB1,134.8 million, RMB1,375.8 million, RMB572.5 million and RMB898.4 million, respectively. Going forward, our business performance may be affected by various factors, including market conditions, technological advancements in the industry and changes in customer demand, which could lead to fluctuations or declines in our revenue, profitability and market share. Accordingly, investors should not rely solely on our historical growth as an indicator of future performance. If we fail to sustain growth or effectively address potential challenges, our business, financial condition and results of operations could be adversely affected.

Any unexpected disruption at our production facilities could significantly impact our ability to deliver customized products, thereby adversely affecting our business, financial condition and results of operations.

Our production operations are concentrated in several key bases, both within China and internationally, which collectively support the manufacturing, assembly and quality control of our core mica materials and precision structural components. These facilities are integral to our ability to fulfill customer orders, maintain production schedules and respond to market demand in a timely manner.

The uninterrupted operation of our production bases depends on a variety of factors, including the availability of skilled personnel, stable supply of raw materials and utilities, effective maintenance of equipment and compliance with relevant safety and environmental regulations.

Our facilities remain exposed to a range of operational risks, including natural disasters such as earthquakes, floods or fires, industrial accidents, equipment malfunctions, power or utility outages, supply chain disruptions and other unforeseen events. Should any of our production bases experience a significant interruption or shutdown, we could face delays in fulfilling customer orders, increased operational costs and potential loss of revenue. Such disruptions may also damage our reputation, erode customer trust and result in the loss of business opportunities. The costs associated with repairing or replacing damaged facilities or equipment may be substantial and could exceed the limits of our insurance coverage. In addition, we supplement our in-house manufacturing capacity by engaging third-party manufacturers for certain components. Any operational issues, quality failures, or supply delays at these third-party partners could further compromise our ability to deliver products on schedule and to the required standard.

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We are exposed to risks associated with our global presence and will continue to be subject to such risks as we continue to expand our business overseas. Changes to the global economic environment as well as diplomatic and trade relationships could result in fluctuations to the demand for our products.

Our international business may be affected by changes in political and economic relations between countries, sanctions and export controls imposed by government authorities and other geopolitical challenges, including but not limited to economic and labor conditions, increased tariffs, taxes, export restrictions and other trade protection measures. During the Track Record Period, our products sold to customers outside Chinese mainland were primarily concentrated in strategic markets such as Asia, Europe and Americas. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue generated from overseas markets accounted for 40.6%, 50.5%, 46.6%, 47.8% and 47.2% of our total revenue, respectively.

Trade barriers, such as the recent additional tariffs imposed by the U.S. government on major trading partners including China, or anti-dumping measures, may affect the margins on sales of our products, weaken the price competitiveness of our products and suppress customer demand. Since early 2025, the U.S. government has implemented a series of tariffs on imports from China, with rates peaking at 145% in April 2025. Following several rounds of tariff adjustments and the ruling by the U.S. Supreme Court, during the Track Record Period and as of the Latest Practicable Date, the additional cumulative U.S. tariffs applicable to our products generally ranged from 20% to 37.5%. Such tariffs mainly comprised Section 301 tariffs of either 7.5% or 25% and a 12.5% Section 301 Forced Labor Tariff, as applicable. In addition, only three types of our products, in addition to being subject to the applicable 25% Section 301 tariff, may also be subject to additional Section 232 tariffs ranging from 25% to 50%, depending on their material composition and applicable tariff classification. These tariff policies remain subject to rapid changes, and we cannot predict how tariff measures in various jurisdictions may further evolve or anticipate the potential impact of subsequent policy adjustments on our business. If customers reduce their orders, or if we are required to adjust our pricing strategies due to changes in competitive dynamics, our business, financial condition and results of operations will be adversely affected.

The United States and other jurisdictions or organizations, including the EU, the United Nations, the United Kingdom and Australia, have, through executive orders, legislation or other regulatory means, implemented measures that impose economic sanctions and export controls against such countries or against targeted industry sectors, companies, entities and/or organizations and individuals within such countries. During the Track Record Period, our products were sold to non-sanctioned customers located in jurisdictions subject to international sanctions. In addition, we engaged in certain limited transactions with customers or suppliers that were designated on applicable sanctions or restricted-party lists during the Track Record Period. See “Business — Business Activities Subject to International Sanctions.”

Geopolitical and trade conflicts like this may also lead to volatility in financial markets, fluctuations in currency exchange rates and increased procurement costs. In extreme cases, such conflicts could result in economic downturns that materially and adversely affect our operations. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if any government takes retaliatory trade actions due to recent global trade tensions, such changes could have an adverse effect on our business, financial condition and results of operations.

Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets, or affect our supply chain. As the sanctions, trade and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may affect or target some of our customers or suppliers, raw

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materials or key components or technologies necessary for our operations, in which event our business may be adversely affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us.

We are subject to the risk of customer concentration, and our revenue could be adversely affected if we lose or are prevented from selling to any of our top customers.

Our customers primarily comprise leading NEV manufacturers and battery manufacturers. Our business model requires close collaboration with these customers throughout product definition, validation and mass production, resulting in a concentrated revenue base. In 2023, 2024, 2025 and the six months ended June 30, 2026, our revenue from the five largest customers in each year/period during the Track Record Period was RMB333.9 million, RMB480.7 million, RMB585.1 million and RMB428.5 million, respectively, accounting for 41.7%, 42.3%, 42.5% and 47.7% of our total revenue, respectively. In the same year/period, our revenue from the single largest customer in each year/period during the Track Record Period was RMB86.2 million, RMB140.8 million, RMB191.1 million and RMB103.5 million, accounting for 10.8%, 12.4%, 13.9% and 11.5% of our total revenue, respectively. See “Business — Our Customers.”

