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## RISK FACTORS

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*An investment in our H Shares involves risks. You should carefully consider all of the information in this document, including our consolidated financial statements and related notes before making an [REDACTED] in our H Shares.*

*Our business, financial conditions, results of operations and prospects could be materially and adversely affected by any of these risks, some of which are beyond our control. Other risks and uncertainties that we are not currently aware of or that are not disclosed or implied below, or which we do not currently believe to be material, may also be detrimental to our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section. The [REDACTED] price of our H Shares may decline due to any of these risks, and you may lose all or part of your investment. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.*

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

**China's agriculture sector is undergoing a significant transformation toward modernization. Failure to adapt to the trend effectively may adversely affect our business and financial results.**

In recent years, China's agriculture sector is undergoing a significant transformation toward modernization, with intelligent agricultural machinery and smart agriculture technologies at its core. According to Frost & Sullivan, the development of China's intelligent agricultural machinery sector is expected to reach the global level, with a degree of intelligence of 33.1%. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our sales generated from intelligent offerings accounted for 7.3%, 12.5%, 31.3%, 27.7% and 49.7% of our net revenue, respectively, reflecting our alignment with this trend. However, we may face certain challenges and risks in keeping pace with this transformation, including:

- misjudging market demand or technological direction, which may lead to resource misallocation, product launch delays or lack of competitiveness, undermining our first-mover advantage in intelligent machinery and smart agriculture sectors;
- inability to attract and retain talent in key areas such as advanced electronic chassis, smart sensor, algorithm engineering and precision agriculture, which may constrain our R&D capabilities;
- insufficient adaptation of our sales and service framework to meet evolving user preference for smart agriculture features, which may affect our user acquisition and satisfaction;

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- intensified competition during the market expansion phase, which may lead to pricing pressure and margin erosion; and
- inadequate technical service capabilities for delivering software updates and data analytic, which may degrade customer experience and long-term retention.

Failure to effectively address the foregoing risks may result in increased R&D and customer acquisition costs, unsatisfactory market expansion and delays in optimizing our product portfolio, which could materially and adversely affect our business, financial conditions and results of operations.

**We compete with both domestic and foreign companies in agricultural machinery and smart agriculture industry. If we fail to adapt to compete successfully with existing or new competitors, our business, financial condition and results of operations would be adversely affected.**

The industry in which we operate is rapidly evolving and constantly changing, something that is characterized by dynamic market conditions, technological advancements and an evolving competitive landscape. Thus, our success will depend, in part, on our ability to respond to these changes and advancements in a cost-effective and timely manner. We compete with both domestic and foreign companies across our operations in the design and development, manufacturing and sales of agricultural machinery and in the sector of smart agriculture services, including, among others, the competitiveness of our products and services, brand recognition and the sustained innovation capabilities to meet evolving market demands.

In China, we primarily target the mid-to-high agricultural machinery market. In 2024, we ranked first in the agricultural machinery industry in China in terms of revenue, capturing a market share of 21.2%, which demonstrates our competitive advantages domestically. See “Industry Overview — Analysis of Global and China’s Intellectual Agricultural Machinery and Smart Agricultural Industry.” From a global perspective, we ranked seventh in terms of global agricultural machinery sales revenue in 2024, accounting for a market share of approximately 1.2%. In terms of marketing position, compared to international benchmark brands, our products are primarily positioned in the mid-range market overseas. As we seek to expand into the high-end segment, we continue to face challenges in areas such as product readiness and brand awareness. In terms of technical capabilities, there remains room for improvement in the reliability, comfort and intelligence of our products. For instance, the optimal ear-side noise level of our tractors currently stands at 72 decibels, which is still higher than the 66 decibels of leading international benchmark products.

During the Track Record Period, we have continued to build on our presence in the global mid-range market by improving technical capabilities and enhancing overseas expansion efforts to enter the global mid-to-high-end market. Nevertheless, there is no assurance that we will succeed in capturing rapid growth in the global market, as leading international enterprises have long prevailed in this market and established a solid foundation, as well as potential shifts in the competitive landscape of the global mid-end market.

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Moreover, some of our competitors, particularly foreign companies that have developed mature, diversified intelligent agricultural machinery portfolios and advanced smart farming technologies, possess greater financial, technical and operational resources than we do. These competitors may (i) allocate significantly more resources than we can to the development, production and sales of their products and services; (ii) engage in or withstand intense price competition, a strategy we will not pursue due to our long-term commitment to sustainable growth, potentially diminishing our price competitiveness and market appeal in such situations; and (iii) leverage established operational history to cultivate stronger relationships with distribution partners and customers, enabling them to secure market share or negotiate more favorable contract terms.

With government increasing its support by promulgating policies prioritizing intelligent agricultural machinery and accelerating domestic substitution over imported products, we expect the competition in intelligent agricultural machinery industry in China to intensify in the future. If we fail to anticipate shifts in market demand and technological trends, and our competitors' products eventually become more favored than ours, whether due to lower costs or superior technology, our competitive position could be weakened, which could lead to reduced sales volumes, pricing pressures and margin erosion. Furthermore, while we strive to differentiate our offerings from other competitors, there is no assurance that we can compete effectively or maintain our market position without incurring significant costs. Any failure to preserve our competitive position may materially and adversely affect our business, financial condition and results of operations.

**We may not be able to launch new products, upgrade existing products or continuously provide a full product portfolio range in a cost-effective manner to keep the latest market need and technological advancements in the industry, which could materially and adversely affect our business, financial condition and results of operations.**

Our long-term competitiveness and market leadership depend substantially on our ability to continuously deliver a comprehensive and competitive product portfolio that meets the evolving needs of the agricultural machinery market. This includes not only the timely launch of new products but also regular upgrading or iteration of existing offerings to incorporate the latest technological advancements and responding to shifting customer preferences. The agricultural machinery and smart agriculture industry in which we operate is characterized by rapid innovation and constant technological evolutions. Emerging technologies such as artificial intelligence, Internet-of-Things, intelligent driving and intelligent interconnectivity are transforming the way agricultural machinery products are designed, manufactured and used. If we fail to keep pace with the technological trends, we risk falling behind our competitors and losing our relevance in the market.

Moreover, as customer expectations evolve, the pressure to diversify and enhance our product offerings intensifies. There is a growing demand for agricultural machinery that is more user-friendly and highly intelligent, reflecting a broader shift toward intelligent agricultural machinery products. Customer preferences are also increasingly influenced by the introduction of new and innovative products in the market. If we fail to align our product

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portfolio with market demand and technological trends, whether due to limitations in our research and development capabilities, resource constraints or strategic misalignment, we may lose our competitive edge in the market. This could lead to reduced customer satisfaction, loss of market share and erosion of brand value.

In addition, the cost of developing and maintaining a full product portfolio can be substantial. If we are unable to manage these costs effectively, our financial performance can be exposed to considerable constraints. Furthermore, failure to anticipate or respond to market shifts in a timely manner could result in obsolete inventory, missed sales opportunities and reputational harm. There is no assurance that our upgraded or newly launched products will generate positive cash flows or become profitable within a short period of time or at all. If we are unable to bring upgraded or new products to the market in a timely and cost-effective manner, our profitability, results of operations and business prospects may be adversely affected.

**Our continuous efforts in research and development may not generate the results we expect to achieve and may negatively affect our business, financial operation condition and results of operations.**

Technological advancements are critical to our long-term growth and market competitiveness. We have consistently allocated resources to our research and development efforts and expect to continue making a certain amount of capital investment in this area to advance our technologies and product portfolio. We incurred research and development expenses of RMB570.6 million, RMB676.9 million, RMB838.6 million, RMB371.9 million and RMB419.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 3.6%, 4.6%, 4.8%, 3.6% and 4.3% of our total revenue during the respective periods.

However, research and development activities are capital-intensive, time-consuming and subject to unpredictable outcomes which may be unfavorable. We may encounter significant unexpected technical challenges, or delays in completing the development of new and enhanced technologies that can be incorporated effectively into our products in a cost-effective manner, which would require us to invest significant resources in research and development to:

- Proactively identify shifts in customer preferences and industry dynamics to guide early-stage research and development planning, development of modular and reusable technologies that can be efficiently deployed across multiple product lines, elevating development efficiencies that differentiate us from our competitors;
- Attract and secure talents in critical fields such as agricultural machinery power systems, intelligent control systems and smart agriculture algorithm designs, and to equip this team with advanced research and development tools to optimize their productivity and output quality;

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- Maintain collaborative partnerships with domestic and international research institutions, universities and other partners, ensuring our ability to capture and commercialize emerging technologies; and
- Monitor and adapt effectively to technological advancements and new products and services announcements by our competitors

However, we cannot guarantee that our research and development investments and efforts will yield commercially viable technologies and achieve market recognition as expected. Development activities are inherently uncertain, and resource limitations including funding, talent retention or access to collaborations could disrupt development timelines or compromise output quality. Even if we succeed in such research and development as expected, our operating cash flow and profitability may be adversely affected due to our substantial investment in it in the short to medium term, while revenue from newly launched products might fail to offset development expenses. Additionally, new technologies could also render our developed technologies, technological infrastructure, products or services that we are developing or scheduled to develop in the future obsolete or unattractive, thereby limiting our ability to recover related development costs, which could result in a decline in our revenues, profitability and market share.

**Any failure to successfully execute production capacity expansion plans or effectively utilize our production bases may materially and adversely affect our business, financial condition and results of operations.**

We aim to expand our production capacity in line with the growth of our business to meet the growing market demand for large-scale and intelligent agricultural machinery products, thereby supporting our long term strategic development. See “Business — Our Production — Production Expansion Plan.” The feasibility of our production expansion plan is limited by various factors, such as (i) timely and cost-effective land acquisition and compliance with local regulatory requirements; (ii) the availability of sufficient management and financial resources; (iii) the ability to hire, train and retain skilled personnel, and (iv) the capacity to upgrade existing equipment and enhance production techniques and acquire new production facilities. We may invest significant resources in land acquisition, facility planning, site selection, contract negotiations and construction. However, our expansion efforts are subject to a variety of operational or financial risks, including:

- risks of demand misalignment, for example, insufficient implementation of our production expansion plan could constrain our production capacity thereby causing us to fail to meet market demand, ultimately resulting in delays in delivering products to our customers, while over-investment in production expansion allied with insufficient orders from our customers could also directly impact production base utilization rates and elevate our cost of sales, in turn affecting our profitability;

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- disruption by a variety of incidents including nature or other disasters, such as fires, floods, storms or IT system breaks, power and water suspensions, most of which are out of our control; and
- delays or cancellations of our expansion plans could subject us to disputes with various counterparties such as general contractors and subcontractors, equipment suppliers, financiers and relevant government authorities, which could result in financial penalties or legal liabilities;

Any of the aforementioned factors could render our efforts to expand our production capacity unable to achieve the expected benefits, or result in demand misalignments, leading to insufficient resource allocation and a long-term underperformance of our production facilities. We cannot give assurances that such investments will generate positive cash flows promptly, or at all. Such situations could have a material and adverse impact on our business, financial condition and results of operations.

