An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. The trading price of our H Shares could decline due to any of these risks. 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" in this prospectus. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is exposed to the supply-demand dynamics in the electronic communications and electrical power transmission industry and is therefore affected by market demand.

We primarily provide telecoms cables, electronic materials, NEV power transmission products and electrical cable accessories products, which are widely applied in industries including computing centers, NEVs, high-voltage power grids, nuclear power plants and high-speed rail transit. Accordingly, our results of operations have been and are expected to continue to be affected by downstream demand in these industries. The downstream demands are affected by many factors, such as:

- government policies promoting the development of data communication, alternative energy, grid infrastructure, and NEV adoption;
- technological advancements in high-performance data communication and power transmission;
- industrial demand for automation; and
- macroeconomic conditions affecting industrial investment and infrastructure projects.

There is no assurance that the downstream demand for computing centers, NEVs, high-voltage power grids, nuclear power plants and high-speed rail transit will maintain at a comparable level as we experienced during the Track Record Period or continue to increase in the future. If the downstream demand for these industries does not increase as we expect, the market demand for our products will decrease correspondingly, which may result in under-utilization of our production capacity and in turn materially and adversely affect our business, financial condition, and results of operations.

Any failure to protect our intellectual property rights could undermine our competitive position and adversely affect our business prospects.

We rely primarily on a combination of our patents, trade secrets, trademarks, and confidentiality agreements signed by the employees and third parties to protect our intellectual property rights. As of September 30, 2025, we had 540 invention patents, 1,490 utility model patents, 140 design patents, 730 registered trademarks and 82 software copyrights in the PRC. As of the same date, we had seven patents and 170 registered trademarks in overseas jurisdictions, including the U.S., Japan and Europe. Please see "Business — Intellectual Properties" in this prospectus for more details.

We believe that our current intellectual property rights provide protection to our business and are crucial for our operations. However, there can be no assurance that our intellectual property rights applications will be approved, our intellectual property rights will adequately protect our intellectual property, we will be able to detect breaches of our intellectual property rights, our intellectual property rights will not be challenged by third parties or found to be invalid or unenforceable, or our intellectual property rights will be effective in preventing third parties from utilizing similar business models, processes or brand names to offer similar products. We may also be subject to disputes, claims or litigation involving our intellectual property rights or third-party intellectual property rights, and there may be claims that we infringe third-party intellectual property rights. Any of these could disrupt our business and divert our management's attention from our operations. The costs associated with these types of disputes, claims or litigation may be substantial and could have a material adverse effect on our business, reputation, financial condition, results of operations and prospects. As of the Latest Practicable Date, we were not involved in any material legal proceeding against parties who we believe are infringing upon our intellectual properties.

In addition, while we intend to seek intellectual property protection for significant technologies related to product development and functionality, there is a risk that we may fail to adequately safeguard the intellectual property rights of our products or product candidates during the application process by not clearly identifying the specific technologies and associated IP rights. Should this occur, we may encounter challenges in establishing a sufficient scope of intellectual property protection, potentially exposing us to infringement by competitors or other third parties. Enforcing our intellectual property rights through litigation may become necessary to defend against unauthorized use or to clarify the validity and scope of our own rights, as well as those of others. Such litigation can be costly and time-consuming, and even if we achieve favorable outcomes, the associated expenses may be substantial and could divert management and technical personnel from their core responsibilities. There is no guarantee that we will succeed in any legal actions we initiate, and any damages or remedies awarded may not have significant commercial value.

Our success is also subject to our ability to use, develop and protect our patents and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and services. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. Our uses of trademarks relating to our technology could be found to infringe upon existing intellectual property rights owned by others. If we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages;
- redesign our products; or
- establish and maintain alternative branding for our products.

The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time-consuming and may significantly divert the efforts and resources of our management, which will materially and adversely affect our business, financial condition and results of operations.

Whilst we generally enter into non-disclosure agreements with our key employees and partners, we cannot guarantee whether they will breach these agreements and leak our know-how, business secrets or any other commercially sensitive information to our competitors, which will have a material adverse effect on our business, financial condition and results of operations.

We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged.

We expect to further expand our production capacity to meet customers' increasing demands for our products. For details, see "Business — Our Production — Our Manufacturing Bases" and "Future Plans and Use of Proceeds" in this prospectus. Such expansion will require significant commitments from our financial and managerial resources, as well as time to identify, recruit, maintain, and integrate additional employees. Difficulties in managing the budgeting, financing, forecasting, and process control for such expansion could negatively affect our business, prospects, results of operations, and financial condition.

Such expansion also requires obtaining various approvals, permits, licenses, and certificates, and completing inspections by competent government authorities. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain required approvals or complete inspections may materially delay our production expansion or even result in the cancelation of such plans, adversely affecting our business, financial condition, and results of operations.

Even if we successfully establish the new manufacturing base and expand our production capacity, there is no assurance that we will be able to increase our production output as planned. Our ability to scale production is subject to constraints and uncertainties, including but not limited to:

- delays by suppliers and equipment vendors, cost overruns, and unforeseen increases in raw material prices;
- delays or denials in government approvals for production;
- challenges in configuring production lines for specific products;
- performance and reliability of newly procured manufacturing equipment; and
- diversion of management attention and resources.

Additionally, our production and testing protocols require significant technological expertise. Any change in processes could lead to production errors, temporary suspensions, or delays, impacting our output. Failure to maintain proper quality assurance measures may lead to increased product failures, customer losses, warranty claims, higher logistics costs, and delivery delays. If we are unable to increase our production output as expected due to these risks, we may be unable to fulfill customer orders or achieve projected growth, damaging our reputation and customer relationships, which could materially and adversely affect our business, financial condition, and results of operations.

We operate in a highly competitive market. If we fail to meet evolving customer needs or the pace of industry innovation by continuously expanding our existing product lines or developing new products, our competitive position would be impacted and our business, results of operations and financial condition may be materially adversely affected.

The industry in which we operate is highly competitive and characterized by constant changes in technological advancements and evolving market trends. To maintain our competitive edge and market share, we are required to continuously innovate and introduce new products that meet the changing demands of market. This may include new product forms, advanced processing techniques, or the introduction of alternative raw materials and new product lines.

The competitive landscape of this market is subject to ongoing evolution as it is affected by the general economic conditions of such market and the competitive advancements in technology. The competitive dynamics in the China's market evolve as quickly as customer power demand and technology breakthroughs. Despite the high-speed data communication and electrical power transmission industry involving complex technologies with significant barriers, such as precise molecular and crosslinking control, strict requirements for transmission rate, latency, bandwidth, and electromagnetic compatibility, advanced power transmission and thermal management technologies, the evolving nature of competition may bring uncertainties as new entrants establish themselves in these markets. In addition, the competitive landscape of this market is fragmented, with numerous players offering a wide range of products and varying levels of expertise. For example, in 2024, the China's electronic materials industry has over 300 companies. In particular, the China's NEV charging products market is highly fragmented, with numerous players offering a wide range of products and varying levels of expertise. In China, there are over 300 players operating in the market, each specializing in different segments. The China's cable accessories market also remained relatively fragmented, with over 150 companies. The China's telecoms cable market was relatively fragmented, with over 50 companies. We also face fierce competition from other technologically advanced competitors whose activities directly affect and shape the pace of competition. Factors affecting competition include, among others, technological iteration such as ultra-high-voltage wiring architectures and advanced battery technologies, product reliability, safety compliance, and seamless integration with vehicle electrical systems, product pricing, sales efficiency, manufacturing efficiency, government support, policy tailwind and quality of after-sales services and branding.

There is no guarantee that our new products will attract sufficient customer demand or achieve profitability. Moreover, despite our efforts to ensure high product quality, we cannot guarantee that our future products will continue to meet the high standards expected by customers or comply with industry regulations. If any new products fail to recover the R&D, production, and marketing costs, or if we are unable to maintain the desired product quality, it could negatively impact our financial performance, operational results, and overall business operations.

Our future success depends on our ability to retain key management and R&D personnel and our ability to attract, train and retain talented personnel.

Our success remains dependent on the continued services of our key management and R&D personnel as they are in charge of the overall planning, execution of our business and operations and R&D of the new products. If any of our Directors, any members of senior management and/or any key members of our R&D department were to terminate their services or employment with us, we may not be able to find suitable replacements in a timely manner, at an acceptable cost or at all.

In addition, as a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Moreover, our industry is characterized by high demand and intense competition for talent, we may have to pay higher salaries and wages and provide greater benefits in order to attract and retain highly skilled employees or other key personnel that we will need to achieve our strategic objectives. Our ability to recruit, train and integrate new employees into our operations may not meet the growing demands of our business. Our failure to attract, train or retain highly-skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information such as know-how and may lessen the technological advantages over our competitors that we have developed.

If we fail to compete effectively in the competitive industry where we operate, our market share may decline, and our market position, growth prospects and results of operations may be adversely affected.