Customer decisions may be influenced by factors beyond our control, including macroeconomic conditions, changes in NEV demand, internal policy adjustments, cost optimization initiatives, in-house development plans, delays in model launches or supply chain restructuring. Changes in their product strategies, sales performance, platform cycles or supplier selection criteria may directly affect our order volume and production planning. The loss of a major customer, reduction in orders or delays in customer production schedules could lead to significant fluctuations in our revenue and profitability. Securing new customers or replacing lost business may require substantial time and resources and may not fully offset the impact of reduced orders from existing customers. Any such developments could adversely affect our business, financial condition and results of operations.

Any failure to maintain high standards of technical support, customization, or ongoing service could undermine our customer relationships.

We primarily serve customers in NEV, home appliance, cable and robotics by providing customized mica-based composite materials and related products and key precision structural components. Our collaboration with key customers typically begins at the product development stage, requiring us to closely align with their technical requirements and project timelines. As our business continues to grow and our customer base becomes increasingly diverse, we face rising demands for tailored products, rapid response and comprehensive after-sales service, which increases the complexity of project integration, technical support and service delivery. We maintain long-term partnerships with many core clients, which require us to consistently deliver high-quality service and technical support throughout the product lifecycle.

If we fail to expand our service capacity, recruit and retain qualified personnel, or establish a robust support system capable of addressing the diverse and complex needs of our customers, we may experience inadequate or delayed responses to customer requests. This could result in customer dissatisfaction, negative publicity, reduced repeat business and loss of market share. Unresolved service issues may escalate into complaints, warranty claims, or legal disputes, further impacting our reputation and operational performance.

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Furthermore, our ability to maintain close technical collaboration and respond promptly to evolving customer needs and product iteration requirements is critical to sustaining customer confidence and future cooperation opportunities. Any failure to maintain high standards of customer service may materially and adversely affect our business, financial condition and results of operations.

Products that fail to meet their specifications or are defective could lead to safety issues, product recalls, liability claims or loss of business.

As a provider of advanced high-temperature resistant mica-based composite materials and related products and key precision structural components for applications in NEVs, home appliances, cables and robotics, our products are often essential to the safety, reliability and performance of our customers’ systems. Any undetected defects, quality issues, or serious errors in our products could result in safety incidents, product recalls, liability claims, or regulatory penalties, which may have a material adverse effect on our business, financial condition and reputation.

We may not be able to eliminate all risks of defects or errors. If any of our products are found to have safety-related issues or fail to perform as expected, we may be required to conduct recalls, provide replacements or repairs, or face product liability claims and regulatory sanctions. Such events could result in significant financial costs, loss of customer trust, reputational damage and a decline in market share. Furthermore, negative publicity or concerns regarding the safety and reliability of our products could adversely affect our relationships with key customers and business partners.

We have made and expect to continue making significant investments in R&D, which may negatively affect our profitability and operating cash flow, and there is no guarantee that these investments will achieve the desired outcomes.

Our ability to maintain technological competitiveness in mica-based composite materials and related products and key precision structural components depends on sustained investment in R&D. During the Track Record Period, our research and development expenses amounted to RMB45.1 million, RMB61.3 million, RMB65.5 million, RMB26.4 million and RMB47.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 39.4%, 44.1%, 37.3%, 35.6% and 38.8% of our total operating expenditure for the respective periods. See “Business — Research and Development.” We expect to continue expanding these efforts as downstream requirements evolve and new performance standards emerge. These expenditures may increase our operating costs and reduce profitability and operating cash flow, particularly during periods of product transition.

R&D activities involve inherent risks, including uncertainties in technical feasibility, unexpected engineering challenges, extended validation timelines and changes in customer specifications. Commercial success depends on market acceptance, cost competitiveness and alignment with customer project schedules, all of which are subject to external factors beyond our control. Newly developed technologies may not achieve the performance, reliability or cost targets anticipated and may require further investment before commercialization. Failure to deliver commercially viable products in a timely manner or to recover R&D costs through future sales may adversely affect our business, financial condition and results of operations.

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In addition, emerging technologies may render our existing or developing technologies or products obsolete or less competitive, limiting our ability to recover related development costs and potentially leading to declines in revenue, profitability and market share. Our R&D efforts may not contribute to our results of operations for several years, if at all, and such contributions may fall short of expectations or fail to cover the associated costs, which could materially and adversely affect our business, results of operations, financial condition and competitive position.

If we are unable to attract, hire, retain and motivate our senior management, key engineers and employees, our business may be harmed.

Our business and ongoing innovation depend on the expertise and stability of our senior management, technical leaders and skilled employees, particularly those engaged in R&D, product engineering and project management. Our R&D personnel collectively possess substantial experience in product development and industrial applications. Intense competition for highly qualified personnel in our industry may make it difficult to attract and retain top talent. If our key management or technical staff were to leave the company or join competitors, our ability to advance core technologies, deliver customized products and maintain customer relationships could be significantly compromised. Changes in our management team or loss of key engineers may disrupt our business operations and delay product development.

External factors such as labor market conditions, rising compensation expectations and evolving employment regulations may further increase the cost and complexity of maintaining a stable and capable workforce. If we fail to recruit, retain, or motivate qualified personnel, or if our compensation programs and workplace culture cease to be viewed as competitive, our ability to innovate and execute our business strategy may be weakened. Any such event could materially and adversely affect our business, financial condition, results of operations and competitive position.