**Operational disruption and machinery breakdown in our production facilities may interrupt our production schedule, which could adversely impact on the fulfillment of contracts.**

Our production relies on the stable operation of our manufacturing facilities and bases, particularly machinery and equipment for key processes. During the Track Record Period, we had seven production bases of agricultural machinery and related components and 11 production lines. See "Business — Our Production — Production Capacity."

The stability of our production cycle is vulnerable to several risks. Strikes, work slowdowns and other forms of industrial action, as well as deteriorating employee relations or shortages of skilled labor, particularly during peak production periods, could disrupt workflow and output timelines. In addition, our access to sites and equipment could be subject to unforeseen interruptions including fires, earthquakes, floods and other natural disasters. If any of these events occur and we fail to promptly identify and remediate, our production activities could be halted or delayed. If prolonged, such interruptions could cause us to fail to meet our contractual obligations to customers in relation to delivery of products and cause our production capacity to be under-utilized, something that may further subject us to liabilities or legal proceedings and affect our reputation and relationships with our customers.

**Unsatisfactory performance of or defects in our products, or failure to maintain an effective quality management system, may lead to product returns, recalls or potential warranty and production liability claims, which could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.**

As our products are widely used in rural areas, the success of our business depends heavily on our ability to provide high-quality products and provide reasonable warranty schedules constantly. To address potential quality concerns, we generally offer a one-year product warranty, with an extended two- to three-year warranty period for certain key

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components to our customers to address any quality defects of our products. See “Business — Sales, Marketing and Customer Service — User Engagement and After-Sales Services.” Under these warranties, we are obliged to carry out all necessary repairs and/or replacements at no cost to the customer during the applicable warranty period. As such, any flaws or defects in our design and production process could expose us to significant liabilities under our warranty commitments. We calculate the provisions based on the level of historic claims incurred and our management’s best estimates of repair and replacement costs under product warranties and their projections of the nature, frequency and costs of potential future claims under performance warranties. However, these estimates are inherently uncertain, and any changes to our estimates, especially with respect to new products and services, may require us to make material adjustments to our warranty reserve policies in the future. If our warranty reserves prove insufficient to cover actual warranty claims, or if our suppliers and subcontractors fail to honor the underlying warranties that we pass through to our own customers, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We have implemented stringent internal control measures to ensure product quality. However, flaws and defects in our design and production processes, or in those of our suppliers and subcontractors could give rise to product liability and product recall exposures. If we supply a customer or end user with a product and have failed to identify or prevent a defect in advance they may demand a return or recall, which may incur additional costs, harm to our reputation and could lead to a decrease in sales. Further, defective products may trigger other compliance issues or relevant laws and regulations which could subject us to administrative proceedings or penalties, causing damage to our brand. The occurrence of any of the foregoing concerns could have a materially adverse effect on our business, financial condition, results of operations and prospects.

**We may be subject to liability in connection with accidents that occur during the production process at our production bases due to, among others, failures to comply with various safety laws.**

We are required to comply with the applicable production safety laws and regulations in relation to our production, such as Production Safety Law of the PRC (《中華人民共和國安全生產法》). We have established internal safety protocols and require all employees to strictly adhere to the safety measures and procedures outlined in our internal policies. Nevertheless, there is no assurance that our safety measures or relevant legal requirements will be consistently followed by our employees. As a result, there remains a risk of industrial accidents at our production sites. In the event of a safety incident, we could be held liable for personal injury or death, as well as for any resulting monetary losses suffered by our employees.

In addition, we may also face administrative penalties including fines, orders to rectify non-compliance within a specified timeframe, or even a mandatory suspension or an instruction to cease operations in certain production sites. These legal consequences could be accompanied by reputational damage and increased scrutiny from regulatory authorities. Additionally, we may be subject to civil claims or legal proceedings initiated by our employees or their families,

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particularly in cases involving injury or casualty. Such claims could also result in compensation obligations, additional legal expenses and further reputational harm. As such, any failure to comply with applicable safety regulations or prevent workplace incidents could materially and adversely affect our business, financial condition and results of operations.

**We generate a vast majority of our revenue from our distribution partners and rely on our distribution network as well as direct sales channels to promote and sell our products. We may encounter difficulties in maintaining or expanding our sales network.**

Distribution is an essential part of our sales channel through which we generate a vast majority of our revenue. Our revenue generated from our distribution partners was RMB15,624.5 million, RMB14,416.1 million, RMB17,184.1 million, RMB9,676.8 million and RMB9,797.8 million, respectively, representing 98.0%, 98.2%, 98.8%, 98.7% and 99.3% of our total revenue in the same periods, respectively. Given our heavy reliance on distribution network, our business, financial condition and operating results are dependent on the effective management and coordination of our distribution partners. However, we are exposed to inherent risks associated with our distribution network which may materially and adversely impact on our potential future revenue, including:

- Violations of distribution agreements or non-compliances conducted by our distribution partners, potentially harming our brand reputation and market credibility;
- Unauthorized use or improper use of authorized trademarks, or improper promotional activities creating regulatory compliance risks;
- Unauthorized sales by our distribution partners outside the predetermined geographic area as prescribed in our distribution agreements;
- Inconsistent marketing execution and service delivery of our distribution partners failing to meet customer expectations;
- Unregulated sub-distribution of our distribution partners through secondary channels without the verification of the competency of such secondary distribution partners, risking brand integrity and market control;
- Loss of competitive positioning by our distribution partners in the assigned markets; and
- Challenges in effectively expanding our distribution coverage, as well as identifying and recruiting qualified distribution partners to meet our expansion goals.

Any of the foregoing events could disrupt our ability to manage or expand our distribution network, and could materially and adversely affect our business, financial condition, results of operations and prospects.

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In addition, we also generate revenue from direct sales customers which mainly include large-scale agricultural enterprises. Failure to maintain business relationships with existing direct sales customers or to attract relationships with new direct sales customers could adversely affect our brand, business and financial performance.

**Our business is highly dependent upon the cycle of the agricultural market. Negative conditions in the agricultural industry may cause weakened demand for our products and services which could result in a negative effect on our business, financial condition and results of operations.**

Our business success is interconnected with the vitality of the agricultural industry, which has constantly been cyclical and subject to a variety of economic and environmental factors. Demand for agricultural machinery depends on numerous factors such as farm income, land values, debt levels and financing costs, which are influenced by several key factors including:

- Crop prices, as farmers and agricultural businesses adjust their purchasing decisions based on the profitability of their crops;
- Global grain supply fluctuations, where shortages or surpluses can destabilize the price of agricultural commodities, creating uncertainty in farmers’ willingness to upgrade machinery;
- Weather conditions which may directly impact crop yields, affecting demand for agricultural machinery and upgrading decisions; and
- Government support programs (for example, the amount of the subsidy and the time required for the funds to be credited) which may encourage farmers to exchange old and obsolescent machinery for newer and more intelligent agricultural machinery but remain subject to shifting policy priorities.

These uncertainties create challenges in forecasting demand, managing costs and predicting financial outcomes. Prolonged downturns in the agricultural industry driven by several aforementioned factors may result in a decrease in demand for agricultural equipment, which in turn could adversely affect our operational and financial performance.

**If we experience any delay or interrupted supply, or if the quality of raw materials supplied does not meet our required standards, our business and the results of our operations and financial condition may be materially and adversely affected.**

We rely on a diverse range of raw materials, parts and components, as well as indirect materials to manufacture our products. See “Business — Procurement, Inventory Management and Logistics — Procurement.” Our material costs were RMB12,531.6 million, RMB11,580.7 million, RMB13,758.3 million, RMB7,732.6 million and RMB7,629.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, constituting 89.2%, 91.0%, 91.2%, 90.4% and 89.8% of our cost of sales during the respective periods. In addition,

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a substantial portion of the engines used in our business production has been procure from Weichai Power Group, accounting for approximately 50.3%, 69.8%, 83.1% and 79.0% of our total engine purchases in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. Such procurement of engines is set out on normal commercial terms, which are not less favourable than those for transactions between our Group and Independent Third Parties under the same conditions.

Our production efficiency and continuity depend on a timely and stable supply of high-quality raw materials. If our suppliers fail to fulfil their obligations on time and we lack a sufficient inventory of raw materials needed or alternative sources, our production process and delivery schedules may be disrupted. In such cases, we may incur additional costs in securing a sufficient supply of raw material during the process, which would increase our cost of sales and negatively impact on our financial performance and additionally affect our sales and profitability. Although we have engaged and established long-term relationships with multiple suppliers to ensure our inventory, and have secured favorable bargaining positions, there is no assurance that we will be able to successfully retain and manage our suppliers to maintain procurement costs within a reasonable range or obtain sufficient supplies or find new suppliers on comparable terms in a timely manner if any supplier relationship is terminated. Any incident associated with the supply of raw materials or our relationships with suppliers could lead to increased costs, supply shortage and reputational damage.

The quality of raw materials also directly affects the quality of our finished products. While we implement strict quality control measures over raw materials, we cannot guarantee that all raw materials used in our products meet our standards. Substandard materials may lead to products defects or recalls, which could damage our brand and the trust customers place in us.

Additionally, any substantial increase in the price of raw materials could also affect our cost of sales and overall profitability. Prices of raw materials and components fluctuate with market conditions and are subject to various factors beyond our control, such as supply and demand dynamics, inflation and government regulations and policies. As such, we may not be able to procure stable, high-quality raw materials at reasonable prices at all times, and there is no assurance that our raw materials costs will not increase significantly in the future. Any substantial price increase in raw materials may have a materially adverse effect on our profitability and results of operations. Furthermore, raising product prices to offset the higher cost of sales may reduce customer demand.

Any of the foregoing issues in relation to delays or interruptions, quality concerns or pricing fluctuations in the supply of raw materials and components could materially and adversely affect our business, financial condition and results of operations.