The high-speed data communication and electrical power transmission industry is competitive, and such competition may intensify in the future. The competitive landscape of this market is fragmented, with numerous players offering a wide range of products and varying levels of expertise. Specifically, in 2024, the competitive landscape of the global telecoms cable industry features over 100 market participants globally. The global heat shrink material industry has over 800 companies, while China's heat shrink material industry has over 300 companies. The NEV core power charging products market is highly fragmented, with numerous players offering a wide range of products and varying levels of expertise. In China, there are over 300 players operating in the market, each specializing in different segments. In particular, with the rapid development of the AI, computing center and alternative energy industry, many new enterprises have entered these sectors, and existing manufacturers have also expanded their production capacities, intensifying market pressure. We may not succeed in competing with established manufacturers and new market players, which could hinder our ability to expand into new product categories or achieve the anticipated business growth in the future.

In response to market competition, our existing competitors may seek to increase their market share through various measures, including continued R&D efforts, increased production capacity, optimized production processes, and aggressive marketing campaigns. Competitors may also engage in price reductions to capture a greater share of the market. There is no guarantee that we will always succeed in securing orders from customers over our competitors. If we fail to compete effectively, our market position, growth prospects and results of operations may be adversely affected, which in turn may result in a significant decline in the price of our Shares.

If we are unable to retain existing customers and attract new customers, our business, financial conditions, and results of operations will be adversely affected.

Our continued success requires us to maintain our existing customers and develop new customers. Our sales to the five largest customers in each year/period during the Track Record Period amounted to RMB672.2 million, RMB653.7 million, RMB885.8 million and RMB1,173.6 million and accounted for 12.6%, 11.5%, 12.7% and 19.3% of our total revenue for the respective year/period. Specifically, certain customers maintain a qualified supplier list, in which we enrolled during the Track Record Period. Some of these customers review the qualified supplier list annually. There is no assurance we will continue to remain in the qualified supplier list of our customers due to the factors beyond our control, such as changes in customers' specific requirements and their evaluation method.

We may be unable to maintain or expand our relationships with existing customers or to obtain new customers on a profitable basis due to intense competition in the highly volatile high-speed data communication and electrical power transmission industry. Upon the expiration of our existing contracts, we cannot assure you that we will be able to renew the contracts with our customes on favorable terms, or if at all, or that we will be able to attract new customers. If we fail to retain our existing customers or attract new customers due to our products not meeting market requirements, lack of competitiveness in pricing, or other factors, our business, financial condition, and results of operations will be adversely affected. Sustained customer attrition or an inability to expand our customer base may lead to reduced revenue, market share erosion, and hinder our long-term growth prospects.

Fluctuations in the prices of raw materials may materially and adversely affect our profitability and financial condition.

In 2022, 2023, 2024, and the nine months ended September 30, 2025 our cost of raw materials accounted for 74.6%, 72.9%, 72.6% and 72.1% of the total cost of sales, respectively. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Cost of Sales" in this prospectus for details. As such, raw material prices have a significant impact on our cost of sales. Our Key raw material include copper, Ethylene-Vinyl Acetate ("EVA"), rubber compound and silicone rubber. The current or expected prices of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to macroeconomic conditions, the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters, and other factors. We may not be able to obtain stable, high-quality raw materials at reasonable prices at all times.

We have strategically built a qualified suppliers pool for our supply chain to leverage the advantages of centralized bargaining and price and secure our procurement of critical raw materials. However, we cannot assure that we will not experience material fluctuation in prices for key raw materials in the future. If the prices of our key raw materials increase significantly in the future, we may need to adjust the prices of our products accordingly to pass down the increased costs to our customers or secure other sources of supply of raw materials. During the Track Record Period, we have included price adjustment mechanisms in certain long-term framework agreements with some of our major customers, which allowed us to adjust the selling prices of our products in response to fluctuations in the prices of major raw materials. However, not all agreements with our customers include such price adjustment clauses, and there is no guarantee that such mechanisms will always be effective in mitigating price fluctuations.

If we fail to respond appropriately to increases in the prices of raw materials needed for our products, our business, financial condition, and results of operations may be materially and adversely affected.

We are subject to environmental, hazardous substance handling, chemical manufacturing, health and safety laws and regulations, production standards and ESG requirements, and any inability to comply with such requirements may subject us to liabilities.

Our operations are subject to laws, regulations, administrative determinations, and court decisions, particularly those related to environmental protection, hazardous substance handling, chemical manufacturing, health and safety, and production standards in the countries and regions where we operate. With the global trend of low-carbon transition and the PRC's advancement towards carbon neutrality, some of these jurisdictions have increasingly stringent laws and regulations. In response to the above and given our awareness of environmental, social and governance ("**ESG**") matters, we will integrate risk factors pertaining to sustainability, including climate change, health and safety, business ethics and regulatory compliance, into our risk matrix to mitigate associated impacts and develop best practices in order to achieve long-term growth and sustainability of our business. For more information, see "Business — Risk Management and Internal Control" in this prospectus. We cannot assure you that we can effectively implement the ESG governance protocols, including identifying and mitigating our ESG-related risks effectively. If we fail to address ESG compliance promptly, our business, operating results and financial condition could be materially and adversely affected.

Meanwhile, to comply with extensive environmental laws and regulations in the PRC, including those related to air and water quality, sewage management, and public health and safety, we must obtain approval for environmental impact assessment reports and environmental acceptance of our facilities under construction. Additionally, we undergo annual inspections of our production facilities by relevant PRC authorities to ensure the safety of our equipment. Failure to obtain such environmental approvals or complete required inspections may result in the suspension of our facilities and potential fines imposed by authorities.

Furthermore, environmental and safety regulations in the PRC and other jurisdictions where we operate continue to evolve, often imposing stricter standards, heightened enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed facilities, and increased corporate and individual responsibility. Amendments to these laws and regulations may result in additional capital expenditures, costs that we may not be able to pass on to customers, or other compliance obligations that could impact our financial flexibility and expansion efforts.

We have incurred, and expect to continue incurring, material expenditures to comply with these laws and regulations. Compliance requirements impose substantial costs and burdens, potentially leading to delays in obtaining, failure to obtain or renew, or cancelation of government permits and approvals, all of which could adversely impact our operations. Non-compliance may result in significant penalties or fines, license revocations, termination of government contracts, or suspension of operations. Any of these outcomes could adversely impact our results of operations, financial condition, and reputation, limiting our ability to maintain profitability and attract new customers. There is no assurance that we will not be penalized for breaching these laws and regulations. Additionally, increased regulatory scrutiny on resource consumption, waste management, and environmental impact could further raise compliance and operational costs, negatively affecting our business performance and financial position.

We face certain risks associated with R&D.

Technological innovation is critical to our success, and we have been investing in products R&D since our inception. During the Track Record Period, our R&D expenses amounted to RMB305.8 million, RMB310.0 million, RMB348.7 million and RMB325.7 million in 2022, 2023, 2024, and the nine months ended September 30, 2025 respectively. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Research and Development Expenses" in this prospectus for details. To maintain and expand our competitive advantage in technology, we may devote additional resources to R&D in the future. In addition to our in-house R&D capabilities, we also engage in joint R&D collaboration with third parties to develop new technologies and products.

However, as R&D activities are inherently uncertain, we may not be able to keep up with rapid technological changes and evolving industry standards and derive the desired benefits from our R&D efforts, which may negatively affect our competitiveness and profitability. We cannot assure you that our R&D projects will be successful, completed within the anticipated time and budget, or that our newly developed products will achieve wide market acceptance or the competitive advantages we expect. Our industry is characterized by rapid and innovative technological changes. Our future success will depend on our ability to respond to fast-changing technologies, adapt our products to evolving industry standards and our customers' newly developed products, and improve the performance, functionality, and reliability of our products. Failure to continue adapting to such changes could harm our business and cause a decline in our market share.

Even if we successfully launch new products or upgrade our existing products, there is no assurance that they will be accepted by customers or achieve anticipated sales targets and profitability. The success of our new products depends on factors beyond our control, such as market conditions, competitive landscape, regulatory environment, supply chain dynamics, customer demand, and the positioning of our products. Entering new markets may involve high barriers to entry, making it difficult for new entrants to gain market penetration. There can be no assurance that we will successfully meet customer demand in these markets or operate profitably in the long term. If we are unable to develop, produce, and introduce new products that meet customer demand at favorable margins, whether within or beyond our existing business scope, it could have a materially adverse impact on our business, financial condition, and results of operation. Additionally, our existing or potential competitors may develop products that are similar or superior to ours or offer more competitive pricing that may cause our loss of customers. If we fail to appropriately respond to these challenges, our significant R&D expenditures may not yield corresponding benefits, which may materially and adversely affect our business, prospects, financial condition, and results of operations.

We also face risks associated with sharing relevant R&D results and intellectual properties with our collaboration partners. We have collaborated with them to research and develop projects and have shared R&D results. There is no assurance that our collaboration partners will not inadvertently or deliberately misuse the R&D results that we have developed together or misappropriate the R&D results that are owned solely by us but shared during the course of collaboration. Any such misuse or misappropriation could have a negative impact on our business, financial condition, and results of operations.