We may not be able to effectively identify or pursue targets for acquisitions, and we may not be able to successfully integrate businesses we acquire, which may cause us to lose anticipated benefits from such acquisitions.

We may seek to expand our business and enhance our technological capabilities through acquisitions of companies or businesses that complement our existing operations. However, there is no assurance that we will be able to identify suitable acquisition targets or complete acquisitions on favorable terms, in a timely manner, or at all. The process of identifying, evaluating and executing acquisitions is time-consuming and costly and may involve uncertainties and risks, including difficulties in conducting comprehensive due diligence and identifying all potential risks. Our acquisition activities involve significant risks and uncertainties, including difficulties in identifying suitable targets, conducting due diligence, negotiating and completing transactions on acceptable terms, and integrating acquired businesses, technologies, personnel and systems. We may be unable to realise the anticipated benefits, synergies, cost savings or efficiencies, and any failure to integrate or manage acquired businesses could adversely affect our business, financial condition and results of operations. In addition, we may face valuation risk and may overpay for targets, and the actual performance of any acquired business may differ materially from our expectations.

Even if we successfully acquire new businesses, integrating their operations with our existing business may present significant challenges. These may include: (i) failure to realise the anticipated commercial or strategic benefits underlying the acquisitions; (ii) limited or delayed realisation of expected synergies; (iii) lower-than-expected cost savings or operational efficiencies, or delays in achieving such cost savings or efficiencies; (iv) failure to generate the

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expected revenues, profitability or returns, or the incurrence of operating losses during or after the integration process; (v) potential ongoing financial obligations and undisclosed liabilities; (vi) inability to apply our business model or standardized procedures to acquisition targets; (vii) difficulties in integrating acquired operations, personnel and systems; (viii) challenges in adapting to new administrative and regulatory environments; (ix) failure to achieve intended objectives, synergies, or revenue-enhancing opportunities; (x) failure to protect and maintain acquired intellectual property rights; and (xi) diversion of management attention and resources from our core business.

If we are unable to effectively identify, pursue, or integrate acquisition targets, we may not realize the anticipated benefits of such acquisitions, which could adversely affect our business, financial condition, results of operations and growth prospects.

Our reliance on third-party suppliers for production materials may expose us to risks relating to supply chain disruptions, quality control or non-compliance, which may harm our business.

As a company engaged in the research, development, production and sale of mica-based composite materials and related products and key precision structural components, our operations are highly dependent on the stable and timely supply of key raw materials and production materials, including different types of mica, resin-based adhesive systems, adhesive tapes and foams, glass fiber cloth, chemical raw materials, and production equipment from third-party suppliers, both domestic and international. Our supply chain may be adversely affected by global raw material shortages, geopolitical tensions, trade restrictions, natural disasters or other unforeseen events. In particular, the supply of mica ore may be affected by mining regulation, permit requirements, environmental and labor compliance issues, export procedures or logistics disruptions in the jurisdictions where such ore is sourced, which could adversely affect our raw material procurement, production and results of operations.

Any significant disruption in the supply of key raw materials or components, or a substantial increase in their costs, including changes in the availability or pricing of different types of mica and resin-based adhesive systems used in our mica-based composite materials, could result in production delays, increased manufacturing expenses, an inability to fulfill customer orders, or the need to adjust product formulations or sourcing arrangements. Changes in the types of mica or resin systems used in our mica-based composite materials may also affect product performance, including fire resistance and high-temperature resistance, while changes in adhesive content would generally not materially affect such performance but may affect product strength and structural integrity. If we are unable to maintain consistent product performance or meet customer specifications, including as a result of changes in raw material composition or supplier quality, our business operations, financial condition, results of operations and future prospects could be materially and adversely affected. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our material costs were RMB236.4 million, RMB419.2 million, RMB483.5 million, RMB189.2 million and RMB334.3 million, respectively. In particular, the proportion of our material costs attributable to adhesive tapes and foams increased significantly from 14.1% in 2023 to 30.3% in 2024 and 33.4% in 2025, while the proportion attributable to mica decreased from 28.5% in 2023 to 23.2% in 2024 and 20.8% in 2025. The proportion of our material costs attributable to adhesive tapes and foams increased from 30.5% in the six months ended June 30, 2025 to 34.8% in the six months ended June 30, 2026, while the proportion attributable to mica decreased from 21.1% in the six months ended June 30, 2025 to 17.1% in the six months ended June 30, 2026. The loss of major third-party suppliers may require us to make product design adjustments, experience delivery delays, or miss opportunities to access critical technologies, which could negatively impact the

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quality of our products, delivery timelines and brand reputation. Furthermore, if we are unable to effectively control procurement costs or pass them on to customers due to competitive pressures, our profitability and operational efficiency may also be adversely affected.

Failure to successfully implement our business plans and strategies, including our production expansion initiatives, could materially and adversely affect our operations and prospects.

As our business grows, we may need to expand production capacity by adding new lines, upgrading facilities, or establishing new bases. However, we cannot assure you that such expansion will be completed on time or at all, or that the expanded capacity will meet future demand. Challenges such as funding constraints, regulatory approvals, site selection and sourcing of equipment and materials may arise. Shortages of skilled personnel or unforeseen factors affecting construction progress could further delay completion.