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**Failure to accurately forecast market demand for our products and services and maintain an optimal inventory level may materially and adversely affect our business, financial condition and results of operations.**

Effective inventory management is critical in guaranteeing stable production and timely delivery to our customers. Our inventory primarily consists of raw materials, semi-finished goods and finished goods. As of December 31, 2022, 2023, 2024 and June 30, 2025, our inventories and other contract costs were RMB2,250.6 million, RMB3,642.2 million, RMB2,832.0 million and RMB2,008.0 million, respectively. Our inventories and other contract costs turnover days were 81.2 days, 86.5 days, 79.9 days and 53.2 days in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. See “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Inventories and Other Contract Costs.”

Accurately forecasting market demand can be challenging. Overestimating demand may result in inventory exceeding our actual need, potentially leading to inventory write-downs or write-offs and/or discounted sales, and could negatively impact our financial performance. Conversely, underestimating demand could result in shortages in raw materials or delayed deliveries, damaging customer relationships and operational efficiency. Predicting market demands and managing inventory levels effectively can be challenging due to numerous factors, including unpredicted events such as shortages in the supply of raw materials, rapidly changing market trends and sudden natural disasters. Failure to forecast consumer demand and maintain balanced inventory levels or to adapt to unforeseen events could result in increased inventory obsolescence, a decline in inventory value or inventory write-downs. Our business, financial condition and operational results may be significantly impacted if we do not accurately forecast market demand and maintain appropriate inventory levels.

**Any improper warehousing or handling of our products, delivery delay or material changes in warehousing and logistics-related costs could materially and adversely affect our business and results of operations.**

During the Track Record Period, we utilized a combination of self-owned warehouses and leased warehouses to store our products and inventory, adhering to internal storage standards and procedures designed to minimize the risk of damage. However, we cannot guarantee that our warehouses and rental warehouses will consistently maintain optimal conditions to store our products and inventory, or there is no improper handling by our employees during the process. Additionally, leased warehouse costs are subject to volatility due to market demand fluctuations or rental rate increases, and this could impact on our operating margins. We may have to turn to alternative storage service providers if a leased warehouse provider unexpectedly terminates services or we are unable to secure or renew warehousing arrangements under commercially viable terms, potentially incurring unplanned costs, the disruption of inventory management and delays in production schedules, which could adversely affect our business, financial condition and operational results.

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During the Track Record Period, we engaged in independent third-party logistics service providers to transport our products from manufacturing bases to warehouses, and from warehouses to customers. While we maintain collaborative relationships with third-party logistics service providers, their operations remain outside our direct control, exposing us to risks such as product damage from mishandling, delivery delays due to labor shortages or extreme weather and potential breaches of contractual obligations. Additionally, costs of third-party logistics services may fluctuate sharply due to various reasons, such as fuel price hikes or transportation market pressures, which could directly increase our cost of sales. Furthermore, we may not be able to identify substitute logistics service providers capable of supplying logistics services on commercially reasonable terms, or at all, thereby potentially impacting order fulfillment timelines, which could pose a negative impact on our business, financial condition and results of operations.

**Our business may be subject to seasonality, in alignment with the agriculture industry, and may result in certain periods when our results of operations fall short of expectations.**

Our operations are strategically aligned with the agriculture industry. Therefore, seasonal fluctuations in agricultural activities, such as planting and harvesting cycles, can significantly impact the demand for our products and services. During the Track Record Period, our revenue and cost of sales were generally higher in the second and third quarters, with revenue in each quarter typically contributing approximately 30% of our annual total, aligning with preparations for peak farming seasons, while the fourth quarter tended to be lower and typically contributing less than 20%. See “Financial Information — Major Factors Affecting Our Results of Operations — Specific Factors — Seasonality.” However, the intensity of these seasonal fluctuations may vary from year to year due to shifting industry conditions and other factors, which makes it difficult for us to predict precisely the level of demand. Furthermore, our interim financial results may not align with full-year trends due to these seasonal variations. Therefore, comparisons of our operational results between different quarters within a single fiscal year or across different fiscal years are not necessarily meaningful and should not be relied on as indicators of performance.

**We may be subject to risks inherent in international operations, including operational risks, complex compliance and regulatory requirements, in particular, uncertainties associated with international trade policies, trade protection measures, economic or trade sanctions and export control measures, as well as risks associated with geopolitical tensions.**

We have established a comprehensive sales and marketing network with a strong global presence, mainly through distribution. As of the Latest Practicable Date, we sold our products to over 120 countries and regions, and revenue generated from our overseas markets (regions excluding mainland China) was RMB949.0 million, RMB1,257.2 million and RMB1,725.0 million, RMB967.9 million and RMB1,147.0 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 5.9%, 8.6%, 9.9%, 9.9% and 11.6% of our total revenue in the same periods, respectively. As we continue to expand our global footprint, we are increasingly exposed to a wide range of risks and operational challenges.

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Such risks primarily include difficulties in gaining in-depth understanding of local markets and cultures, intensified competition, more complex distribution logistics, increased expenses associated with staffing and managing international and cross-border operations, an inability to maintain strong relationships with existing distribution partners while seeking new collaboration opportunities, failure in building and sustaining connections with customers and local stakeholders, and potential harm to our brand and reputation if we fail to deliver high-quality products and services or effectively manage our operations.

Additionally, as we expand into global markets, we may be subject to risk in complying with foreign laws and regulations, which include trade protection measures, economic or trade sanctions, export controls requirements, anti-dumping policies, anti-corruption laws, anti-money laundering laws, environmental and labor laws and regulations, restrictions on foreign investment and anti-competition rules. In recent years, rising geopolitical tensions and national security concerns have led to stricter international trade policies, trade protection measures, economic or trade sanctions and export control measures. While our business operations do not represent any apparent or material sanctions risks, the interpretation and enforcement of such laws and regulations and future development in global trade dynamics may impose new restrictions or uncertainties on our business. Non-compliance with such laws could result in a restriction on our ability to conduct cross-border business, an increase in compliance burdens, or lead to reputational damage, and our business, financial condition and operation results may be materially and adversely affected.

Furthermore, our international operations are subject to local political and economic conditions, as well as the wider geopolitical environment. Changes in government leadership, regulatory priorities, or macroeconomic indicators such as inflation, currency fluctuations, or interest rate shifts could reduce consumer demand and investment confidence. Heightened political tensions may also disrupt global trade, investment and technological exchange, potentially affecting us, our business partners, suppliers and/or customers. This could hinder access to critical technologies, systems or components that may be critical to our technology infrastructure, product offerings and business operations. We cannot assure you that we will be able to anticipate and mitigate all such risks as we continuously expand our business, and failure to do so could materially and adversely affect our business, financial condition and operating results.

**Changes in international trade policies and tariffs may adversely affect our business, financial condition and results of operations.**

Our operations are subject to risks arising from unpredictable political, trade and regulatory developments in the jurisdictions where we operate, particularly those influenced by U.S. government policies. Shifts in international trade policy including tariffs, retaliatory measures and evolving bilateral or multilateral agreements could materially and adversely affect the global economy, trade relations and our business.

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For instance, in February and April 2025, the U.S. government introduced tariffs targeting major trading partners such as Canada, China, the EU and Mexico, with a baseline duty on all countries and additional individualized tariffs on nations with significant trade deficits relative to the U.S. (the U.S. Reciprocal Tariffs). Subsequent updates escalated tariffs to 145% on Chinese imports and imposed higher duties on goods from other regions, where we maintain operations or are intending to expand our operations. As of June 30, 2025, the reciprocal tariffs had been suspended until August 1, 2025. On May 12, 2025, China and the U.S. agreed to lower tariffs on each other’s goods for 90 days effective from May 14, 2025. Under this arrangement, the U.S. agreed to withdraw its elevated reciprocal tariff rate of 125%, while maintaining an additional 10% tariff on Chinese imports, in addition to existing levies such as those fentanyl-related tariffs and those imposed under Section 301 of the U.S. Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962. As a result, additional U.S. tariffs on Chinese goods were reduced from approximately 145% to 30% as of June 30, 2025. The scope, interpretation and administration of these measures remains uncertain and subject to ongoing negotiations.

Our direct revenue from the U.S. amounted to RMB0.2 million, RMB0.1 million and RMB1.1 million and nil in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. While our direct revenue from the U.S. and supply chain reliance on U.S. markets was not significant during the Track Record Period, limiting the immediate adverse impact of these tariffs and retaliatory actions as of the Latest Practicable Date, future adjustment to U.S. trade policies could possibly lead to retaliatory measures by affected countries, potentially disrupting global supply chains. Tariffs imposed on Chinese imports may lead to increased transaction costs and diminished the price competitiveness for our products in certain overseas markets. The existing tensions and any further deterioration in relationships between the United States and China and between other countries may also have a negative impact on the general, economic, political and social conditions around the globe, which could strain our ability to manage operational costs or adapt to market shifts. Failure to mitigate these risks could materially and adversely affect our business, financial condition and operational results.

**If we fail to provide high-quality after-sales services to meet the expectations of our customers, our business and reputation may be adversely affected.**

Providing high-quality after-sales service is crucial in maintaining customer satisfaction, fostering brand loyalty and differentiating ourselves in a competitive market. We implement various measures to ensure delivery of high-quality after-sales service, for example we provide certain warranty schedule, see “Business — Sales, Marketing and Customer Service — User Engagement and After-sales Services — After-sales Services”. As such, we may incur certain costs in relation to the warranty we provide, see “Financial Information — Critical Accounting Policies and Estimates — Significant Accounting Judgments and Estimates — Estimation Uncertainty — Warranty”, and we cannot guarantee that we will consistently meet customer expectations across all regions and at all times. Challenges such as limited service capacity and difficulties in expanding our after-sales team, as well as the need for ongoing training, may hinder our ability to provide timely and effective support. Additionally, as a majority of our end users are professional machine operators who frequently work across multiple regions, they

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often require cross-regional technical assistance. If we fail to provide high-quality after-sales service to our customers, or if we fail to maintain an extensive after-sales network, we could face dissatisfaction, negative reviews and a decline in brand loyalty. Dissatisfied customers may choose to switch to our competitors, leading to a potential loss of market share and revenue. Moreover, unresolved service issues can escalate into product complaints, warranty claims or even legal disputes, further straining resources and damaging our reputation. Any failure to provide high-quality after-sales service and maintain and expand a responsive, well-trained and accessible service network could potentially affect our customer relationships and brand image, which in turn could impose material and adverse effect on our business, financial condition and results of operations.