We are exposed to operational, transportation-related, occupational and environmental related risks.

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with the extensive environmental, hazardous substance handling, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of radioisotope and ray devices which are promulgated by the government authorities in the PRC. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. We may experience various types of difficulties in connection with the manufacturing of our products. Some of our raw materials and chemicals are hazardous and their storage and use in the manufacturing process involve inherent risks including the leakage of flammable substances, toxic gasses and liquids, equipment failures, industrial accidents, fires and explosions. Such accidents could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences may result in business interruption, legal liability and damages to our reputation and corporate image. While we conduct regular inspections of the facilities we operate and regular equipment maintenance to ensure that our operations comply with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes. Additionally, in the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies. However, there is no assurance that our safety measures and procedures are strictly followed by our employees.

Our operations may also be subject to challenges related to the manufacturing such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

Our expenditure may not be fully recovered if the major capital expenditure projects under our expansion program are not completed within the expected time frame and budget, or at all, and may not achieve the intended economic results even if completed.

Our operations depend on the continuous maintenance, upgrades and expansion of production capacity to meet evolving customer demands and market trends, as a result of which, we require significant capital expenditure to ensure the quality, efficiency and competitiveness of our products. We intend to invest in projects at our existing operations to increase our production efficiency, as well as to expand and develop our production capacities. We may make significant capital expenditures in connection with the expansion of our operations. For more details, see "Future Plans and Use of Proceeds." We typically conduct feasibility studies to determine whether to undertake significant construction projects. Actual results may differ significantly from those anticipated by our feasibility studies.

During the Track Record Period, we primarily used cash from operating activities in the maintenance and upgrades of production facilities. During the Track Record Period, our capital expenditures were RMB451.3 million, RMB321.1 million, RMB519.1 million and RMB779.8 million. There can be no assurance that we will be able to generate sufficient cash from operations, or at all, to fund our planned capital expenditures. Any delays or failures in securing necessary funding and any unforeseen increases in costs or delays in the implementation of our capital expenditure plans could adversely affect our operations and financial results. Moreover, the development in industries where we operate may require us to make additional, unforeseen investments to remain competitive. If we fail to allocate sufficient resources toward adapting to these technological changes or if our investments do not yield the expected benefits, our market position and profitability may be adversely impacted.

Our capital expenditure projects may also be delayed or adversely affected by a variety of factors, including the failure to obtain the necessary regulatory approvals or sufficient funding, construction difficulties, technical difficulties and manpower or other resource constraints. In particular, any disruptions, uncertainty or volatility in the capital and credit markets may limit our ability to obtain financing to meet our funding requirements, and we may postpone certain construction projects if our Directors determine that doing so would be in the interest of our Group after taking into consideration the current market conditions, our financial performance and other relevant factors. Costs of these projects may also exceed our planned investment budget. Even if we are able to complete the projects without any delay and within our budget, as a consequence of changes in market circumstances or other factors, we may not achieve the intended economic benefits of these projects. As a consequence of any delay in completing our capital expenditure projects, cost overruns, changes in market circumstances or other factors, the intended economic benefits from these capital expenditure projects may not materialize, and our business, financial condition and results of operations may be materially and adversely affected.

Our international strategy and ability to conduct business in various jurisdictions is subject to uncertainties and risks.

We derive a portion of our revenues from our overseas operations. During the Track Record Period, we generated 12.1%, 12.7%, 11.7% and 12.3% of our revenue outside Chinese mainland in 2022, 2023, 2024, and the nine months ended September 30, 2025 respectively. We face certain risks inherent in our export operations and risks associated with our efforts to expand and maintain our export business.

Moreover, we have established a manufacturing base in Vietnam and plan to establish a new plant in Malaysia to enhance our overseas presence. As a result, we face numerous risks, including legal, regulatory, political, economic, and commercial risks associated with manufacturing and operating in various jurisdictions, any of which could negatively affect our financial performance. These risks include:

- lack of familiarity with local culture and operating and market conditions;
- difficulties and costs of staffing, recruiting competent employees locally, and managing overseas operations;
- potential failure to achieve the expected returns from investing in manufacturing bases;

- potential delay in construction plan from third-party service providers;
- trade customer, or local joint venture partner insolvency and the inability to collect accounts receivable;
- labor disputes and work stoppages at our operations and suppliers;
- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing presence;
- legal, regulatory, political, economic and commercial instability and uncertainty;
- changes in foreign trade policies and regulations by local authorities, including those in relation to sanctions, export controls, and import restrictions, as well in trade barriers such as unfavorable changes in tariffs or quotas, particularly, in light of navigating the changing relationships between major economies;
- difficulty in obtaining or enforcing intellectual property rights and agreements and collecting overdue receivables through local legal systems;
- foreign currency exchange rate fluctuations and strict foreign exchange controls; and
- other obstacles and risks related to overseas manufacturing and operations.

Furthermore, we are subject to various evolving laws and regulations in the PRC and other jurisdictions where we operate, requiring us to obtain and comply with multiple permits, licenses, and regulatory approvals. Failure to obtain necessary approvals or adapt to evolving regulatory requirements may adversely impact our operations. Government inspections and regulatory reviews could also lead to delays or additional compliance costs.

Moreover, in early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariff on certain imports from China. The U.S. tariffs and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. In particular, In March 2025, the president of the United States imposed 20% tariffs on Chinese goods. On April 2, 2025, the president of the United States imposed a 10% across-the-board tariff on all imports from the U.S.' trading partners, along with additional country-specific tariffs for various countries (the so-called "**reciprocal tariffs**" as adjusted from time to time, and, together with the above-mentioned tariffs, the "**Additional US Tariffs**"). On April 9, 2025, it was announced that the reciprocal tariffs would be paused for 90 days for all countries but China. On April 10, 2025, the reciprocal tariffs on China were raised to 125%. The United States and China are engaging in trade discussions, and on May 12, 2025, the United States stated that they would lower the reciprocal tariffs on China to 10% for 90 days. We cannot predict the timing, scope, or severity of potential changes in tariffs and trade policies, which may continue to evolve in the future. During the Track Record Period, our direct sales to the U.S. customers amounted to RMB117.0 million, RMB114.4 million, RMB143.7 million and RMB169.5 million, which only accounted for 2.2%, 2.0%, 2.1% and 2.8% of our total revenue for the respective years. As such, our Directors do not expect the recently implemented tariff changes by the U.S. government would result in a material adverse effect on our business and financial conditions. However, we cannot assure you that our products will not be subject to higher tariffs or trade restrictions in the future. Any future negative changes in the U.S. tariff policies towards China may deter market demands of our products or the end market products in the U.S., and we may face a decrease in revenue or decreased profitability. Additionally, if any changes are implemented faster and/or more strictly than anticipated, we may not be able to respond and mitigate the risks associated effectively and timely. Any of the above could negatively affect our business, results of operations and financial condition.

There is no assurance that we will be able to fulfill pre-conditions for necessary approvals or comply with changes in laws and regulations in a timely manner. Delays in administrative processing or breaching of laws and regulations related to export and overseas operations could further disrupt our business and expansion plans, adversely affecting our financial condition and results of operations.

Failure to maintain an effective quality control system could have a material adverse effect on our business, financial condition and results of operations.

As the quality of our products is critical to the success of our business, we must maintain an effective quality control system for our production and other operational activities. We have established a quality management system that complies with relevant national and international standards, covering the raw material supply chain and product manufacturing. See "Business — Quality Control" in this prospectus for more information. However, the effectiveness of our quality control system depends significantly on a number of factors, including the design of the system and the related training programs, as well as our ability to ensure that our employees adhere to our quality control policies and guidelines.

Any failure or deterioration of our quality control system could result in defects in our products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of their merits, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our businesses, financial condition, results of operations and reputation.

We engage third-party distributors for part of the sales of our products. Part of our revenue depends on our distributor partners, and any decrease in sales from or loss of one or more of these distributors could adversely affect our business.

We engage third-party distributors for part of the sales of our products, primarily include our electronic material products, electrical cable accessories products, and telecoms cable products. During the Track Record Period, a proportion of our revenue was derived from sales to our distributors. For the years ended December 31, 2022, 2023 2024 and the nine months ended September 30, 2025, our total sales to distributors amounted to RMB1,190.8 million, RMB1,215.5 million, RMB1,289.3 million and RMB931.6 million, respectively, accounting for 22.3%, 21.3% 18.6% and 15.3% of our total revenue for the corresponding years. The loss or decrease in sales from these distributors could adversely impact our business, operating results, and financial condition.