In addition, our ability to achieve our strategic objectives depends on a variety of factors, including our capacity to adapt to market changes, respond to competitive pressures and effectively allocate resources. If we are unable to execute our business strategies as planned, we may lose market opportunities, fail to capture anticipated synergies, or be unable to respond promptly to evolving industry trends. Even if expansion is achieved, inaccurate demand forecasts or reduced customer demand could lead to excess capacity and underutilization, adversely impacting profitability. Moreover, if we fail to execute our broader business strategies as planned, our growth objectives may not be achieved, and our business, financial condition, results of operations and prospects may be materially and adversely affected. See “Business — Our Strategies.” and “Future Plans and Use of [REDACTED].”

We recently launched our precision structural component business for robotics. If our new business expansion plan is not successful, our business, prospects and growth momentum may be materially and adversely affected.

We have recently launched our precision structural component business for robotic applications and continue to execute various strategies to expand our business, including increasing investment in R&D for core technologies and products, expanding into global markets and diversifying product application scenarios. However, business expansion involves risks and challenges. These new initiatives are still in the exploratory stage and some may ultimately prove unsuccessful. It may take longer than expected to develop the necessary technologies and establish market acceptance for new products and we may lack sufficient experience in effectively executing these initiatives.

We cannot assure you that these new businesses will achieve the anticipated market acceptance or deliver the desired outcomes. If our efforts fail to enhance commercialization capabilities, we may be unable to maintain or increase revenue or recover related costs, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We may be involved in legal proceedings and disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be involved in legal proceedings and disputes, which could have a material adverse impact on our reputation, business, results of operations and financial condition. We may become involved in legal proceedings and commercial or contractual disputes in the ordinary course of business. We cannot assure you that we will not be involved in various legal

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proceedings and other disputes in the future, which may expose us to additional risks and losses. In addition, we may be required to pay legal fees related to such disputes, including costs associated with appraisal, auction, enforcement and legal advisory services.

Litigation and other disputes may lead to inquiries, investigations and lawsuits by regulatory authorities and other government agencies, and may result in reputational damage, increased operating costs and diversion of resources and management attention from our core business. Business disruptions caused by judgments, arbitration and legal proceedings against us, or adverse litigation outcomes against our directors, senior management, or key employees, may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights, which could harm our business and competitive position and also make us subject to litigations brought by third parties.

Our success depends significantly on our ability to protect our proprietary technologies through intellectual property rights, particularly patents. See “Business — Intellectual Property.” There is no assurance that we will be able to apply for and obtain new intellectual property rights in a timely or cost-effective manner. The application process can be expensive and time-consuming and, for filings across multiple jurisdictions, may involve additional complexity due to differing standards and interpretations. Consequently, the scope of protection and the commercial value of our intellectual property portfolio may be affected.

A portion of our proprietary technologies, processes, and expertise is protected primarily through trade secrets rather than patents. Protection of trade secrets depends on our ability to maintain adequate confidentiality procedures and internal controls, as well as the effectiveness of contractual protections with employees and business partners. Such measures may not always be sufficient to prevent unauthorized disclosure or misappropriation, whether due to breaches of contractual obligations, cyber incidents, human error, or other unforeseen events. Once disclosed, we may be unable to re-establish trade secret protection, and competitors may gain access to or independently develop similar technologies. Any erosion of our trade secret protection could diminish our competitive position and the commercial value of our proprietary technologies.

We may also face risks arising from third parties infringing, misappropriating, or otherwise violating our intellectual property rights. Monitoring unauthorized use of our intellectual property can be difficult and costly, particularly across multiple jurisdictions, and we may not detect infringements promptly, if at all. Even when detected, enforcing our rights may require significant time and resources and may not ultimately be successful due to uncertainties in legal standards, evidentiary burdens, and judicial interpretations in different markets. As a result, our ability to maintain exclusivity, competitive advantages, and the commercial value derived from our intellectual property may be compromised.

In addition, we cannot assure you that our products, technologies, or business operations will not inadvertently infringe, misappropriate, or otherwise violate the intellectual property rights of third parties. The intellectual property landscape in our industry is complex and continually evolving, and third-party rights may not always be publicly available, clearly identifiable, or consistently interpreted across jurisdictions. As a result, we may face allegations or claims of infringement. Responding to such claims could require substantial financial and managerial resources, and we may be required to procure licenses on unfavorable terms, modify or cease certain products or services, or engage in protracted legal proceedings.

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Our insurance coverage may be insufficient to cover all customer losses or potential claims, which could adversely affect our business, financial condition and results of operations.

Our business is exposed to various risks that may not be adequately covered, or covered at all, by insurance. We cannot assure you that no product liability claims or other litigation will be brought against us, nor can we guarantee that we will be able to obtain product liability insurance or other relevant insurance on acceptable terms. If we suffer significant losses or liabilities due to fire, explosion, flood, or other natural disasters, disruptions to our network infrastructure, production facilities, or business operations, or any major litigation, our results of operations may be materially and adversely affected. Our current insurance coverage may be insufficient to prevent us from incurring losses, and we cannot be certain that we will be able to successfully claim compensation for our losses in a timely or full manner under our existing policies. If we are held liable for uninsured losses or claims that exceed our insurance limits, our business, financial condition and results of operations may be materially and adversely affected.

Labor relations, talent acquisition and rising workforce costs may materially affect our operations and financial performance.

Labor relations, talent recruitment, and rising labor costs may have a significant impact on our operations and financial performance. Our ability to attract, retain and motivate qualified talent is critical to our continuous innovation, product quality and market competitiveness. If employees engage in strikes or other work stoppages, our operations may be severely disrupted, or lead to sustained increases in labor costs, which could adversely affect our business, financial condition and results of operations.