**Our information technology systems may experience system failures, interruptions or security breaches. Any significant interruption in services on our information technology systems, online platforms and websites, including events beyond our control, could materially and adversely affect our business, financial condition and results of operation. The proper functioning of our IT systems and infrastructure and our ability to continuously improve them are essential to our business.**

Our business relies on the real-time processing capabilities of our IT systems to handle large volumes of information. We depend on our IT systems, online platform and websites to support and drive our operations. The availability and stability of these platforms are directly tied to any given user's experience, and concerns in these systems may impact overall user satisfaction. Our competitiveness and efficiency are supported by advanced information technology across various aspects of our business, including raw materials supply, production, operation, sales and distributions and logistics. See "Business — Information Technology." However, our IT systems, online platforms and websites may be vulnerable to damage or interruption from circumstances beyond our control. Disruption to IT systems, or partial or complete failures or significant interference affecting the functionality of our online platform or websites may result from hardware or software malfunctions, cyber-attacks, computer viruses, acts of hacking, vandalism, power outages or other unforeseen events. Such incidents can lead to operational delays, loss of data and reduced productivity, while security breaches may compromise sensitive information, leading to potential legal liability and reputational damage. Despite our efforts to implement robust cybersecurity measures and maintain reliable IT infrastructure, there is no guarantee that we can completely prevent such incidents. Any system failures, interruptions or security breaches could result in transaction errors, process inefficiencies and loss of sales, which could have a significant impact on our performance and further harm our reputation, adversely and materially impairing our business, financial condition and results of operations.

We have implemented a variety of cybersecurity measures; however, these measures may not be able to detect, prevent or mitigate all attempts to compromise our systems. Such attempts may include distributed denial-of-service attacks, viruses, Trojan horses, malicious software, unauthorized intrusions, phishing attacks, third-party interference, security breaches, employee misconduct or negligence, data leaks and other threats or disruptions that could interrupt our services or compromise the security of data stored in or transmitted through our

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systems. If our security measures are breached, it could result in unauthorized access to our systems, theft or misuse of information or data, deletion or alteration of user information, or denial-of-service incidents that disrupt our business operations. Because the techniques used to gain unauthorized access to or sabotage systems evolve rapidly and are often unknown until they are deployed either against us or our third-party service providers, there is no guarantee that we will be able to anticipate or implement sufficient defenses against such attacks. If we fail to prevent or respond to these attacks and breaches, we may face significant legal and financial liabilities, reputational damage and substantial revenue losses due to reduced sales and customer dissatisfaction.

In addition, we must keep pace with technological advancements and continuously invest substantial resources including financial and human capital to maintain, upgrade and expand our IT systems and infrastructure to support business growth and development. Rapid technological changes may render our existing systems and infrastructure, as well as newly developed and implemented ones, obsolete before we are able to realize sufficient returns to recover any investment costs. This could result in significant losses and adversely affect our operating performance. If our efforts in technology investment are unsuccessful, our business performance and future prospects could be materially and adversely impacted.

Furthermore, our business partly depends on the performance and reliability of internet infrastructure and telecommunications networks. Any failure by telecommunications providers to deliver the necessary bandwidth could impair the speed and availability of our websites.

**We collect and access certain personal information of users of our services and products through our systems. Any actual or perceived failure to comply with data privacy, cybersecurity or data protection laws, or concerns regarding our practices or policies in collecting, using, storing, retaining, transmitting, disclosing or otherwise processing such data could expose us to potential liabilities.**

We collect and access various types of data related to our enterprise clients, their authorized users and individual agricultural machinery users, such as names, mobile phone numbers and agricultural machinery information. We process such data and deliver our services and products through our IT systems. Our data processing activities are subject to applicable laws and regulations in China concerning privacy, data protection and cybersecurity. See "Regulatory Overview — Laws and Regulations Related to Information and Cybersecurity." We anticipate that the collection, use, processing and storage of personal information and data will continue to attract increasing scrutiny from regulatory authorities and public, which may raise compliances costs for both our Group and our clients. In addition, we are obliged to ensure the security of our data and online platforms, and compliance with relevant laws and regulations requires significant investment. We cannot guarantee full compliance at all times due to potential employee misconduct, misinterpretation of legal requirements, changes or further interpretations of applicable laws and regulations or actions by third parties. Any failure to comply with such laws and regulations in the collection, use or disclosure of personal information, whether collected by us or accessed through our systems or cybersecurity

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infrastructure could result in legal action or enforcement measures by government authorities or other parties. Such actions may lead to substantial penalties, negative publicity, required changes to our business practices, increased costs and significant disruption to our operations.

We cannot assure you that unauthorized third parties will not successfully gain access to personal information related to our clients and any end users of our products and services. Such information may also be exposed due to human error or other forms of misconduct. Any unauthorized access to personal data or compromise of our system security could adversely affect our business, financial condition and results of operations.

**We are subject to various risks relating to the Third-Party Payment Arrangements.**

During the Track Record Period, some of our customers settled payments with us through bank accounts that were not held by the contractual parties specified in the corresponding sales agreements (the “**Third-Party Payment Arrangements**”). In 2022, 2023, 2024 and June 30, 2025, the number of customers who settled payments through Third-Party Payment Arrangements was 163, 99, 145 and 71, respectively, and the aggregated amount they settled under the Third-Party Payment Arrangements was RMB422.1 million, RMB181.5 million, RMB319.8 million and RMB126.4 million, respectively, representing approximately 2.6%, 1.2%, 1.8% and 1.3% of the total payments we received from all customers, respectively, in the same periods. See “Business — Third-Party Payment Arrangements.”

We were exposed to several risks related to these Third-Party Payment Arrangements during the Track Record Period, including: (i) third-party payers who are not contractually obligated debtors may seek reimbursement of funds from us, despite our having typically entered into the Written Delegation with both the relevant customers and third-party payers; (ii) potential claims from liquidators of third-party payers; and (iii) potential risks arising from our limited visibility into the source and intended use of funds by third-party payers. If any claims are made by third-party payers or their liquidators, or if any legal proceedings are initiated or brought against us regarding any third-party payments, we may need to allocate additional financial and management resources to address these claims or legal proceedings, which could adversely affect our business and financial performance.

**Any failure to comply with privacy protection, data protection and cybersecurity security laws and regulations may materially and adversely affect our business, financial condition and results of operations.**

We collect customer data during our sales process and have access to certain personal data submitted by users registered on our online platforms and websites such as names, mobile phone numbers and agricultural machinery information in the course of providing our smart agriculture services. In recent years, cybersecurity, data protection and personal information protection have become an increasing regulatory focus of government authorities across the world. The PRC government has implemented a comprehensive regulatory framework for cybersecurity, data protection and personal information protection in recent years, including (i) the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》)

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promulgated by the Standing Committee of the National People’s Congress and effective since June 1, 2017, which established the first national-level data protection framework for “network operators”, a broad term encompassing most entities providing internet-based services; (ii) the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) promulgated by the Standing Committee of the National People’s Congress and effective since September 1, 2021, which outlines a number of obligations on data security and personal information for entities handling such data, including classification, risk management and data cross-border transfer regulations; (iii) the Personal Information Protection Law (《中華人民共和國個人信息保護法》) promulgated by the Standing Committee of the National People’s Congress and effective since November 1, 2021, which specifies the circumstances under which personal information processors are permitted to handle personal data, and sets out the responsibilities and obligations that such processors must adhere to when processing such information, including the principles of data minimization and transparency; and (iv) the Regulation on Network Data Security Management (《網絡數據安全管理條例》) promulgated by the State Council and effective since January 1, 2025, which further refines compliance requirements for data processing activities. See “Regulatory Overview — Laws and Regulations Related to Information and Cybersecurity” and “Regulatory Overview — Regulations Relating to Personal Information Protection.” These laws and regulations relevant to cybersecurity, data protection and personal information protection would impact on the data collection, use, storage and other data processing activities conducted in our business operations.

On December 28, 2021, the Cyberspace Administration of China (CAC), together with other regulatory authorities, jointly revised and promulgated the Cybersecurity Review Measures, which provide that: (i) Critical Information Infrastructure Operators (CIIOs) that procure network products and services which affect or may affect national security must file for a cybersecurity review; (ii) online platform operators that hold personal information of more than one million users and plan to list in foreign countries must file for a cybersecurity review; and (iii) that the Cybersecurity Review Office may initiate a review in accordance with the Cybersecurity Review Measures upon approval by the Central Cyberspace Affairs Commission if the cybersecurity review working mechanism members believe that certain network products, services or data processing activities affect or may affect national security. As of the Latest Practicable Date and pursuant to the applicable laws and regulations of China, we have not been informed that we are identified as a CIIO by any relevant authority. On May 29, 2025, our PRC legal counsel consulted with staff at China Cybersecurity Review, Certification and Market Regulation Big Data Center (“CCRC”, which is named as the China Cybersecurity Review Technology and Certification Center formerly) on our behalf and under our real name via the official hotline published by the CAC. According to the CAC’s official announcement, the Cybersecurity Review Office under the CAC has authorized the CCRC to receive and review filing materials and to provide expert guidance via the cybersecurity review consultation hotline. Based on the relevant consultation, our PRC legal counsel is of the opinion that, since Hong Kong is part of the PRC and does not fall under the definition of “to list in foreign countries” as stipulated in the Cybersecurity Review Measures, we are not required to proactively file for a cybersecurity review in connection with a [REDACTED] in Hong Kong. As the Cybersecurity Review Measures were only recently issued, certain

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provisions and implementation standards remain subject to further clarification and guidance by the relevant authorities. These authorities retain broad discretion in interpreting and enforcing the applicable laws and regulations. We will closely monitor and assess any developments in the rulemaking process. Should we become subject to a cybersecurity review or investigation by PRC regulatory authorities in the future, any failure or delay in completing the review process, or any other non-compliance with relevant laws and regulations could result in fines or other penalties, including suspension of relevant business operations, shutdown of our website, removal of our mini-programs from distribution platforms, revocation of necessary licenses, reputational damage or legal proceedings or actions against us. Any of the foregoing could have a materially adverse effect on our business, financial condition or results of operations.