Our sales volumes to such distributors depend to an extent on the effectiveness of our distributors in selling and delivering our products to the end customers. If our distributors fail to effectively sell and distribute our products or prioritize promoting competing products, it could result in a significant reduction in our sales to such distributors, which would materially and adversely impact our business, financial condition, and results of operations. Furthermore, we may not be able to establish collaborative relationships with new distributors or maintain such relationships with existing ones on terms as favorable as those offered by our competitors, including more attractive discounts or extended credit periods. There is no guarantee that we can maintain collaborative relationships with our existing distributors and attract new distributors on terms that are as favorable as or better than our current ones. Any disruption in our relationships with our distributors could affect our ability to maintain or grow our sales to such distributors, which could materially and adversely impact our business and financial position. In addition, we do not restrict distributors from engaging sub-distributors as long as they comply with relevant laws and regulations and its management policies. There is no assurance that our distributor management measures can always ensure their strictly compliance with relevant requirements or effectively further manage their sub-distributors. We are also exposed to the risk that distributors may impose unfavorable terms on us in the future, such as longer credit periods. These credit arrangements could put pressure on our working capital and expose us to the risks of default and bad debts.

We are required to obtain and maintain requisite licenses for certain aspects of our production. Failure to obtain or renew permits, licenses, certificates and qualifications in relation to our business operation could adversely affect our business, financial condition and results of operations.

As advised by our PRC Legal Adviser and Vietnam Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we have possessed all material permits, licenses, certificates and qualifications from various governmental authorities necessary for our business operation, and these statutory permits, licenses, certificates and qualifications may be subject to periodic review or renewal. Particularly, certain aspects of our production require us to obtain licenses, such as the radiation safety license, which we currently possess. However, we cannot assure you that we will be able to obtain or maintain all permits, licenses, certificates and qualifications that are necessary for our business. As the regulatory regimes for the industries in which we operate continue to evolve, new laws, regulations and regulatory requirements may be promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. We may be required to obtain additional approvals, licenses, permits and certifications that we do not currently have for our existing business or for a new scope of business that we may expand into in the future. The loss of or failure to obtain or renew any of these permits, licenses, certificates and qualifications could adversely affect our operation, business and financial condition.

Our business and reputation may be materially and adversely affected by product liability claims, litigation, administrative proceedings, customer complaints, quality control concerns or negative publicity in relation to our products or other similar products.

We rely on the strength of our reputation and brands in marketing and selling our products. Certain of our products are used as components in third-party end products, which are designed, assembled and sold by our customers or other downstream manufacturers. As we are not involved in the design, production or quality control of these end products, we cannot practically identify or eliminate all of the potential complexity or risk factors associated with the end-use environment. Therefore, even if our products meet the required specifications and pass all quality inspections at the time of delivery, we cannot assure that they will perform as expected under sophisticated, dynamic or unforeseen application scenarios. Any failure or malfunction of the end products in which our products are embedded, whether or not attributable to our products, may expose us to product liability claims or reputational damage. Our business, financial condition and results of operations could be adversely affected by the occurrence of quality issues, which may result in customer complaints, adverse publicity or media reports, product liability claims, investigations and imposition of penalties by the relevant government authorities, suspension or revocation of our licenses, permits, certificate or qualifications necessary for the operation of our business and interruptions or suspensions of production.

Furthermore, our distributors may engage in activities that violate applicable laws and regulations in connection with the sales or marketing of our products. If our distributors violate laws or otherwise engage in unlawful practices, we could be liable for damages or fines, which could negatively affect our financial condition and results of operations. We cannot guarantee that there will not be any improper or unauthorized use of our trade name by any of our distributors in the future. We have limited control over daily business activities of our distributors as they are generally Independent Third Parties. Non-compliance by any of our distributors with our distribution agreements or our sales policies may harm our brand reputation and image and disrupt our sales, adversely affecting our ability to meet our sales targets.

We may also be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, logistics service providers, insurers and banks. Adverse publicity about any regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence in us and reduce demand for our products, even if the regulatory or legal action is unfounded or immaterial to our operations.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity.

We may become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. Any litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources. We cannot assure you that the outcome of such legal proceedings will not adversely affect our business, financial condition and results of operations.

Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us, or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We may encounter interruptions by pandemics, natural disasters, severe weather conditions and other incidents that may affect our production and operations.

Our production and operations depend on a continuous and sufficient supply of utilities, such as electricity, water and gas. If there are any shortages of electricity, water, gas or other utilities in regions where our production facilities are located, the local government may require our production facilities to be fully or partially shut down. Any disruption in the supply of electricity, water or gas at our production facilities would affect our production and could cause deterioration or loss of our production capacity. This could adversely affect our ability to fulfill our orders and consequently may have an adverse effect on our business and operations. In addition, explosions, fires, earthquakes, natural disasters or extreme weather, including droughts, floods, excessive cold or heat, typhoons or other storms could cause power outages, gas or water shortages, damage our production facilities and transportation channels, any of which could significantly affect our operations. We cannot assure you that any backup systems will be adequate to protect us from the effects of such events.

In addition, an outbreak of epidemic or pandemic could cause demands for specific products to decline and affect the transportation of our products. Any failure to take adequate measures to mitigate the potential impact of unforeseeable incidents, or to effectively respond to such incidents if they occur, could adversely affect our business, financial condition and results of operations.

The sizes of the markets for our products may be smaller than estimated, and new market opportunities may not develop as quickly as we expect, or at all, limiting our ability to successfully sell our products.

The markets for electronic materials, cable accessories, high-speed copper cable, and NEV charging connector are rapidly evolving, making it difficult to predict with accuracy the sizes of the markets for our current and future products. For example, we believe new emerging markets such as AI and NEVs, as well as the potential growth in relatively developed markets such as electronic materials and electric power transmission, will drive the demand for our products. However, our estimates of market for our current and future products are based on a number of internal and third-party estimates and assumptions. In addition, our growth strategy involves launching new products and expanding the sales of existing products into new markets in which we have limited or no experience. Sales of new or existing products in response to new market opportunities may take several years to develop and mature, and we cannot be certain that these market opportunities will develop as we expect.

We source raw materials from the market, and we may not be able to secure our supply of such materials in a stable and timely manner.

During the Track Record Period, we procure all of our raw materials from third parties. They may not fulfill their commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. We also cannot assure you that we will be able to maintain stable business relationships with our existing suppliers or that disputes will not arise with our key suppliers. In addition, our current suppliers may be unable to satisfy our future requirements for quality and quantity of raw materials on a timely basis.

If any of our major suppliers fail to meet our requirements for quantity, quality, or timing, we could experience supply shortages, an increase in procurement costs or production disruptions. Our suppliers could be unable to fulfill our needs due to various reasons beyond our control, such as natural disasters, extreme weather, epidemics, strikes, manufacturing issues, transportation disruptions, or changes in government regulations.

Furthermore, if a supplier faces financial difficulties, such as bankruptcy, this could also disrupt our supply chain. Changing suppliers may involve a long lead time, and we may not be able to find alternative suppliers who can meet our quantity, quality, or pricing requirements in a timely manner, or at all. Prolonged disruptions in our supply chain could lead to increased costs, which we may not be able to pass on to our customers immediately, or at all. Such disruptions could negatively impact our business, overall profitability, and financial performance.

We depend on certain third parties for various services and products in connection with our business. Any failure on their part to fulfill obligations in contracts could materially and adversely affect our results of operations.

We rely on third-party suppliers for various products and services, including utilities, energy and logistics services, which are in line with industry practice. We endeavor to source goods and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the products and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-party providers do not perform satisfactorily, substantially reduce the amount and scope of goods and services provided to us, increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures, which could increase our costs of operations. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of products or services not complying with our requirements or those of our customers, our reputation may be adversely affected. Any non-compliance with applicable laws and regulations of our third-party providers could also have a negative impact on our reputation. These, in turn, may materially and adversely affect our business, reputation, financial condition and results of operations.

Malfunctions or security breaches of our information technology systems, networks and software could disrupt our operations and negatively impact our business.

We rely on our computer systems and network infrastructure to conduct and monitor the daily operations of our manufacturing bases, manufacturing facilities, and to collect accurate up-to-date financial, operating and other transaction data for business analysis. We also rely on such systems and infrastructure to collect, process and store transaction data concerning our customers, business partners and employees. See "Business — Data Privacy and Cybersecurity" in this prospectus for further information. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems and network infrastructure.

Our cybersecurity measures may not detect or prevent all attempts to compromise our systems that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our 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 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. There is no assurance that we will not be subject to any of those cyber security issues in the future. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

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

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See "Business — Data Privacy and Cybersecurity" in this prospectus for further details. The secure maintenance of such data is critical. We process data in compliance with the applicable legal requirements to ensure data security. Our operations are subject to a variety of laws and regulations concerning data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC, as well as the data security and privacy laws in other jurisdictions where we intend to operate, could result in significant reputation damage and adversely affect our business performance. Should we expand our business globally, we will be subject to a broader array of international laws, regulations and standards, as well as contractual obligations related to data privacy and security in the jurisdictions where we operate.

To ensure compliance with these evolving data privacy laws, regulations and standards, it will be necessary to maintain robust internal control and risk management policies, which will require a substantial commitment of resources and efforts. The unauthorized access, loss, or misuse of data, whether by our company or our partners, could lead to increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, and disruptions to our business activities. Such incidents may also result in additional costs associated with defending against legal claims. Concerns from our customers, employees, and third parties, even if unfounded, may also have a detrimental impact on our reputation and operations.