Competition for highly skilled talent within the industry is intense, and we cannot guarantee that, as our business develops or market conditions change, we will be able to continuously recruit or retain personnel for key positions. In addition, rising labor costs, changes in employment regulations, or labor disputes may increase our operating expenses or disrupt production and R&D activities. Any deterioration in labor relations, inability to attract or retain core talent, or significant increases in labor costs could adversely affect our business operations, financial condition and results of operations.

Our business may be materially and adversely affected by force majeure events, natural disasters, or outbreaks of infectious diseases.

Any future occurrence of force majeure events, natural disasters, or epidemics and outbreaks of infectious diseases could materially and adversely impact our business, financial condition and results of operations. The outbreak of epidemics or infectious diseases may lead to widespread health crises and restrict business activities in affected regions, which could significantly disrupt our operations. In addition, natural disasters such as snowstorms, earthquakes, fires and floods may cause substantial damage to our production facilities, equipment and inventory, resulting in production delays, inventory shortages and obsolescence, thereby increasing our impairment losses and repair or replacement costs. These events may also lead to power outages, communication disruptions and transportation interruptions, further hindering our business operations.

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Any failure by third parties with whom we conduct business to comply with regulatory standards and requirements may disrupt our operations, damage our reputation and adversely affect our results of operations.

Third parties with whom we conduct business, such as suppliers and other business partners, may be subject to regulatory penalties or sanctions for non-compliance with applicable laws and regulations, or may infringe upon the legal rights of other parties, which could directly or indirectly disrupt our operations. Prior to entering into contractual relationships with third parties, we review legal documentation and certifications and implement measures to mitigate risks arising from potential breaches of contract by such third parties. However, we cannot guarantee that these third parties will not violate any regulatory requirements or infringe upon the legal rights of other parties.

We cannot rule out the possibility of incurring liabilities or losses due to non-compliance by third parties. We cannot assure you that we will be able to identify non-compliant or improper conduct in the business practices of third parties with whom we engage, or that such conduct will be promptly and appropriately rectified. Any legal liabilities or regulatory actions involving third parties relevant to our business may affect our operations and reputation and in turn, may have a material adverse impact on our business, reputation, financial condition and results of operations.

We may be required to make additional contributions to the social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for certain employees as required by relevant PRC laws and regulations. We estimate that the shortfall of social insurance and housing provident fund contributions in 2023, 2024, 2025 and the six months ended June 30, 2026 was approximately RMB7.5 million, RMB9.9 million, RMB15.5 million and RMB7.9 million. Please see “Business” — Employees.” An employer that has not made social insurance contributions in full and on time as prescribed by law may be ordered by social insurance contribution collection institutions to rectify and pay the required contributions within a stipulated deadline and be subject to a late payment fee. If the employer fails to rectify within the stipulated deadline, it may be subject to a fine. In addition, an employer that has not made housing provident fund contributions at the rate and based on the amount prescribed by law, or at all, may be ordered by the housing provident fund management center to rectify the noncompliance and pay the required contributions within a stipulated deadline. If the employer fails to rectify within the stipulated deadline, the management center may apply to the court for compulsory enforcement. We cannot assure you that the competent authorities will not require us to pay the outstanding amount and impose late payment fees or fines in the future. If we are subject to complaints or investigations related to non-compliance and are required to make additional contributions, late payments, or fines, our labor costs could increase, which may adversely affect our business, financial condition, results of operations and prospects.

Any unfavorable changes to our lease arrangements or any defects or delays associated with our land use rights could adversely affect our business and financial performance.

As of the Latest Practicable Date, we leased six properties in China with an aggregate gross floor area of approximately 40,939 sq.m., which were primarily used for office, production and warehouse purposes. The leases generally have a term ranging from three to eight years. If any lease is not renewed, if there is a substantial increase in rent or if a third party challenges our leasehold interests, our business and financial performance may be affected. Because we lease properties in various locations for office, production and

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warehousing purposes, our operations are susceptible to fluctuations in the property rental market. Before the expiration of each lease, we must negotiate renewal terms with the respective landlords. There is no assurance that our existing leases will be renewed on the same or favorable terms, particularly regarding rent amounts and lease terms. Any substantial increase in the rent of our leased properties may increase our rental and related expenses, which could materially and adversely affect our profitability. Similarly, there is no assurance that our existing leases will not be terminated by the landlords before the expiration of the relevant term.

During the Track Record Period and up to the Latest Practicable Date, we had not completed the registration of lease agreements for five of our leased properties in China. The lack of registration does not affect the validity of the lease agreements or require us to vacate these properties, but we may be ordered by the relevant authorities to complete the registration within a specified period and may be subject to fines ranging from RMB1,000 to RMB10,000 for each lease agreement that is not registered within the specified period. Any such penalties or requirements could have an adverse effect on our operations. See “Business — Properties — Leased Properties.”

We are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data or failure to comply with applicable laws and regulations could have a material and adverse effect on our business and prospects.

Our operations involve the collection, processing and storage of certain operational and technical data. We also collect personal information for internal administration and for business dealings with customers and suppliers. We have established a comprehensive data compliance system, which includes confidentiality undertakings, encryption protocols, antivirus software, access control mechanisms and audit logging, to safeguard sensitive information and ensure compliance with evolving regulatory requirements.