We have adopted various measures to ensure legal compliance. See “Business — Data Privacy and Protection.” However, our compliance remains challenging due to the complexity and evolving nature of these laws and regulations. Regulatory interpretations and applications can shift unpredictably, creating uncertainty about compliance standards. Ensuring compliance would also become increasingly complex and resource intensive. As such, we cannot assure you that our cybersecurity, data protection and personal information protection measures are, and will be, considered sufficient under applicable laws and regulations. Any unintentional or deliberate security breach or other unauthorized access to our systems could result in the exfiltration of confidential information for criminal purposes and may expose us to liabilities related to data loss, time-consuming and costly litigation and negative publicity. If our security measures are compromised, or if we otherwise fail to protect the confidentiality of a user’s personal data and are thereby found to have failed to meet applicable legal and regulatory requirements, whether through actual violation or perceived non-compliance, we may suffer reputational damage, loss of customer trust, regulatory investigations, fines and potential operational restrictions. Such consequences could ultimately impose a material and adverse effect on our business, financial condition and results of operations.

**Our success relies on key management and other employees. If we are not able to attract or retain our key employees, our business, financial condition and results of operations may be materially and adversely affected.**

Our success depends on the expertise of our key management and other qualified personnel with specialized skills, as well as our ability to attract, recruit and retain such personnel. In particular, we rely on our research and development team to drive technological innovation and product development, our extensive sales channel to maintain strong customer relationships and key management teams to organize and manage our company effectively. These individuals are instrumental in executing our strategic initiatives, managing daily operations and fostering innovation.

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However, factors such as competitive job markets, evolving employment conditions and the limited availability of skilled professionals may impact our ability to maintain a strong and capable workforce. If one or more of our key personnel are unwilling or unable to continue their employment with us, we may face challenges in finding suitable replacements, which could disrupt our operations and incur additional costs. Additionally, our key personnel may join our competitors, which exacerbate the difficulty in keeping our edge in the market.

We cannot assure you that we will be able to attract and retain a qualified workforce to support our daily operations and future development promptly or at all. There are also no assurances that newly hired personnel will adapt effectively to our business environment. Recruitment and training of new personnel may also incur additional outlay, which could temporarily disrupt our business and limit our ability to grow. As such, the loss of key management or specialized personnel may lead to disruption in our operations, hinder our ability to execute business strategies and negatively affect our financial condition and results of operations.

**We may experience deterioration in relationships with our employees, shortage of labor or an increase in labor costs, which may have an adverse effect on results of operations.**

As the production and sale of our products are labor-intensive, attracting and retaining qualified employees plays an important role in our success. We are committed to providing fair and equal opportunities for our employees in terms of evaluating their performance and intend to offer competitive wages and incentives. However, we may be subject to claims, investigation and negative publicity in relation to safety production, workplace environment and occupational hazards, particularly in cases where our employees, third-party service providers or members of the public suffer injuries or casualties at any of our facilities, which is something that may cause a deterioration in labor relations with our employees.

We primarily recruited employees through on-campus jobs fairs at universities, employment websites and third-party labor dispatching companies during the Track Record Period. Recruitment activities usually result in additional expenditure for us. With rising wage levels, we may also encounter difficulties in offering compensation that meets employee expectations. Failure to provide competitive wages may lead to the resignation of our employees or a shortage of labor.

In addition, the use of temporary or dispatched workers, while operationally flexible, may present challenges such as variability in technical proficiency and complexities in contractual coordination. If we fail to secure sufficient labor, especially during peak production seasons, whether due to recruitment challenges, deteriorated employee relations or wage competition, our production timelines may be delayed. This could impair our ability to meet market demand thereby eroding customer trust. Any of the foregoing issues may materially and adversely affect our business, financial condition and results of operations.

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**Our business operation and project construction are subject to various permits, licenses, approvals and/or qualifications and the loss of or failure to obtain or renew any or all of these permits, licenses, approvals and/or qualifications may materially and adversely affect our business, financial condition and results of operations.**

Our business operations and project construction activities require a range of permits, licenses, approvals and qualifications, which are subject to renewal and compliance obligations. Any lapse in securing, updating or retaining these essential permits, licenses, approvals or qualifications may lead to operational interruptions, increased costs, contractual breaches and potential legal liabilities, materially disrupting our business operations. Additionally, non-compliance with regulatory requirements can result in fines, penalties or other sanctions, further impacting our financial condition.

As confirmed by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all the licenses and made all the filings with competent government authorities in all material aspects that are essential to the operation of our business in China. See “Business — Licenses, Permits and Approvals.” However, there is no assurance that we can successfully update or renew our licenses or complete the filings required for our business promptly or secure new approvals for evolving business needs. Considerable uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities, and procedural delays or evolving documentation standards could hinder our timely compliance. A failure to align with all regulatory requirements to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in jurisdictions where we operate our business may expose us to various penalties such as confiscation of revenues generated, the imposition of fines and/or discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial conditions.

**Changes in environmental regulations for agricultural machinery may materially and adversely affect our business operation and financial performance.**

Our agricultural machinery products are subject to applicable environmental regulations, particularly emission standards. In 2022, China’s agricultural vehicle emission standards were upgraded from National III to National IV Emission Standard, imposing stricter requirements on agricultural machinery emissions. This regulatory shift led to fluctuations in market demand, which affected our performance in certain product categories. See “Financial Information — Specific Factors — Market Demand Driven by product and Policy Dynamics.”

Upgrades in emission standards may present several challenges. We may be required to upgrade our products to comply with tightened environmental requirements, which could involve significant time and technical efforts. There is no assurance that we will be able to implement all necessary technologies in a timely manner in response to such changes. These upgrades may also lead to increased product prices, discouraging users from purchasing new machinery and prompting users to adopt a wait-and-see approach, and potentially resulting in market demand falling short of expectations. In addition, regulatory changes impact our production planning and inventory management, particularly for existing products lines. While

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we do not hold any obsolescent inventory of agricultural machinery products due to the implementation of National IV Emission Standards or the industry-wide transition from traditional to intelligent agricultural machinery, there is no assurance that we will not be exposed to similar risks in the future as regulatory requirements continue to evolve, and if more stringent environmental regulations are introduced, we may incur higher costs to upgrade our products and experience fluctuations in market demand, which could materially and adversely impact on our business operations and financial performance.

**Our insurance coverage may be insufficient to cover all of our potential losses.**

We maintain various insurance policies including property all-risk insurance and machinery breakdown insurance. While we believe that the amount of our insurance is in line with the customary standard in the industry and is adequate for our operations, there is no assurance that our coverage will be sufficient to fully compensate for such losses we may suffer in the future, as certain types of risks may fall outside the scope of policies or exceed compensation thresholds. Any uninsured occurrence of unforeseen events or circumstances, including business disruption, legal disputes or natural disaster, could result in claims surpassing our insurance coverage. In such cases, we may be required to bear substantial financial burdens, which could adversely affect our business, financial condition and results of operations. In addition, there can be no assurance that we will be able to successfully claim for losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or there is any significant shortfall between compensation received and actual losses incurred, our business, financial condition and prospects could be materially and adversely affected.

**Any interference to our right to use the premises where our sites, facilities or structures are located may negatively impact our business and results of operations.**

We may be required to relocate or dismantle certain sites, facilities or structures if we fail to obtain valid title certificates for the underlying land parcels or the structures erected thereon, or if we lack legally binding property lease agreements or other contractual rights to occupy the premises. Furthermore, in situations where our landowners may have defects as to the land's title, our use of these buildings may be invalid or subject to third-party claims or disputes. See "Business — Properties."

In addition, we may from time to time encounter disputes or disagreements with landlords or local government authorities regarding lease terms, permitted land use or access rights. Such disputes may disrupt our ability to operate or maintain access to our sites. There is also a risk that landowners may choose not to renew our leases, revoke access or transfer their interests to third parties. In some cases, they may lose their legal rights to the land or premises, or exercise their right to re-enter the property, which could prevent us from renewing leases on commercially viable terms. Any interference with our rights to use these properties, whether due to legal title issues, failure of lease renewal or third-party claims could adversely affect our ability to maintain stable operations. Such disruptions may have a material and negative impact on our business, financial condition and results of operations.

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**We may from time to time become party to litigation, other legal and contractual disputes, claims and administrative proceedings that may materially and adversely affect our business and reputation.**

We may be involved in litigation, legal and contractual disputes, claims and administrative proceedings from time to time. These legal matters can arise from various aspects of our business operations, including contractual disagreements, regulatory compliance issues, intellectual property disputes and employment-related matters. Such proceedings carry inherent uncertainty, and unfavorable outcomes including monetary damages, injunctive relief or settlement could impose significant substantial financial obligations, increased operational expenses or diversion of management resources. Additionally, these actions could expose us to negative publicity, which may harm our reputation and negatively impact customer and investor confidence. In addition, any litigation or legal proceedings could incur substantial legal expenses. Failure to effectively manage or resolve these matters in a timely manner could materially disrupt business continuity, strain our financial resources and adversely impact our operational and financial performance.

**Insufficient intellectual property protection may reduce our competitive advantage and lead to conflicts that adversely affect our business, financial condition and results of operations.**

Our success depends substantially on our ability to obtain patents and other intellectual property rights to maintain adequate legal protection for our core technologies in the jurisdiction where we sell our products. We employ a combination of patents, trademarks, domain names and other intellectual property protections in jurisdictions where we operate. We also rely on fair trade practices, contractual agreements and confidentiality arrangements to establish and protect our essential technologies and other intellectual property rights.

However, these laws and protection efforts and arrangements we make may only offer limited coverage, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Inadequate protection could allow other companies to produce counterfeit products or impersonate our commercial identity, diminishing our competitive advantage and damaging our reputation and business. In the event that we resort to litigation to protect our intellectual property rights, such legal proceedings could be financially onerous and time consuming, with no assurance of prevailing. Moreover, any claims that we assert against perceived infringers could also prompt these parties to assert counterclaims against us alleging that we have infringed their intellectual property rights. It is possible that our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, despite our best efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our intellectual properties at risk of being invalidated, held unenforceable or interpreted narrowly. Even if we do prevail, we may not obtain a meaningful recovery.

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Furthermore, third parties may raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such proceedings could result in revocation or amendment of our intellectual properties in such a way that they no longer cover and protect our products and services. The outcome following such challenges remains inherently unpredictable.

We are in the process of registering certain intellectual property rights but there can be no assurance that these intellectual property applications will be approved in a timely manner or at all. We may also have insufficient intellectual property rights in some of countries and regions where we operate. Any failure to obtain, maintain, protect and enforce our patents, trademarks and other intellectual property rights could materially and adversely affect our business, financial condition and results of operations.