We may be unable to obtain financing on favorable terms, or at all, to fund our business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

We operate in an industry that requires substantial capital and other long-term expenditures. To fund our continuing business operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements, we need sufficient internal sources of liquidity or access to additional financing from external sources. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- obtaining the necessary regulatory approvals to raise financing in the domestic or international markets;

- our future financial condition, operating results and cash flow;

- the condition of the global and domestic financial markets; and

- changes in the monetary policy of the PRC government with respect to bank interest rates and lending practices and conditions.

If adequate funding is not available to us on favorable terms, or at all, it may materially and adversely affect our ability to fund our operations, or develop or expand our business. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. In addition, future capital raised through issue of our Shares or other securities may result in a substantial dilution of the interests of our Shareholders.

Our insurance coverage may be insufficient to cover the risks or losses related to our business and operations.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

We have purchased and maintained insurance policies that we believe are in line with the industry practice and as required by the relevant laws and regulations. We maintain all property-related risks insurance, cargo transportation insurance and credit insurance for our business operations. We also purchase group accident insurance for our employees. See "Business — Insurance" in this prospectus for further information. However, there is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

Expansion and acquisitions of or investments in our businesses, products, technologies, production capacity or know-how could subject us to risks and uncertainties.

We continually evaluate and pursue strategic opportunities for acquisitions or investments in businesses, products, technologies, production capacity, or know-how that we believe will enhance our product development, R&D capabilities, technology, and distribution network. However, there can be no assurance that we will be able to successfully execute these expansion and acquisition plans or complete the relevant transactions as anticipated.

Our ability to grow through acquisitions and investments depends on our ability to identify suitable targets, integrate them into our operations, and secure necessary financing on reasonable terms. Acquisitions, in particular, carry significant risks and uncertainties, including, but not limited to: (i) challenges in integrating acquired companies, personnel, or products into our business, particularly with regard to quality management, customer service, and other operational functions; (ii) delays or failures in realizing the anticipated benefits of acquisitions and investments; (iii) diversion of our management's focus from other critical business areas; (iv) higher-than-expected integration costs; and (v) challenges in retaining key employees of acquired businesses.

Furthermore, we may uncover deficiencies in internal controls, data integrity, product quality, regulatory compliance, or other liabilities in acquired businesses that were not identified prior to the acquisition. As a result, we may face penalties, lawsuits, or other liabilities related to these deficiencies. Any difficulties in the integration of acquired businesses or products, or unexpected legal and regulatory issues, could materially and adversely impact our business, financial condition, and operational results.

We may be unable to manage our growth or execute our strategies, such as globalizing customer base or integrating industry value chain effectively.

Our business has continued to grow in recent years, along with our business network and employee base. In accordance with our business plans as set out in the section headed "Future Plans and Use of Proceeds" in this prospectus, we intend to advance core technologies and expand our production capacity. Our business plans are based on the assumptions of future events which are bound to entail certain risks and are inherently subject to uncertainties that are beyond our control. The successful implementation of our business plans may be affected by a number of factors, including the availability of sufficient funds, governmental policies and regulations relevant to our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers, the threat of substitutes and new market entrants, as well as other risk factors disclosed elsewhere in this section. In addition, as we expand our business operations, we may encounter regulatory, cultural and other difficulties that may also increase our costs of operations. We need to enhance and upgrade our infrastructure, improve operational and financial controls, refine reporting systems, and expand and manage our workforce. These efforts require significant resources, and we cannot assure their success. As a result, there can be no assurance that we can effectively manage our growth or our business plan will be implemented successfully as scheduled in terms of, for instance, time and costs. As such, our financial condition, operating results, growth and prospects may be materially and adversely affected if our business plans fall short of our expectations.

Legal defects regarding our leased properties may adversely affect our business, financial condition and results of operations.

We lease properties primarily for use as our offices, production facilities, warehouses, workshops and employee dormitories. As of the Latest Practicable Date, among the properties leased by our Group in the PRC which have a gross floor area of 1,000sq.m. and above, there were two lease agreements which had not yet been registered with the relevant PRC authorities. See "Business — Properties — Leased Properties" in this prospectus for more information.

We cannot assure that we will not be subject to any penalties arising from the non-registration of lease agreements in the future. As advised by our PRC Legal Adviser, according to applicable PRC administrative regulations, the lessor and the lessee of a property lease agreement are required to file the property lease agreement with relevant governmental authorities within 30 days after the execution of the property lease agreement. Notwithstanding that failure to complete such lease registration would not affect the validity and enforceability of such lease agreements, the relevant government authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed.

Policies and regulations affecting, among other things, international trade and investment may adversely affect our business and results of operations.

We have operations in certain overseas jurisdictions. We have exported our products to a number of countries and regions and derive a small portion of sales from exporting to these countries and regions. Therefore, government policies restricting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or prevent us from being able to sell products in certain countries or regions. Furthermore, we had a global network of suppliers to obtain components and raw materials for production. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or components supplied to us, we may not be able to obtain a steady supply of necessary raw materials at competitive prices, and our business and results of operations may be materially and adversely affected. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

There have been changes in international trade policies and rising political tensions, which could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. It could also adversely affect the financial and economic conditions in the jurisdictions in which we and our business partners operate, which in turn adversely affect our financial condition and results of operations.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments, and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. We take precautions to prevent our products from being provided to any target of these sanctions. However, we cannot assure you that our products would not be provided to those targets through independent distributors despite such precautions. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

Recent changes in U.S. trade policies have created significant uncertainty for global trade. In April 2025, the U.S. government announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies. In response, certain other governments announced or implemented retaliatory tariffs and other protectionist measures. In May 2025, China and the U.S. made announcement on a joint statement to substantially move down the tariff levels, followed by further negotiation and plans to ease trade tensions in June 2025. As relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts, and we will closely monitor relevant situation. Although we only derived minimal revenue from the U.S. during the Track Record Period, and the majority of our procurement has already been localized, these developments may still have a material adverse impact on global economic conditions, the stability of financial markets and demands in the end markets for our products, which could in turn significantly affect our business and results of operations.

Any unfavorable government policies on international trade or any restriction on Chinese companies may affect our ongoing business relationship with international enterprises, customer demand for our products, impact our competitive position, or prevent us from being able to conduct business in certain countries. We may not be able to adequately anticipate, manage or mitigate the risks and challenges posed by the geopolitical tension and instability in the regions where we operate or have significant interests, or to adapt to the changing political, legal and economic conditions and expectations. We may also face increased competition, pressure, scrutiny and liability from our stakeholders, regulators, customers, suppliers, investors and the public in relation to our involvement or exposure to the geopolitical tension and instability. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

The U.S. government's new China-focused Outbound Investment Security Program or similar laws and regulations or changes to the interpretation or implementation of these laws and regulations, could negatively impact us, including in respect of our ability to raise capital or the value of our securities.

On August 9, 2023, the U.S. government issued an executive order and the U.S. Department of the Treasury ("**Treasury**") published an advanced notice of proposed rulemaking providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau (the "**Outbound Investment Security Program**" or the "**OISP**"). On June 21, 2024, Treasury issued a proposed rule for the OISP. On October 28, 2024, Treasury issued a final rule (the "Final Rule") setting forth the OISP regulations that implement the executive order of August 9, 2023, which targets transactions by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including Hong Kong and Macau, with business in certain technology sectors. The Final Rule took effect on January 2, 2025. The OISP could apply to certain U.S. persons (including their controlled foreign entities, if applicable) outside the United States who may participate in the Offering through offshore transactions in accordance with Regulation S.

Future changes to the OISP could adversely affect us. Investors should consult their legal counsel regarding the applicability of the Publicly Traded Securities Exception to the Global Offering, notification obligations, if any, applicable to them under the OISP, and the procedures for filing such notifications. Failing to comply with the OISP notification requirements or failing to provide accurate and complete information in the filing under the OISP may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years. Because the OISP regulates U.S. persons and, in some cases, U.S. persons controlling or directing nonU.S. person-investors, and not the entities they are investing in, none of the Company, the Controlling Shareholders, Directors and senior management will be required to file notifications pursuant to the Final Rule.