During the Track Record Period, we did not engage in cross-border data transactions and are not classified as a network platform operator processing personal information of over one million users or an operator of critical information infrastructure under the Cybersecurity Review Measures. Based on consultation with our data compliance advisor, during the Track Record Period and up to the Latest Practicable Date, we were in material compliance with the PRC laws and regulations relating to cybersecurity, data security and privacy protection, and had not been involved in any material violations, including the unlawful collection, use or provision of data. In addition, except for the cross-border transfer of personal information for the purpose of the [REDACTED], we had not conducted any data processing activities outside the PRC. However, with the increasing global focus on data privacy and cybersecurity and potential new laws and regulations introduced by the PRC legislature, our data management practices may face heightened scrutiny and additional compliance costs.

In addition, unauthorized access, cyberattacks, or data breaches could compromise our proprietary technologies, disrupt our operations, damage our reputation and result in the loss of customer trust. As we continue to expand our business and digital capabilities, we expect to face increasing challenges and costs in maintaining robust data compliance and cybersecurity measures.

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Any malfunctions of the operational systems, security systems, information technology infrastructure and integrated software in our products and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business and materially affect our customers’ trust in our products.

The efficient operation of our business depends on the smooth and efficient operation of the information technology systems. These enterprise systems encompass core operational domains including inventory management, production processes, quality assurance, internal collaboration and operational oversight. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems.

Such systems are subject to certain risks, such as malfunction, natural disasters and cybersecurity risks. Our cybersecurity measures may not detect or prevent all attempts to compromise our information technology systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our information technology systems or that we otherwise maintain.

Breaches of our cybersecurity measures could result in unauthorized access to our information technology systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our information technology system, which may materially and adversely impact our business and financial condition.

As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against these attacks. Any disruption to our information technology systems may cause interruptions in manufacturing capacity and maintenance of proper business operations and may cause further adverse impact on our reputation and the perception of our product quality.

We cannot guarantee that any disruption to our information technology systems or any system security risks will not occur in the future or that we could repair or replace information technology systems in a timely and cost-effective manner, all of which could adversely affect our business, financial condition and results of operations.

Negative publicity or rumors about us, our products, our management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

Our reputation and brand image are critical to our business development. However, any negative news, rumors, or false reports concerning us, our products, management, directors, employees, shareholders, customers, business partners or their affiliates, or the industry as a whole, could undermine public trust in us, resulting in customer attrition, disruption of business relationships, or a decline in market share. We cannot guarantee that we can completely prevent or promptly respond to the dissemination of such negative information. If such events occur, they may trigger regulatory investigations, legal proceedings, or other adverse consequences and could materially and adversely affect our business, financial condition and results of operations.

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We are required to obtain, maintain, renew or comply with required approvals, licenses, permits and certifications, failure of which would adversely affect our operations.

We are required to obtain, maintain, renew or comply with required approvals, licenses, permits and certifications for our operations. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by relevant authorities, and the standards for such renewals and reassessments may change in the future. We cannot guarantee that we will be able to successfully maintain or renew our existing permits, licenses, or other regulatory approvals, or obtain the necessary permits, licenses, or other approvals required for our future business operations in a timely manner. If at any time we fail to obtain the necessary renewals or otherwise maintain all approvals, licenses, permits and certificates required for our business, our operations may be severely disrupted, which could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that the government authorities with jurisdiction over our business activities will not revoke or substantially alter our licenses, permits, or approvals, nor can we assure you that our licenses, permits, or approvals will not be challenged or questioned in the future.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, financial condition, results of operations and prospects.

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or subject to periodic review. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, the government grants we recognized as other income amounted to RMB15.2 million, RMB12.9 million, RMB18.0 million, RMB10.2 million and RMB5.0 million, respectively. In addition, we enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For example, we were recognized as a high and new technology enterprise and were entitled to a preferential income tax rate of 15% instead of 25% during the Track Record Period. See Note 10 to the Accountants’ Report in Appendix I to this Document.

The authorities may decide to reduce or cancel such grants or preferential tax treatment, or require us to repay part or all of the grants we previously received at any time, which could adversely affect our business, financial condition, results of operations and prospects. As these grants are typically provided on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations and prospects.

If we fail to maintain appropriate inventory levels or effectively manage our inventory, we may experience lost sales opportunities or inventory overstock, which could adversely affect our financial condition and business operations.

Our inventory primarily consists of raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024, 2025 and June 30, 2026, our inventories were RMB171.0 million, RMB251.1 million, RMB378.4 million and RMB443.0 million, respectively. We must meet stringent requirements from our customers regarding safety, reliability and delivery timelines and are required to stock inventory in advance to ensure stable supply. If customer demand deviates from our expectations, if project timelines are delayed, or if market or technological conditions change, we may experience inventory build-up. Excess or slow-moving inventories may require write-downs or provisions and may result in higher storage costs, inefficiencies in capital utilization and pressure on our gross

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margins. Our ability to manage inventory levels depends on accurate demand forecasting, effective production planning and coordination with suppliers and customers. Any failure in these areas could have a material adverse effect on our business, financial condition and results of operations.

Our relatively long cash conversion cycle may increase our working capital requirements and strain our liquidity.