**We could face claims of intellectual property infringement or misappropriation from third parties, which, if determined against us, could potentially result in significant damages and hamper sales.**

Some of our competitors maintain large intellectual property portfolios and may allege that our anticipated commercial use of certain technologies has infringed or misappropriated their intellectual properties, particularly during the application process for registration with government authorities. These intellectual properties have broad claims, and it might be alleged that certain features of our technologies fall within the claims of such intellectual properties. Regardless of their merits, these claims or legal proceedings could be time-consuming and resource-intensive. Competitors may also use intellectual property litigation strategically to gain a competitive advantage. Determining whether technology infringes on intellectual property rights involves a comprehensive analysis of legal and factual issues, and the outcome is often uncertain. Despite our efforts to identify and avoid infringing on third parties' intellectual property rights, we may not always be successful. Any claims of patent or other intellectual property infringement, regardless of merit, could harm our operational abilities, including:

- Requiring significant time and financial resources to defend against claims or negotiate settlements;
- Exposing us to liabilities such as significant licensing fees, legal fees, substantial damages to third parties and other expenses;
- Preventing us from implementing technologies that are subject to the disputed intellectual property;
- Forcing us to redesign our products to avoid infringing or misappropriating such intellectual properties;

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- Requiring us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property where such agreements may not be available on commercially viable terms or at all;
- Diverting the attention of our management from business operations; or
- Generating negative publicity which could damage our reputation and customer relations, potentially leading to the termination, deferral or reduction of purchases of our products and services.

Any of the foregoing outcomes could result in invalidation or narrowing of our intellectual property rights, or the imposition of restrictive licensing terms, rendering our intellectual property portfolio less competitive and consequently negatively impacting on our business, financial conditions, results of operations and prospects.

**Fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties may materially and adversely impact on our business, financial condition and results of operations.**

Our business operations are vulnerable to negligence, fraud, embezzlement, corruption, bribery or other illegal activities and misconduct by our employees, customers, suppliers or other third parties. These activities can lead to significant financial losses, legal liabilities, fines and other penalties imposed by competent government authorities, as well as result in reputational damage. Additionally, misconduct by third parties can disrupt our supply chain, compromise the quality of our products and services and negatively impact on customer trust and satisfaction. Despite our efforts to implement robust internal controls and compliance measures to detect and prevent such activities, there is no guarantee that this measure will effectively prevent any occurrence of illegal activities by our employees, customers, suppliers or other third parties. Failure to detect and prevent violations of laws and regulations by our employees or collaborators in terms of the abovementioned illegal activities may damage our brand and reputation, exposing us to administrative or legal proceedings and penalties, potentially disrupting our supply chain. Consequently, fraudulent or illegal activities or other misconduct could materially and adversely affect our business, financial condition and results of operations.

**We may not be able to maintain our profitability or realize revenue increase continuously, and our historic results of operations may not be indicative of our future performance.**

Our revenue was RMB15,950.0 million, RMB14,676.3 million, RMB17,393.0 million, RMB9,801.2 million and RMB9,863.4 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Our gross profit increased by 1.4% from RMB1,912.2 million in 2022 to RMB1,939.2 million in 2023, and further increased by 18.7% to RMB2,302.3 million in 2024. Our gross profit increased by 9.1% from RMB1,249.1 million in the six months ended June 30, 2024 to RMB1,362.4 million in the six months ended June 30, 2025. While we experienced continuous profit growth during the Track Record Period, there

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can be no assurance that we will be able to maintain our product sales and our historic growth rate, or achieve a higher growth rate in the future. Our ability to maintain and improve business operations depends on successfully executing certain strategies in order to achieve our future plans, including:

- Achieving technological breakthroughs and effectively commercializing such innovations to market-ready products and services;
- Expanding and optimizing our sales network through broader sales channel integration;
- Scaling our manufacturing and/or service facilities to meet growing demand;
- Managing costs and operating expenses in anticipation of business expansion;
- Attracting and retaining qualified professionals and employees; and
- Addressing and responding to new market opportunities and challenges.

The success of carrying out the aforementioned strategies may significantly influence future performance. Any failure to address them could hinder our future success and adversely impact revenue and profitability.

Furthermore, while our historical operational results provide valuable insights into our past performance, they may not necessarily be indicative of our future growth and returns. Various factors, including changes in market conditions, shifts in customer preferences, technological advancements and competitive dynamics, can significantly impact business outcomes. Additionally, unforeseen events such as economic downturns, regulatory changes and disruptions in supply chains may alter our operational landscape. As a result, relying solely on historic data may not provide a comprehensive understanding of our future prospects.

**We had net current liabilities and recorded net operating cash outflows historically, which may continue to occur in the foreseeable future and expose us to liquidity risk.**

We recorded net current liabilities position as of December 31, 2022, June 30, 2025 and October 31, 2025, and the net current liabilities were RMB409.9 million, RMB581.3 million and RMB725.5 million, respectively. The net current liabilities position as of December 31, 2022 was primarily due to (i) relatively low inventories and other contract costs compared to other periods, and (ii) the structured deposits that had not yet matured before year-end. The net current liabilities position as of June 30, 2025 was primarily due to (i) a decrease in cash and bank balances, (ii) a decrease in inventories and contract costs resulting from the relatively high level of inventories at year-end to prepare for the sales in the coming year, and (iii) a decrease in restricted deposits resulting from an decrease in bank acceptance bills. This is partially offset by an increase in trade and bills receivables as our trade receivables from customers have not reached their settlement periods as of June 30, 2025. The net current

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liabilities position as of October 31, 2025 was primarily due to (i) an increase in trade and bills payables, mainly as a result of an increase in amount of accepted bill used for settlement; (ii) a decrease in other payables and accruals, mainly as a result of our distribution of dividends; and (iii) an increase in provisions, mainly (a) along with an increase in sales of parts and components, and (b) the slowdown in warranty settlement of distributors. This is partially offset by an increase in trade and bills receivables, as well as an increase in cash and bank balances. See “Financial Information — Liquidity and Capital Resources — Net Current Assets or Liabilities.” A net current liabilities position may expose us to liquidity shortfalls, which could adversely affect our ability to raise funds, secure bank financing and declare or pay dividends.

We also recorded net cash outflow from operating activities of RMB1,723.1 million in the six months ended June 30, 2025. See “Financial Information — Liquidity and Capital Resources — Consolidated Cash Flow Statements.” Negative operating cash flow may necessitate additional financing to meet our funding needs and obligations, as well as to support our expansion plans. If we are unable to generate sufficient cash flow from operations or obtain adequate external financing, our liquidity and financial condition could be materially and adversely affected, and we may be unable to pursue our business expansion as planned. We cannot assure you that we will have sufficient alternative sources of funding to support our operations. Should we resort to external financing, we may incur additional financing costs, and there is no guarantee that such financing will be available on terms acceptable to us, or at all. Furthermore, we cannot guarantee that our Group’s future business activities or external factors beyond our control (such as market competition or macroeconomic changes) will not negatively impact our operating cash flow and result in continued net cash outflows. If we experience prolonged and sustained net operating cash outflows, we may lack sufficient working capital to cover our operating expenses, which could materially and adversely affect our business, financial position and results of operations.

**We are subject to the risk of exposure to fair value changes for our financial assets at fair value through profit or loss (“FVTPL”) and equity investments designated at fair value through other comprehensive income (“FVOCI”) and valuation uncertainties due to the use of unobservable inputs.**

The fair value of our financial assets at FVTPL and equity investments designated at FVOCI are estimated by using valuation techniques and on the basis of observable and unobservable inputs. As of December 2022, 2023, 2024 and June 30, 2025, we recorded financial assets at FVTPL of nil, RMB940.3 million, RMB1,092.1 million and RMB2,208.7 million, respectively, representing our structured deposits, which is subject to the overall market conditions. As of December 2022, 2023, 2024 and June 30, 2025, we recorded equity investments designated at FVOCI of RMB3.8 million, RMB3.1 million, RMB3.6 million and RMB3.7 million, respectively.

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The valuation of these financial assets and equity instruments can be highly uncertain, especially when unobservable inputs are used in valuation models. These inputs may not accurately reflect actual market conditions or could be based on assumptions that may not materialize, leading to potential discrepancies between the recorded fair value and the price we might obtain in an actual transaction. We may also record other financial assets of which the fair value is determined with a higher level of judgment and/or is more susceptible to market conditions. Changes in financial assets at FVTPL or equity investments designated at FVOCI may cause volatility in or materially and adversely affect our period-to-period earnings, results of operations and financial performance.

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Furthermore, we determine the fair value of level 3 financial instruments based on valuation techniques and assumptions of unobservable inputs. Fluctuations in these unobservable inputs can impact the fair value of these financial instruments. We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs, with levels 1 and 2 relying on observable prices and inputs. However, instruments classified in level 3 of the hierarchy require significant inputs that are not observable. As of December 31, 2022, 2023, 2024 and June 30, 2025, our level 1 and level 2 financial assets in aggregate amounted to RMB47.2 million, RMB970.1 million, RMB1,113.9 million and RMB2,216.7 million, respectively, representing approximately 92.6%, 99.7%, 99.7% and 99.8% of our total financial assets measured at fair value as of the same respective dates. As of December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, our level 3 financial assets were RMB3.8 million, RMB3.1 million, RMB3.6 million and RMB3.7 million, respectively, representing approximately 7.4%, 0.3%, 0.3% and 0.2% of our total financial assets measured at fair value as of the same respective dates. For details of our significant unobservable inputs for financial instrument valuation and their sensitivity analysis, see Notes 2.3 and 43 of the Accountants' Report in Appendix I to this Document. The subjective nature of this judgment process and its inherent limitations can affect accuracy. Inaccurate judgment and estimation could adversely affect the fair value of relevant financial instruments, impacting our financial condition and results of operations.

### **We are subject to credit risk in respect of our trade and bills receivables.**

Our trade and bills receivables represented the outstanding receivables from our customers during our ordinary course of business. We generally offered our customers a credit period of 60 to 180 days during the Track Record Period. We have trade and bills receivables (net of impairment) of RMB629.8 million, RMB435.4 million, RMB544.9 million and RMB2,826.3 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, which represented our maximum exposure to credit risk in relation to trade receivables as of the respective dates. We had impairment loss on trade and bills receivables of RMB474.6 million, RMB443.5 million, RMB86.7 million and RMB124.9 million in 2022, 2023, 2024 and June 30, 2025, respectively. If we cannot recover our trade and bills receivables in a timely manner, the turnover of our trade and bills receivables may be slow and increase our working capital requirements. Our trade and bills receivables turnover days were 23.9 days, 24.3 days, 15.6 days and 32.7 days in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables."