The OISP may be changed by executive actions of the U.S. government, including changes to the scope of activities and technologies applicable to notifiable or prohibited transactions or the scope and the availability of exceptions to the OISP's prohibitions or notification requirements. Specifically, on January 20, 2025, the U.S. government issued a national security presidential memorandum, entitled "America First Trade Policy," which, among other things, directs the Secretary of the Treasury and several other executive departments and offices of the U.S. government to review the OISP to determine if it includes "sufficient controls to address national security threats" and to determine whether the executive order implementing the OISP "should be modified or rescinded and replaced." In addition, on February 21, 2025, the U.S. government issued a national security presidential memorandum entitled "America First Investment Policy" which, among other things, states that the U.S. government will consider possible application of the OISP to a wider range of technology sectors and application of restrictions to a wider range of investments, including publicly traded securities. On April 3, 2025, the White House reported that Treasury and the National Security Council were evaluating options relating to the OISP and that the Trump Administration plans to evaluate whether the scope of outbound investment restrictions should be expanded. On December 18, 2025, the U.S. Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), which will supersede the OISP, became law. The COINS Act is subject to a rulemaking process, which is required to be completed by March 2027, and there is substantial uncertainty regarding how the new law will be implemented. Possible changes to the OISP, the COINS Act, or similar laws and regulations could limit or, in the worst-case scenario, eliminate our ability to raise capital or contingent equity capital (such as convertible bonds) from U.S. investors in the future, or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital-raising capacity and our business, financial condition and prospects. In addition, changes to the Publicly Traded Securities Exception or other aspects of the OISP could prohibit the purchase or trading of our listed securities by U.S. persons, impose new notification or other regulatory requirements, or make our listed securities less attractive to such investors. In such cases, the value of our listed securities could significantly decline, and our liquidity may be materially and adversely affected.

We are advised by our U.S. outbound investment legal adviser, Hogan Lovells, that we are unlikely to be viewed as a "Covered Foreign Person" as defined in the Outbound Investment Rule, therefore the Outbound Investment Rule does not have a material impact on our Group's operation. However, if we were to be deemed a Covered Foreign Person due to changes in our business operations or amendments to relevant laws and regulations, our ability to raise capital and our stock price may be negatively affected.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations can result in penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments, and contribute for each of our employees under such plan should be calculated based on a specified percentage of the employee's salary level. Due to the different levels of economic development in different regions, there are no uniform requirements for the implementation of employee benefit plans by local governments. As such, there can be no assurance that any new laws and regulations or changes in the enforcement of existing laws and regulations will not cause us to retroactively make up any historical shortfall in social insurance and housing provident fund contributions. If the relevant authorities order us to pay the outstanding social insurance and/or housing provident funds in accordance with applicable laws and regulations, we will make such payments promptly within the specified period to avoid administrative penalties for overdue payment. In such case, we may incur additional costs to comply with the laws and regulations and even be subject to fines or penalties arising from above non-compliance.

According to the Emergency Notice of the General Office of the Ministry of Human Resources and Social Security on Upholding the Spirit of the Executive Meeting of the State Council and Effectively Stabilizing the Collection of Social Security Fees (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》), governmental authorities are strictly prohibited to organize collective settlement of enterprises' historical shortfall in social insurance. Furthermore, as advised by our PRC Legal Adviser, pursuant to the Social Insurance Law and the Regulations on the Administration of the Housing Provident Fund in the PRC, we may incur administrative penalties, including fines, or court enforcement, only if the competent authorities require us to rectify any shortfall in social insurance contributions or housing provident fund payments within a specified time frame, and we subsequently fail to comply with the established deadline. As advised by our PRC Legal Adviser, considering that (i) during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaint, litigation or arbitration brought by any of our employees regarding our social insurance and housing provident fund policy; and (ii) none of the Company nor its PRC Subsidiaries had been subject to any material administrative penalties in relation to social insurance and housing provident fund contributions during the Track Record Period, the risk of administrative penalties against us for violation of any laws, regulations or rules in relation to social insurance and housing provident fund, or relevant PRC authorities requiring us to fully pay for our historical shortfall in social insurance and housing provident fund contributions is remote.

The Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) was enacted by the Supreme People' Court on 31 July 2025 and implemented on 1 September 2025. In light of (i) the absence of prior agreements excluding social insurance payment; and (ii) the PRC Legal Advisor' opinion that the interpretation does not expand penalty exposure or repeal existing laws, our Directors believe the aforementioned juridical interpretation would not have a material adverse effect on our business or financial results.

We have a certain number of dispatched workers. Any labor shortages, labor disputes or occurrence of accidents and/or product quality issues arising in the process of labor outsourcing and labor dispatching could result in a material and adverse effect on our business, financial condition and results of operations.

We have a certain number of dispatched workers. We may experience operational difficulties with our labor dispatching agencies such as their ability to provide experienced and quality workers that meet our needs. Moreover, such labor dispatching agencies may also experience disruption in their own operation due to labor strikes or shortages, natural disasters, cost increases or other issues outside of their control. Any failure of our labor dispatching agencies to perform their responsibilities or to operate in compliance with all applicable laws and regulations may have a negative impact on our workforce or result in disruptions to our operations. Any removal or termination of unsatisfactory labor dispatching agencies would require us to seek new providers, which would create delays and adversely affect our operations as we may not be able to identify suitable substitutes on a timely basis. In the event of fraud or misconduct by labor dispatching agencies, we could also be exposed to material liability and be held responsible for damages, fines, or penalties which in turn may adversely affect our business, results of operations, financial condition, and reputation.

Fluctuation in the industry may impact our business, financial condition, and results of operations.

Our operations in the telecoms cable and electrical power transmission industry are subject to fluctuations, characterized by periods of growth and contraction. These fluctuations are influenced by various factors, including technological advancements, shifts in customer demand, and broader macroeconomic conditions. During periods of industry downturn, there may be reduced demand for our products and services, which could lead to declines in revenue. Conversely, during periods of rapid growth, we may face challenges in scaling our operations to meet increased demand, potentially affecting our financial performance.

Changes in the industry cycle may require us to adjust our business strategies and operational plans. For example, during downturns, we may need to implement cost-control measures or adjust production capacities, which could impact our profitability. Additionally, fluctuations in demand may affect our ability to maintain stable pricing, which could lead to increased competition and pressure on our margins. The fluctuation in the industry may also influence our investment decisions, requiring us to balance the need for innovation and expansion with the risks associated with uncertain market conditions. If we fail to effectively manage industry fluctuation, our business, financial condition, and results of operations could be materially and adversely affected.

The volatile nature of the global or regional economic, political, trade or other factors may adversely affect our business.

Our business operation is influenced by global and regional macroeconomic and political conditions, fluctuations in the levels of international and regional trade, changes in maritime and other transportation patterns, and other factors. Any severe or prolonged downturn globally or regionally could materially and adversely affect our business, financial condition and results of operations. Political and trade disputes and trade protectionism may result in imposition of trade barriers or restrictions, sanctions, boycotts, or embargoes, new or increased tariffs and other factors such as acts of war, hostilities, epidemics or terrorism, could also adversely affect the international or regional trade volume and customers demand, which could also adversely affect our business and financial performance.

Additionally, the uncertainty in global economic conditions varies by geographic segment and can result in substantial volatility in global credit markets. Credit volatility could impact our working capital for manufacturing, or result in cost changes or supply interruptions to suppliers whose components we rely upon if we are unable to access the needed credit for our operations. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, cash flow, results of operations and financial condition.

RISKS RELATING TO FINANCIAL POSITION

Our historical financial and operating results during the Track Record Period are not indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

You should not rely on our historical results to predict our future financial performance. Our revenue amounted to RMB5,336.6 million, RMB5,718.8 million, RMB6,920.1 million and RMB6,076.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Our gross profit amounted to RMB1,612.0 million, RMB1,788.6 million, RMB2,110.4 million and RMB1,877.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. However, our historical revenue and gross profit may not be indicative of our future growth. There is inherent risk in using such historical financial information of us to project or estimate our financial performance in the future, as they only reflect our past performance. There is no assurance that we will be able to maintain our historical growth in the future.

Furthermore, as the market and our business evolve, we may modify our operations, data and technology, sales and marketing, solutions and services. These changes may not achieve the expected results and may have a material and adverse impact on our results of operations and financial condition. Our expenses may grow faster than our revenue, and our expenses may increase or may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in emerging markets and dynamic industries, including, among other factors, (i) macroeconomic and other factors that affect the markets in the countries and regions where we operate, (ii) our ability to expand our customer base, and to retain and expand the wallet share of our existing customers, (iii) our ability to maintain and expand our business infrastructure and networks, (iv) our ability to manage and further improve operational efficiency, and (v) our ability to execute acquisitions and investments, as well as successful integration. We may not be able to successfully address these or other challenges, which could adversely impact our business, results of operations and financial condition.

Any failure to manage our inventory effectively would increase operating costs and materially and adversely affect our results of operations, financial condition and cash flows.

To operate our business effectively and meet customer demands, we must maintain a certain level of inventory to support production and ensure timely delivery of our products. As of December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, we had inventories of RMB701.3 million, RMB710.3 million, RMB865.3 million and RMB1,139.1 million, respectively. Our inventories turnover days were 63.6 days, 65.5 days, 59.9 days and 65.2 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Our inventories comprise finished goods, raw materials and work in progress. We determine our inventory levels based on our experience, customer orders, assessment of demand, and raw material price fluctuations. However, such assessments are inherently uncertain, and demand for our products may change significantly between the order date and the projected delivery date.