Due to the nature of our operations, a significant portion of our cash is invested in inventory before being recovered through customer collections. During the Track Record Period, our inventory turnover days were approximately 118 days, 100 days, 125 days and 125 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, which contributed to a relatively long cash conversion cycle when combined with customer credit terms and supplier payment arrangements. A prolonged cash conversion cycle means that cash outflows for procurement and production may precede cash inflows from customers by a significant period of time. This increases our working capital requirements and may exert pressure on our liquidity, particularly during periods of business expansion, inventory build-up in anticipation of orders, or delays in customer payments. If our operating cash flows are insufficient to support our working capital needs, we may need to rely on bank borrowings or other external financing. Any inability to manage our cash conversion cycle effectively could adversely affect our cash flow, financial condition and ability to fund our operations and growth initiatives.

We are exposed to credit risks related to delays in payment and customer defaults, which could adversely affect our liquidity, financial condition, and results of operations.

Our trade and notes receivables primarily arise from sales of products to customers under credit terms in the ordinary course of business. As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade and notes receivables were RMB226.9 million, RMB277.3 million, RMB364.3 million and RMB394.7 million, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, our trade and notes receivables (net of impairment) turnover days were 103 days, 81 days, 85 days and 76 days, respectively.

We may not be able to collect all such receivables due to factors beyond our control, including prolonged payment cycles of certain customers, adverse operating conditions or financial difficulties of customers, and customers’ inability to pay caused by delays in payment from their own end users. If customers delay or default on payments, we may need to make impairment provisions and write off the relevant receivables, which would negatively impact our liquidity and financial condition. Payment delays or defaults could result in slower turnover, increased working capital requirements, and liquidity pressure. Disputes arising from payment defaults may be time-consuming and costly, and recovery may not always be successful.

We may need additional capital, but we may not be able to obtain financing on favorable terms or at all.

We expect to incur additional capital expenditure and depreciation and amortization expenses associated with our future plans. Our capital expenditure amounted to RMB54.2 million, RMB103.7 million, RMB237.9 million, RMB77.8 million and RMB125.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, mainly including the purchase of property, plant and equipment and intangible assets. We plan to (i) expand global production capacity and build intelligent manufacturing systems; (ii) strengthen our technology capabilities and expand our business portfolio through strategic investments

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and acquisitions, (iii) invest in R&D and innovation for precision components for robotics and safety structural parts for new energy applications; and (iv) strengthen global marketing networks and enhance management efficiency. We expect to incur additional capital expenditure and depreciation and amortization expenses associated with these future plans. Failure to achieve production efficiency and other expected benefits from our future plans could negatively affect our financial condition and results of operations.

Fluctuations in exchange rates may adversely affect our results of operations.

The exchange rate of Renminbi against foreign currencies fluctuates and is affected by, among other factors, changes in international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar, or other currencies in the future. The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar, or any other foreign currency may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a given foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations, and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms. Furthermore, remittances of Renminbi into and out of China are subject to strict restrictions.

Our transfer pricing arrangements may be subject to scrutiny by relevant tax authorities in the countries and regions where we operate.

Under the applicable laws and regulations in relevant jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we established subsidiaries in Thailand, Mexico, Vietnam and Singapore to carry out our operations in various countries and regions. We could face material and adverse tax consequences if the relevant tax authorities determine that certain of our intra-group transactions do not represent arm’s-length negotiations and consequently adjust any of those entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

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RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

Changes in economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines could have a material and adverse effect on our business, financial condition and results of operations.

Our operations are exposed to the broader economic, political and social environments of the countries and regions in which we operate. Economic slowdowns, shifts in customer demand, inflationary pressure, fluctuations in interest rates or reduced availability of credit may affect demand for mica-based composite materials and related products and key precision structural components, especially in the NEV sector and other downstream industries, which may in turn influence the procurement plans of our customers and the demand for our products. Political or social changes, adjustments in industrial or environmental policies, increased regulatory scrutiny or evolving local content requirements may also affect our production planning, supply chain continuity or the competitiveness of our products in certain markets. Trade policy adjustments, tariff developments, customs measures and cross-border compliance requirements may create additional operational or financial burdens for companies engaged in international supply chains, including our own. Regulatory changes in areas such as product certification, safety standards, labor policies, taxation or environmental compliance may require us to make additional investments or operational adjustments. Any material deterioration in the economic, political or social environment of the markets in which we operate may adversely affect our business, financial condition and results of operations.

We may be subject to filing, approval or other regulatory requirements of the CSRC or other PRC governmental authorities for our future overseas capital raising activities.

PRC laws and regulations relating to overseas securities offerings and listings by domestic enterprises continue to evolve. Following the [REDACTED], if we conduct any future overseas offering of equity or equity-linked securities, debt securities or other capital raising activities that fall within the scope of applicable PRC regulatory requirements, we may be required to complete filing, reporting, approval or other procedures with the CSRC or other PRC governmental authorities.

On February 17, 2023, the CSRC promulgated the Trial Measures for the Administration of Overseas Issuance of Securities and Listing of Domestic Enterprises and the relevant implementation guidelines, which came into effect on March 31, 2023. The Trial Measures and related guidelines set out, among other things, filing requirements and procedures for overseas securities offerings and listings by PRC domestic enterprises. In addition, on February 24, 2023, the CSRC, the Ministry of Finance, the State Secrets Bureau and the State Archives Bureau issued the Provisions on Strengthening the Confidentiality and Archival Management of Domestic Enterprises in relation to Overseas Issuance and Listing of Securities, which came into effect on March 31, 2023 and impose confidentiality and archival management requirements in connection with overseas securities offerings and listings.