We may not be able to collect all such receivables due to a variety of factors outside our control, such as adverse operating conditions or the financial situation of customers. Disputes that result from any default in payment by customers may be time-consuming and costly if we decide to claim for such payments. An increase in trade receivables may lead to liquidity risk, as we may have less cash available to fund our operations, invest in research and development, or pursue strategic opportunities, which could, in turn, impact our ability to maintain our competitive position. An increase in trade receivables turnover days may necessitate an increase in our provisions for impairment of trade receivables, which would directly affect our

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profitability. Furthermore, the market may perceive an increase in our trade receivables and turnover days as an indication of potential liquidity issues or declining creditworthiness among our customer base, which could adversely affect our business. We cannot guarantee the recoverability or predict the movement of our receivables. If we fail to receive payments from our customers on a timely basis, our business, liquidity and financial condition could be materially and adversely affected.

**Prepayment arrangements with our suppliers for the procurement of raw materials expose us to the credit risks of such suppliers and may also significantly increase our costs and expenses, which could in turn materially and adversely affect us.**

We made prepayments to suppliers, mainly to procure certain raw materials during the Track Record Period. We had advances to suppliers of RMB49.9 million, RMB64.4 million, RMB141.5 million and RMB77.1 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. An increase in prepayment requirements could strain our liquidity, creating a mismatch between cash outflows for raw material procurement and the delayed collection of trade receivables. In addition, if we face material customer order cancellations, we may be unable to recover such prepayments in a timely manner, which may materially and adversely affect our business, financial conditions and results of operations.

**If we are unable to fulfill our contracts, our results of operations and financial condition may be adversely affected.**

As of December 2022, 2023, 2024 and June 30, 2025, we had contract liabilities of RMB1,515.3 million, RMB2,022.5 million, RMB970.8 million and RMB447.8 million, respectively. Our contract liabilities primarily represent advance payments received from customers for sales of agricultural machinery. See “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Contract Liabilities.” If we are unable to fulfill our contractual obligations under the contracts with customers, we may not be able to convert such contract liabilities into revenue. In such cases, customers may request refunds of the prepayments they have made, which could negatively impact our cash flow and overall financial condition. Moreover, failure to meet our contractual commitments could damage customer relationships, potentially leading to a loss of future business and adversely affecting our results of operations.

**We have indebtedness and may incur additional indebtedness in the future, and may not be able to fully and timely repay our indebtedness.**

We had lease liabilities of RMB12.3 million, RMB49.4 million, RMB60.7 million and RMB38.9 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, and had interest-bearing bank borrowings of nil, nil, RMB22.5 million and RMB74.9 million in the same periods, respectively. We may incur additional indebtedness in the future and may not be able to generate sufficient cash to satisfy our existing and future debt obligations. Our indebtedness could materially and adversely affect our business, for example, by (i) increasing our vulnerability to downturns of general economic or industry conditions; (ii) limiting our

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flexibility in planning for, and reacting to, changes in our business or the industry in which we operate; (iii) placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness; (iv) limiting our ability to borrow additional funds; and (v) increasing our cost of additional financing.

Specifically, we entered into lease contracts for buildings used for our operations. In the event that we are unable to comply with restrictions and covenants imposed by the lease contract and our obligation to make lease payments, we may be obliged to pay interest on the overdue monies, and the landlord may recover, in addition and without prejudice to any other remedy available to the landlord, any sum payable by us. If any of the foregoing events occur, there can be no assurance that our assets and cash flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on commercially reasonable terms or at all. As a result, our cash flow, the cash available for distributions, financial condition and results of operations may be materially and adversely affected.

### **We are subject to risks associated with off-balance sheet commitments.**

We had certain off-balance sheet commitments in relation to our financial leasing services. Such arrangements are not reflected on our balance sheet but constitute contingent liabilities. Our outstanding guarantee balances as of December 31, 2022, 2023, 2024 and June 30, 2025 were RMB914.6 million, RMB1,254.1 million, RMB1,798.9 million and RMB1,629.0 million, respectively. See "Financial Information — Contingent Liabilities." We are subject to credit risks associated with these off-balance sheet commitments. If we are required to fulfill these guarantees since the financial leasing service providers are unable recover payment from end users and distributors, our financial condition and results of operations may be materially and adversely affected.

### **Fluctuations in foreign exchange rates could adversely impact our financial performance.**

Our financial performance is subject to risks associated with fluctuations in foreign exchange rates. As we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. During the Track Record Period, most of our revenue was dominated by Renminbi, but there are also operations overseas that are generally settled in local functional currencies such as US dollars and Euros, then translated to Renminbi when preparing our consolidated financial statement. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded net foreign exchange gains of RMB11.6 million, RMB9.1 million, RMB13.7 million, RMB7.9 million and RMB11.2 million, respectively.

Because (i) we conduct some of our business in currencies other than Renminbi but report our operating results in Renminbi, and (ii) our [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars, we will continuously be exposed to currency exchange rate volatility, which can affect the value of our non-Renminbi denominated assets and liabilities, and could hinder our ability to accurately forecast and manage our financial results. Additionally, unfavorable exchange rate movements can increase the cost of exported goods and services, affecting the competitiveness of our products in international markets. We are not

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able to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future, nor guarantee that will not incur any net foreign exchange loss. Consequently, any fluctuation in the value of Renminbi relative to other currencies could affect our reported profitability and our financial condition and could obscure the trends of our operating results in a particular year.

**The reduction, modification, delay or elimination of government subsidies and other economic incentives may lower our profitability and materially adversely impact on our business.**

Our financial performance and market competitiveness have historically benefited from government subsidies and other economic incentives, including grants for certain research and development projects that we carried out and certain government-sponsored talent recruitment programs that we participated in, which benefited our business and financial performance. These subsidies and incentives help reduce operational costs, encourage innovation, recruit top talents and support market growth. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we received government grants of RMB48.8 million, RMB51.4 million, RMB120.8 million, RMB31.6 million and RMB50.4 million, respectively. We also enjoy certain favorable tax treatments. In addition, demand for our intelligent agricultural machinery is closely related to subsidies and incentives such as the “Premium Machinery, Premium Subsidies (優機優補)” policy provided directly to end-users, which reduces purchasing barriers and stimulates market adoption of advanced intelligent agricultural machinery.

As such, any reduction, modification, delay or elimination of government support or change in tax laws can adversely affect our financial condition. Changes in policy or budget allocations may lead to increased cost of sales, weakening pricing competitiveness and suppressing market demand for our products and services. There is no assurance that existing subsidies or tax benefits will persist, nor can we guarantee that we will qualify for future support. Discontinuation or scaling back of the implemented subsidy programs could strain our profitability, which could subsequently materially impair our business, financial condition and results of operations.

**Failure to comply with PRC regulations regarding contributions to social insurance and the housing provident fund may subject us to fines and other legal or administrative sanctions.**

Pursuant to PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such a plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident. The amount we are required to contribute to each of our employees under such a plan should be calculated based on the employee’s actual salary level of the previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

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As advised by our PRC Legal Advisers, (i) with respect to an employer's failure to pay social insurance contributions in full as required, according to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), such employer may be ordered by the social security premium collection agency to pay the overdue amount and an overdue fine equivalent to 0.05% of the overdue amount per day calculated from the date such social insurance amount has become overdue within a prescribed time limit. The competent authority may further impose a fine of one to three times the overdue amount if such payment is not made within the stipulated period; (ii) with respect to the employer's failure to pay the full amount of housing provident fund as required, according to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), such employer may be ordered by the relevant housing provident fund authority to make payment of contributions within a prescribed time limit, and the competent authority may further apply to the court for compulsory enforcement if such payment is not made within the stipulated period.

During the Track Record Period, we did not pay social insurance and housing provident fund in full using actual wages as the contribution basis. As a result, we may be required by competent authorities to pay any outstanding amount, and could be subject to late payment penalties or an enforcement application made to the court. As of the Latest Practicable Date, we had not received any notice from the relevant authority in mainland China requiring us to pay shortfalls or imposing penalties related to social insurance and housing provident fund contributions. Our PRC legal advisor have advised us that the risk of us being fined for failing to make social insurance and the housing provident fund contributions in full amount on time is relatively low. However, we cannot assure you that such relevant authorities in mainland China would not notify and require us in the future to settle outstanding contributions within a prescribed timeframe. Should we fail to pay any outstanding contributions, we may be subject to a fine and/or an order from the relevant people's court to enforce such payment.

**Force majeure events, natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may materially and adversely affect our business, financial condition and results of operations.**

Our business operations are subject to risks arising from force majeure events, natural disasters, epidemics, acts of war or terrorism and other factors beyond our control. These events can cause significant disruptions to our supply chain, production processes and overall business activities. Natural disasters such as earthquakes, floods and hurricanes can damage our infrastructure and facilities, leading to operational delays and increased costs. Epidemics and pandemics can impact workforce availability, disrupt logistics and reduce customer demand. Acts of war or terrorism can create geopolitical instability, affecting market conditions and business confidence. Additionally, other unforeseen events beyond our control may pose challenges to our operations. We cannot foresee these unpredictable and uncontrollable factors, and consequently, our business, financial condition and results of operations may be materially and adversely affected.

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### **RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE**

**Inability to adapt to evolving economic, political or social conditions, or changes in government policies in the regions where we operate, may adversely impact our business, financial condition and results of operation.**

Our business, financial condition and prospects may be influenced by the general political, economic, social and legal conditions in the country in which we operate. Given that the majority of our business, assets and operations are located in China, we remain particularly exposed to the evolving regulatory landscape and macroeconomic conditions within the PRC. The PRC government regulates the economy and industries by imposing industrial policies and regulating the PRC’s macro economy through fiscal and monetary policies. Over the last few decades, the PRC government has taken various actions to promote the market economy and to establish sound corporate governance in business entities. Through strategically allocating resources, controlling the payment of foreign currency denominated obligations, setting monetary policy and providing governmental policy support to particular industries or companies, it also exerts significant influence over China’s economic growth.