There is no assurance that we will always maintain optimal inventory levels. If we fail to accurately assess demand, we may experience inventory obsolescence or shortages. Excess inventory or a substantial decrease in the expected market price of our products may result in inventory write-downs or write-offs, forcing us to sell excess inventory at discounted prices, which could adversely affect our profitability. We recorded impairment losses on inventories of RMB13.8 million, RMB17.5 million, RMB25.4 million and RMB28.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, as provisions were made for inventory value decline based on the excess of carrying value over net realizable value. Conversely, underestimating demand may result in insufficient production, leading to delays in product delivery and negatively affecting our relationships with customers and reputation. Any of these challenges could materially and adversely affect our business, results of operations, and financial condition.

The preferential tax treatment and government grants that we currently enjoy may be altered or terminated, which could have a material adverse effect on our business, financial condition and results of operations.

We enjoy preferential tax treatments. According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("**EIT Law**") and the related implementation rules, several of our subsidiaries of our Company, qualified as high-tech enterprises, are entitled to a preferential tax rate of 15%. For more details, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Income Tax Expenses" in this prospectus. There is no assurance that PRC policies on preferential tax treatments will remain unchanged or that we will continue to qualify for such preferential rates in the future. If these tax benefits are canceled or discontinued, relevant subsidiaries may be subject to the standard enterprise income tax rate of 25%, which could materially and adversely impact our financial condition and results of operations.

Additionally, we enjoy a number of government grants in China, including non-recurring grants such as industry transformation and upgrading support funds, technological innovation funds, funds for high quality development of manufacturing industry, scientific and technological innovation funds, and electricity cost subsidies. For 2022, 2023, 2024 and the nine months ended September 30, 2025, the total government grants we received amounted to RMB57.6 million, RMB41.0 million, RMB30.8 million and RMB18.6 million, respectively. All of the government grants received during the Track Record Period were non-recurring in nature. Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the national and local government. There can be no assurance that the government grants that we enjoy will not be altered or terminated. Any alteration or termination of our current preferential tax treatments or government grants could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may fail to recover our trade and other receivables in a timely manner, which may affect our financial condition and results of operations.

As of December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our trade and other receivables amounted to approximately RMB2,603.8 million, RMB2,966.5 million, RMB3,578.7 million and RMB4,034.3 million, respectively. See "Financial Information — Discussion of Selected Items From Consolidated Statements of Financial Position — Trade and Other Receivables" in this prospectus for details. If the creditworthiness of our customers deteriorates, or a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur more impairment losses in the future. There is no assurance that we will be able to fully recover our trade and bills receivables from customers or that they will settle their payments in a timely manner. In the event that settlements from customers are delayed or not made at all, our financial condition and results of operations may be materially and adversely affected.

We may incur impairment losses on our intangible assets and goodwill, which could negatively affect our results of operations and financial condition.

Our intangible assets primarily consisted of trademarks, patents and software during the Track Record Period. Our goodwill primarily arose from acquisitions through business combinations allocated to CYG Electronics and Shenzhen Orbit. As of December 31, 2022, 2023, 2024, and September 30, 2025, we had intangible assets of RMB17.7 million, RMB36.1 million, RMB25.9 million and RMB21.5 million, respectively, and goodwill of RMB760.0 million, RMB731.3 million, RMB694.8 million and RMB694.8 million respectively. During the Track Record Period, impairment loss on our goodwill amounted to nil, RMB28.7 million, RMB36.5 million and nil in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. We may conduct strategic acquisitions in the future to expand our market share and solidify our position in the high-speed data communication and electrical power transmission market. See "Future Plans and Use of Proceeds" in this prospectus for further details. Such strategic acquisition may result in acquisition of intangible assets and goodwill. Change in business prospects of investments may result in impairment on our intangible assets and goodwill, which could negatively affect our results of operations. There is no assurance that we will not incur impairment loss on our intangible assets and goodwill in the future. Any significant impairment of our intangible assets and goodwill could have a material adverse effect on our business, financial condition and results of operations.

We face the risk of failing to collect our trade receivables due from our customers, and our liquidity position may be affected by mismatch in trade receivables turnover days and trade payables turnover days.

Our trade receivables turnover days were 120.5 days, 125.8 days, 123.0 days and 117.8 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our trade and other receivables amounted to RMB2,603.8 million, RMB2,966.5 million, RMB3,578.7 million, and RMB4,034.3 million, respectively. Our trade payables turnover days were 53.9 days, 61.5 days, 64.1 days and 65.8 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Prolonged turnover days may increase the risk of bad debts, particularly if customers face financial difficulties or economic conditions deteriorate. With the increase trade receivables and trade payables turnover days stay at a high level, our liquidity risk is increased due to strained cash flows. Inadequate liquidity may in turn limit our ability to meet short-term obligations, such as paying suppliers or funding operational expenses. We cannot assure you that all such amounts due to us will be settled promptly or within the anticipated timelines as agreed with our customers. Our operating results, liquidity and profitability could be adversely affected.

Besides, there is a mismatch in our trade receivables turnover days and trade payables turnover days. We typically offer our customers credit terms that up to over 120 days, which are generally longer than the credit periods offered to us by our suppliers that up to around 60 days. As such, there is a mismatch in our cash inflow and outflow periods which could materially affect our liquidity position. Any default or delay in payment by our customers may broaden such cashflow mismatch, which may result in significant cash flow shortfalls in the future and adversely affect our cash position and operating results.

We recorded negative cash flows from investing activities and financing activities during the Track Record Period, which may have an adverse effect on our business, financial condition, results of operations and prospects.

We recorded net cash used in investing activities of RMB388.3 million, RMB390.6 million, RMB591.1 million and RMB621.1 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, primarily attributable to purchases of property, plant and equipment and other assets. We recorded net cash used in financing activities of RMB517.7 million, RMB391.5 million, RMB349.5 million and RMB209.2 million for the for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. For further details, see "Financial Information — Liquidity and Capital Resources — Cash Flows" in this prospectus.

Net investing and financing cash outflows could impair our ability to make necessary capital expenditures and constrain our flexibility as well as adversely affect our ability to meet our liquidity requirements. We may also experience net cash outflows from our operating activities in the future. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Share-based payments may lead to shareholding dilution for our existing Shareholders and adversely affect our financial performance.

We adopted share incentive schemes for the benefit of our Directors, senior management, key technicians, and key employees who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of our Company. In 2022, 2023, 2024 and the nine months ended September 30, 2025, we incurred share-based payment expenses of RMB0.9 million, RMB1.7 million, RMB2.1 million and RMB9.4 million, respectively.

To further incentivize our Directors, senior management, key technicians, and key employees, we may grant additional share-based payments in the future. The issuance of shares related to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Additionally, such share-based payments may increase our expenses, which could have a material and adverse effect on our financial performance.

We are exposed to foreign exchange risk.

A substantial portion of our revenues and cost of sales is denominated in Renminbi. However, as we operate part of our business in Vietnam and other international jurisdictions, we may continue to make equity and other investments outside of China. During the Track Record period, our revenue from outside Chinese mainland amounted to RMB648.4 million, RMB728.6 million, RMB812.1 million and RMB749.8 million, accounting for 12.1%, 12.7%, 11.7% and 12.3% of the total revenue in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Meanwhile, certain equipment or materials required for our operation were partly sourced from imports, and U.S. dollars, euros, HKD and RMB were paid to foreign countries. We are therefore subject to risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our foreign operations, or affect the prices of our exported products and the prices of our imported equipment and materials. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We recorded net foreign exchange differences gains of RMB14.7 million, RMB4.3 million, RMB8.5 million in 2022, 2023, 2024 and loss of RMB0.8 million in the nine months ended September 30, 2025, respectively. There is no assurance that future fluctuations in exchange rates would not have a material adverse impact on our financial condition and results of operations. If we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance may be adversely affected.

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

Like many other participants in the high-speed data communication and electrical power transmission industries, we may rely on bank borrowings to finance our capital needs for operations and investments. An increase in the interest rates of our loans may result in a significant increase in our interest expense, adversely affecting our finance costs, which in turn may affect our business and profitability. If structured improperly, certain derivative financial instruments may increase our exposure to interest rate fluctuations.

We are exposed to risks associated with the potential spin-off of one or more of our businesses.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements in Paragraph 3(b) of Practice Note 15 to the Listing Rules. As of the date of this Prospectus, we have issued announcements on the Shenzhen Stock Exchange that we have commenced the preliminary preparatory work of the spin-off Shanghai Keter and Huizhou LTK previously. Further, we wish to retain the possibility to spin-off Woer New Energy (together with Shanghai Keter and Huizhou LTK, collectively, the "**Spin-off Businesses**") within three years from the Listing.