As the interpretation, application and enforcement of these rules may continue to develop, we cannot assure you that we will be able to complete any required filing, approval or other regulatory procedures for our future overseas capital raising activities in a timely manner, or at all. If we fail to complete such procedures, or if new rules, interpretations or regulatory practices impose additional requirements on our future financing activities, our ability to raise capital overseas may be delayed, restricted or otherwise adversely affected. This could limit our financing flexibility and may materially and adversely affect our business, prospects, financial condition and the [REDACTED] of our H Shares.

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You should assess the legal protections you are entitled to under legal system in the jurisdictions where we operate.

The legal system in the PRC is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have limited precedential value. The laws and regulations in the PRC is subject to further revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. Therefore, you should assess the legal protections you are entitled to under legal system in the PRC.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

Most of our Directors and executive officers reside within the PRC, and most of our assets are located within the PRC. Due to the difference in legal systems, it may be difficult for investors to effect service of process within certain jurisdictions outside the PRC upon us or those persons. Furthermore, the recognition and enforcement of a foreign judgment is subject to the satisfaction of certain conditions provided under the applicable PRC law, and the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or certain other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, satisfying the conditions on the recognition and enforcement of a foreign judgment in the absence of treaties providing for the reciprocal recognition and enforcement in China or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult, as is the case in certain other jurisdictions.

On January 18, 2019, the PRC Supreme Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the “**PRC-HK 2019 Arrangement**”). Under the PRC-HK 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the PRC-HK 2019 Arrangement. The outcome and effectiveness of any action brought under the PRC-HK 2019 Arrangement will be subject to the further review and verification of the local courts.

Our Company is a PRC enterprise and is subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

Under EIT Law and its implementation rules and subject to any applicable tax treaty or similar arrangement between Chinese mainland and a non-Chinese mainland investor’s jurisdiction of residence, dividends from Chinese mainland sources paid to investors that are non-Chinese mainland resident enterprises, who do not have an establishment or place of business in Chinese mainland, or whose relevant income is not effectively connected with such establishment or place of business, are generally subject to a Chinese mainland withholding tax at the rate of 10%. Any gains realized on the transfer of our Shares by such investors are also subject to a 10% Chinese mainland income tax rate if such gains are regarded as income from sources within Chinese mainland, unless a treaty or similar arrangement provides otherwise.

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Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within Chinese mainland paid to foreign individual investors who are not Chinese mainland residents are generally subject to a 20% Chinese mainland withholding tax rate, and gains from Chinese mainland sources realized by such investors on the transfer of Shares are generally subject to a 20% Chinese mainland income tax rate, in each case subject to any reduction or exemption under applicable tax treaties and laws in Chinese mainland. According to the Notice on the Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), dividends paid to non-Chinese mainland resident individual holders of H Shares are generally subject to a 10% withholding tax, depending on the existence and terms of tax arrangements between the jurisdictions where the individual holders reside and Chinese mainland, as well as the arrangements between Chinese mainland and Hong Kong. Non-Chinese mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese mainland are subject to a 20% withholding tax on dividends received from us.

If PRC income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-Chinese mainland resident investors, the value of your [REDACTED] in our shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese mainland may not qualify for benefits under such tax treaties or arrangements. As a PRC domestic company with substantial operations, our ability to distribute profits to non-Chinese mainland investors and the after-tax returns of such investors may be materially and adversely affected by changes in PRC tax laws, regulations, or their interpretation and enforcement.

RISKS RELATING TO THE [REDACTED]

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

As we are listed on the Shanghai Stock Exchange and will be [REDACTED] on the Main Board in Hong Kong, 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. Accordingly, we may incur additional costs and resources in complying with both sets of listing rules in the two jurisdictions.

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

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of Chinese mainland, without 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.

The H Share and A Share markets have different trading characteristics with divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor 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 [REDACTED] 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

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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 your [REDACTED] decision regarding 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 Shanghai Stock Exchange.

As we are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements thereof. However, the information announced by us in connection with our [REDACTED] is based on the 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 Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this Document. As a result, prospective investors 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].

There has been no prior public 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 public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be maintained following completion of the [REDACTED]. 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 [REDACTED] of our H Shares following completion of the [REDACTED]. If an active public market for our H Shares does not develop following completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

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

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for 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 [REDACTED] of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our 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, the shares of other companies listed on the Stock Exchange have experienced price volatility in the past and the [REDACTED] of our H Shares may change that is not directly related to our performance.

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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.

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

A future or perceived significant increase in the supply of our H Shares in public markets could cause the [REDACTED] of our H Shares to decrease significantly, and dilute shareholdings of holders of H Shares.

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

In addition, while investors subscribing shares in the [REDACTED] are generally 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 [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the market [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

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You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the [REDACTED], investors subscribing for our H Shares in this [REDACTED] will experience an immediate dilution in the adjusted consolidated net tangible assets per share. Our existing shareholders will benefit from an increase in the adjusted consolidated net tangible asset value per share of their shares. For details, please refer to Appendix II to this Document. In addition, if the [REDACTED] exercise the [REDACTED], or if we issue additional H Shares in the future to raise further capital, holders of our H Shares may experience further dilution of their interests. Similarly, if the [REDACTED] exercise the [REDACTED] or we obtain additional capital in the future through equity offerings, holders of our H Shares may be further diluted in their interests.

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

Certain facts, forecast and statistics contained in this Document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. However the information from the official government sources were not prepared or independently verified by us, the Sole Sponsor and [REDACTED] and, therefore, we make no representation as to the accuracy of such facts forecast and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this Document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

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

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our 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.

RISK FACTORS

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

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance on them.