Our performance has been, and will continue to be fundamentally interconnected with China’s economy, which in turn, is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China’s economic growth. In addition, while China’s economy has experienced significant growth in the past few decades, the growth of China’s economy has been uneven across different regions and economic sectors. We are unable to predict all the risks and uncertainties that we face as a result of current economic, political, social and regulatory developments, which are generally beyond our control. All such factors may materially and adversely affect our business and operations as well as our financial performance. Failure to promptly align our operations with these evolving circumstances could negatively affect our business performance, financial condition and overall results of operations. While we proactively implement strategic measures to manage these risks, there can be no assurance that such efforts will be successful in providing protection against potential adverse outcomes in all circumstances.

**Your ability to initiate legal proceedings or enforce foreign judgments against us, our Directors and senior management may be limited.**

We are a company incorporated under the laws of the PRC, with substantially all of our business, assets and operations located in China. Additionally, the majority of our Directors and executive officers reside in China, and most of their assets are also located in China. Consequently, you may face challenges in effecting service of process upon us or our Directors or executive officers residing in China, particularly in matters arising under U.S. federal securities laws or applicable state securities laws. According to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地

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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》) (the “Arrangements”), effective January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court in civil and commercial cases, excluding certain types, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforceable in the PRC, as such specific judgment will still be subject to a case-by-case examination by the relevant court in accordance with the Arrangements to decide whether it is enforceable.

According to the Civil Procedure Law of the PRC and other applicable laws, regulations and interpretations, a court judgment obtained outside mainland China may be recognized and enforced, provided there are treaties in place for the reciprocal enforcement of judgments between China and the country where the judgment was rendered. China has not entered treaties for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. Therefore, you may fail to enforce in courts in mainland China the judgment obtained in the courts of the aforementioned jurisdictions against us or our Directors or senior management.

### **Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.**

The conversion and remittance of our operating cash is governed by specific foreign exchange authorities with specific laws and regulations. As a substantial amount of our revenue is generated in Renminbi, we may need to convert a portion of our Renminbi into other currencies for the purpose of business operations, capital investment and other operational expenditures. Under existing regulations, such foreign exchange conversions remain subject to stringent controls. While payment of current account items, including profit distributions and trade-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE or its local branches under the current foreign exchange regulations in mainland China, prior registration and other procedures with the relevant government authorities will be required before converting Renminbi into foreign currency and remitting it out of the PRC to cover capital expenses. Under the current regulatory requirement, there is no assurance that we may be able to convert enough foreign currency for our business operations. A shortage of available foreign currency could limit our ability to fulfill our foreign currency-dominated obligations, such as paying dividends to our Shareholders. Additionally, non-compliance with applicable foreign exchange regulations could result in administrative penalties and fines, adversely affecting our business and reputation.

We also need to make certain dividend payments to holders of our Shares following the [REDACTED]. Under the Chinese existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from SAFE or its local branches by complying with certain procedural requirements. However, the Chinese government may take measures at its discretion in the future to restrict access to foreign currencies for current account transactions if foreign

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currencies become scarce in China. We may not be able to pay dividends in foreign currencies to our Shareholders if the Chinese government restricts access to foreign currencies for current account transactions. Foreign exchange transactions under our capital account continue to be subject to significant foreign exchange controls and require registration with the bank. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

### **Holders of our Shares may be subject to PRC income tax obligations.**

Under current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and gains realized upon the sale or other disposition of our H shares.

For non-Chinese resident enterprises, according to the EIT Law, its implementation rules and the Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han No. 897) (國稅函897號), issued by the SAT on November 6, 2008, PRC withholding tax generally applies at a rate of 10% to dividends from PRC sources payable to investors that are non-Chinese resident enterprises. This applies to those who do not have an establishment or place of business in the PRC, or whose relevant income is not effectively connected with their establishment or place of business, unless a treaty or similar arrangement provides otherwise. Additionally, any gains realized on the transfer of shares by such investors is subject to a 10% PRC income tax if the gain is considered to be income derived from sources within the PRC.

For non-Chinese resident individuals, according to the PRC Individual Income Tax law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are subject to a PRC withholding tax at a rate of 20%. Additionally, gains from PRC sources realized by such investors on the transfer of shares are typically subject to PRC income tax at a rate of 20% for individuals, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China. 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-mainland China resident individual holders of H Shares are generally subject to the individual income tax of mainland China at the withholding tax rate of 10%, in which the non-mainland China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. 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

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得稅的通知》) issued by the MOF of mainland China and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) (財稅[2009]167號) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限購所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) (財稅[2010]70號). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-mainland China resident individuals on the sale of shares of mainland China resident enterprises listed on overseas stock exchanges.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions or residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

### **Policies on foreign investment in the PRC may adversely affect our business and results of operations.**

Foreign investment activities in China are governed by specific regulatory frameworks that impose restrictions on the participating industry and additional verification procedures by certain authorities. The Special Management Measure (Negative List) for Foreign Investment Access (2024 Edition) (the “**Negative List**”), jointly issued by the NDRC and the MOFCOM, outlines prohibited sectors and restrictive conditions for foreign investors, including equity and management participation. The Negative List covers 11 industries, while sectors not included in the Negative List shall be administered under the principle of equal treatment for both domestic and foreign entities. As of the Latest Practicable Date, we and one of our subsidiaries hold the value-added telecommunications business operating license. See “Business — Licenses, Permits and Approvals.” We also hold the Class B Surveying and Mapping Qualification Certificate, with its professional category being Internet mapping services. According to the provisions of the Interim Measures for the Administration of Surveying and Mapping in China by Foreign Organizations or Individuals promulgated by the Ministry of Natural Resources, any foreign organization or individual that conducts surveying and mapping activities within the territory of the People’s Republic of China shall, in accordance with the law, adopt the form of joint venture or cooperation with relevant authorities or entities of the People’s Republic of China. As advised by our PRC Legal Advisor, since the relevant law essentially requires that foreign investors do not hold 100% ownership in such activities, we will remain compliant with the requirements under the relevant provisions and laws and may

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continue to operate our business within the permitted scope of surveying and mapping activities. Except for value-added telecommunications services (Internet information services) and Internet mapping services our actual business scope does not involve any other foreign investment access restrictions or prohibited sectors as of the Latest Practicable Date. Nevertheless, the prohibition of foreign investment in designated industries under this framework may constrain our ability to enter into these restricted sectors in the future.

### **RISKS RELATING TO THE [REDACTED]**

**There has been no prior public market for our Shares and the liquidity and market price of our H Shares may be volatile.**

There was no public market for our H Shares prior to the [REDACTED]. We cannot guarantee that a public market with adequate liquidity and [REDACTED] volume for our H Shares will develop and be sustained after the [REDACTED]. Additionally, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, which may not reflect the market price of our H Shares after the [REDACTED]. If an active public market for our H Shares does not develop post-[REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected.

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

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

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**You will incur immediate and significant dilution and may experience further dilution in the future.**

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchases of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. If we issue additional H Shares or other securities in the future for consideration of our business, your shares may be further diluted.

**Our Controlling Shareholders' interests may not be aligned with the interests of our other Shareholders.**

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay, or prevent a change in control of our Company, potentially depriving other shareholders of the opportunity to receive a premium for their Shares in the event of a sale. It could also potentially lower the price of our Shares. These circumstances may occur even if opposed by other shareholders. Additionally, the interests of our Controlling Shareholders may differ from those of our other shareholders. It is possible that our Controlling Shareholders may use their significant influence to engage in transactions or make decisions that conflict with the best interests of other shareholders.

**We cannot assure you that we will declare and distribute any number of dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our Shares for a return on your investment.**

Our historic dividends may not be indicative of our future dividend policy, and there can be no assurance that future dividends will be declared or paid. We cannot guarantee when and in what form dividends will be paid on our Shares following the [REDACTED]. Under the applicable laws and regulations in the PRC, the payment of dividends may be subject to certain limitations. Any future determination to pay dividends will be at our discretion and may be based on several factors, including future operations and earnings, capital requirements and surplus, general financial condition, regulatory and contractual restrictions and other factors we deem relevant. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

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## RISK FACTORS

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**Future sales or perceived sales of a substantial amount of our Shares in the public market, especially by our Controlling Shareholders, could materially and adversely affect the prevailing market price of our Shares.**

The future sale of a substantial number of our H Shares, particularly by our Controlling Shareholders, or even the perception or anticipation of such sales, could adversely affect the market price of our H Shares and our ability to raise equity capital at a favorable time and price. Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders cannot dispose of any of the Shares held by them. Although we currently have no indication that our Controlling Shareholders intend to sell significant amounts of their Shares once the lock-up periods expire, we cannot guarantee that they will not sell any Shares they currently own or may acquire in the future.

**Forward-looking information in this document is subject to risks and uncertainties.**

This document contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “may”, “ought to”, “should” or “will” or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors in our Shares are cautioned that reliance on any forward-looking statements 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. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. See “Forward-looking Statements.”

**There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from government publications contained in this document.**

Certain facts, forecasts and statistics in this document related to the PRC, the global economy and the industry in which we operate, are sourced from publicly available sources such as government publications that we believe to be reliable. However, we cannot guarantee the quality or reliability of these sources. We believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. We do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Group, the Sole Sponsor, or any other party involved in the [REDACTED], and no representation is made as to its accuracy or completeness. Due to potentially flawed or ineffective sampling, discrepancies between published information and market practice and other issues, the statistics in this document

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related to the PRC, the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risks and uncertainties and are subject to change based on various factors. You should consider the weight and importance of such facts or statistics and should not place undue reliance on them.

**You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].**

The [REDACTED] is based solely on the information and representations contained in this document, which we believe to be true and accurate to the best of our knowledge. Any information not included in this document should not be relied upon when making an investment decision regarding securities being [REDACTED]. Prior to the publication of this document, media coverage about us and the [REDACTED] may have included financial information, projections, valuations and other forward-looking statements. You should be aware that third-party sources may have used outdated, incomplete or inaccurate information, and their opinions may not be independent or objective due to potential conflicts of interest. Media coverage of our Company and the [REDACTED] may be influenced by various factors, including individual journalist biases, media outlet preferences and advertiser demands. We do not make any representation regarding the appropriateness, accuracy, completeness or reliability of any projections, valuations or other forward-looking information about us. If such statements are inconsistent with or conflict with the information contained in this document, we disclaim responsibility for them. By applying to purchase our H Shares in the [REDACTED], you agree that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].