The waiver granted by the Stock Exchange is conditional upon (among others) us confirming to the Stock Exchange in advance of any spin-off that it would not render our Company, excluding the subsidiary to be spun off, incapable of meeting the eligibility or suitability requirements under Rule 8.05 of the Listing Rules based on the financial information of the subsidiary to be spun off at the time of the Listing, and where more than one subsidiary is to be spun off, the assessment will be made on a cumulative basis. As of the Latest Practicable Date, we did not have any detailed plan in relation to the potential spin-offs, including the timetables for the spinoffs of Huizhou LTK and Woer New Energy. We cannot assure you that any spin-off will ultimately be consummated, whether within the three-year period after the Listing or otherwise, and any such spin-off will be subject to, among other things, market conditions and Shareholders' approval at the time. For additional information, see "Waivers from Strict Compliance with Listing Rules and Exemption from Compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance — Waiver in Respect of Strict Compliance with Practice Note 15 and the Three-year Restriction on Spin-offs" in this prospectus.

RISKS RELATING TO CONDUCTING BUSINESS IN COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in economic, regulatory, political and social conditions could materially and adversely affect our business and operations.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the countries and regions where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. Our industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, customer demand and discretionary spending. During the Track Record Period, revenue from our overseas sales comprised approximately 12.1%, 12.7% , 11.7% and 12.3% of our total revenue respectively. In the event that any of these countries or regions which we export to impose additional economic sanctions or enforces import restrictions or tariffs in relation to our products, our business and operations may be adversely affected. Any changes in these factors, including the frequent changes in US tariff policies recently, may have material and adverse effects on our business, financial condition and results of operations.

Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also between the U.S. and other countries in the international community. There is significant uncertainty as to whether countries will be able to successfully reach any trade deals with the U.S. Rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between major international economies. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and results of operations. Consequently, such developments necessitate our increased investments in monitoring policy developments and exploring strategies to mitigate the impact on our operations. Economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products, as, without the impact of additional tariffs, the peers in other countries and regions which are not subject to such tariffs, could potentially gain market share and improve their price competitiveness. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material negative impact on our ability to continue to sell to global customers and further grow our customer base. In addition, as our business is closely interrelated with the performance of our customers' end-use products in the marketplace, if our customers are impacted by restrictive measures of trade protection or export control, our performance and income will be adversely affected.

Geopolitical conditions may also lead to heightened restrictions on foreign investments, introducing increased compliance requirements and uncertainty for investors. Furthermore, in recent years, there have been heightened complexities in international relations. Such tensions could reduce levels of international trade, investment, technological exchange and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' business, prospects, financial condition and results of operations.

You may experience difficulties in effecting service of legal process and enforcing foreign court judgments against us and our Directors and senior management.

We are incorporated under the laws of the PRC and majority of our assets are located in the PRC. In addition, most of our Directors and officers reside in the PRC and their assets are substantially located in the PRC. As a result, it may be difficult, complicated and time-consuming for you to effect service of process upon those persons residing in China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with the PRC or if the jurisdiction has been otherwise deemed by the courts of the PRC to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions.

On July 14, 2006, the Supreme People's Court of China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) ("**2006 Arrangement**") which came into effect on August 1, 2008. Pursuant to the 2006 Arrangement, a party with an enforceable final court judgment rendered by any designated People's Court of Chinese mainland or any designated Hong Kong Court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant People's Court of Chinese mainland or Hong Kong Court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a court of Chinese mainland or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in Chinese mainland if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for you to effect service of process against us in order to seek recognition and enforcement of foreign judgments in Chinese mainland.

On January 18, 2019, the Supreme People's Court of China and Hong Kong 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 (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) ("**2019 Arrangement**"). The 2019 Arrangement broadens the scope of judgments that may be enforced between Chinese mainland and Hong Kong under the 2006 Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the 2006 Arrangement, the 2019 Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The 2019 Arrangement became effective on January 29, 2024, both in Chinese mainland and in Hong Kong and replaced the 2006 Arrangement. Under the 2019 Arrangement, any party concerned may apply to the relevant court of Chinese mainland or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has become effective for a period of time, the outcome and effectiveness of any action brought under it may still be uncertain. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a Chinese mainland court.

Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the Listing, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

The legal system for certain geographic markets is developing with uncertainties in interpretation and enforcement. The legal protections available to you and us may be limited.

Our operations span across various geographic markets, each with its unique legal system. These legal systems can be broadly categorized into civil law systems based on written statutes, and common law systems. It is noteworthy that in civil law jurisdictions, prior court decisions, while used as references, carry limited precedential value, unlike in common law systems.

We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims.

Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third-party conduct, or threats aimed at extracting payments or benefits from us.

Additionally, many of the legal systems in our operational markets are influenced by their respective government policies and internal rules. Some of these policies and rules may not be published promptly or at all, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We recognize the possibility of new laws and regulations being adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could impact our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations. Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the whole industry and affect our business, financial condition, and results of operations.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares. Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

We are subject to periodic examinations on fulfillment of our tax obligations under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, results of operations, financial condition and prospects, as well as our reputation.

Individual holders of H Shares who are not residents of Chinese mainland and whose names appear on the register of members of H Shares ("**non-Chinese mainland resident individual holders**") are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011] 348號), dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese mainland resident individual holder of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10.0%, dependent on whether there is any applicable tax treaty between Chinese mainland and the jurisdiction in which the non-Chinese mainland resident individual holder of H Shares resides as well as the tax arrangement 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 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, non-Chinese mainland resident individual holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-Chinese mainland resident individual holders on the transfer of shares in Chinese mainland resident enterprises listed on overseas stock exchanges, and to our knowledge, in practice the Chinese mainland tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("**EIT Law**") and its implementation regulations, a non-Chinese mainland resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its Chinese mainland-sourced income, including dividends received from a

Chinese mainland company and gains derived from the disposal of equity interests in a Chinese mainland company, subject to reductions under any special arrangement or applicable treaty between Chinese mainland and the jurisdiction in which the non-Chinese mainland resident enterprise resides. The interpretation and implementation of the EIT Law and its implementation regulations by Chinese mainland tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposal of H Shares will be collected from non-Chinese mainland resident enterprise holders of H Shares, are to be determined in accordance with the relevant laws and regulations in effect at the time. If such tax is collected in the future, the value of such non-Chinese mainland resident enterprise holders' investments in H Shares may be materially and adversely affected.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in the PRC in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of the PRC, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations.

Under current foreign exchange regulations of the PRC, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities are required where Renminbi is to be converted into foreign currency and remitted out of Chinese mainland to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of the PRC. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of the PRC or otherwise fund any future business activities that are conducted in foreign currencies.

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to listing and regulatory requirements of the PRC and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be listed 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 continuously complying with all sets of listing rules in the two jurisdictions.

Our A Shares were listed and traded 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 Global Offering, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of the PRC, 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 trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading 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 investment decision in our H Shares.

There has been no prior public market for the H Shares and an active trading market for the H Shares may not develop or be sustained.

Prior to the Global Offering, no public market for the H Shares existed. We cannot assure you that an active trading market for the H Shares will develop or be sustained after the Global Offering. The Offer Price for the Shares is expected to be fixed by the Price Determination Agreement, and may not be indicative of the market price of the H Shares following the completion of the Global Offering. If an active trading market for the H Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of Shares could be materially and adversely affected.

The trading volume and selling price of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.

The trading volume and price of our H Shares may be highly volatile and could fluctuate widely in response to factors beyond our control. Factors impacting the price and trading volume of our H Shares include, but are not limited to, actual or anticipated fluctuations in our revenue, earnings and cash flow, changes in our pricing policy as a result of competition, potential strategic alliances or acquisitions, the addition or departure of key personnel, changes in ratings by financial analysts and credit rating agencies, fluctuations in the selling prices and demand for our products, public perception or negative news about our products, unexpected business disruptions resulting from natural disasters or power shortages, our inability to obtain or maintain regulatory approval for our operations, litigation, government investigation or other legal or regulatory proceeding, or political, economic, financial and social developments in China, Hong Kong and elsewhere in the world. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially adversely affect the selling price of our H Shares. Moreover, shares of other companies listed 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 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 PRC, 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 IFRS Accounting Standards. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at 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 PRC. See "Financial Information — Dividends" in this prospectus. 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.

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 PRC. 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 the 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 Global Offering. 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 prospectus. As a result, prospective investors in the H Shares should be reminded that, in making their investment decisions as to whether to purchase the H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase the H Shares in the Global Offering, 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 Global Offering.

Certain facts, forecasts and statistics obtained from official government sources in this document may not be fully reliable.

Certain facts, forecasts and statistics in this document in and outside China are obtained from official government publications that have not been independently verified by us, the Joint Sponsors, the Overall Coordinators, any of their respective directors, employees, agents or advisors, or any other person or party involved in the Global Offering, and no representation is given as to its accuracy. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Sponsors, the Overall Coordinators, nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of investments in and/or acquisitions of new businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

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

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters.

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

You should read the entire prospectus carefully and should not rely on any information contained in press articles or other media in making investment decisions with respect to our H Shares.

Prior to the publication of this prospectus, there may have been press and media coverage regarding us and the Global Offering, which may include certain information not contained in this prospectus. We have not authorized the disclosure of any such information in the press or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information, and disclaim responsibility for such information. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it. Accordingly, prospective investors are cautioned to make their investment decisions with respect to our H Shares on the basis of the information contained in this prospectus only and should not rely on any other information. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.