An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The* [**REDACTED**] *of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *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.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our businesses are dependent on various downstream industries. A downturn experienced by any of these industries could adversely affect our business.

We provide five core segments tailored for diverse applications worldwide: explosion-proof electric drive solutions, industrial electric drive solutions, HVAC electric drive solutions, E-mobility drive solutions, and robotic components and system applications. Our business operations are interconnected with a variety of downstream industries, including commercial buildings, household appliance, industrial manufacturing, oil and gas, petrochemical, mining, E-mobility, and robotics. The overall performance of these industries plays a critical role in shaping our business outlook. Changes in regulatory frameworks, environmental standards, and government incentives within these industries could constraint our growth. A slowdown or stagnation in the growth of these industries may limit our potential for expansion and adversely affect our operations and financial results.

Our solutions are particularly essential in industries that require highly specialized products, such as our explosion-proof electric drive solutions, which are crucial for the oil and gas, petrochemical, and mining sectors where ignition safety risks are prevalent. These industries are inherently susceptible to global economic fluctuations and energy policies, which could lead to reduced demand for our explosion-proof and industrial electric drive solutions. In recent years, strengthening safety regulations and standards worldwide have been driving the demand of explosion-proof electric drive solutions, including China's mandatory standards for coal mining and chemical engineering industries, stipulating that hazardous areas such as underground mines and workshops must be equipped with electric drive products and solutions featuring appropriate explosion-proof performance. Any adverse change of regulatory regimes or a slowdown in the pace of technological innovation may reduce the demand of our explosion-proof electric drive solutions and adversely affect our operations of business and financial condition.

Our HVAC electric drive solutions are critical functions within commercial buildings, home appliances, and industrial ventilation sectors, which are shaped by global energy efficiency standards, technological advancements, and evolving customer preferences. For example, driven by the carbon neutrality policy, countries generally require the construction sector to reduce carbon emissions, low-efficiency motors will be gradually withdrawn from the market, and the penetration rate of high-efficiency motors such as permanent magnet synchronous motors and brushless DC motors is expected to increase. Any adverse changes in these factors may reduce the market demand for our HVAC electric drive solutions, which, in turn, could adversely affect our business performance.

Our E-mobility drive solutions serve the E-mobility industry, including new energy vehicles, electric boats, electric cycling and other sectors, which experienced rapid growth during the Track Record Period. Such industry development is heavily influenced by various factors, including vehicle purchase costs, charging infrastructure availability, technological advancement and government subsidies. For example, as the penetration of new energy vehicles continues to rise, future growth in such industry may not continue to sustain its previous rapid pace. Any decelerated industry growth coupled with expanded industry capacity could intensify competition in aspects such as pricing, and thus the demand for our E-mobility drive solutions, which may in turn materially and adversely impact the financial performance of our business.

Similarly, our robotic components and system applications benefit from technological advancements and increasing global automation, with demand growing as robots expand into industrial manufacturing, healthcare, retail, home services and other sectors. However, factors such as slow technological advancements, reduced capital expenditures by end-users or intensifying competition may limit market expansion. In addition, competition in this space is intensifying, and the pace of technological evolution in robotics may outpace our ability to stay ahead, posing risks to our market share in this emerging segment.

In addition, due to our extensive operations across both China and international markets, we are subject to significant complexities arising from different market conditions, and may need to change or adapt our business focuses from time to time, especially in response to the new rules and policies regarding the end markets for our products and solutions. However, we may not be able to do so in a timely and efficient manner. Any new legislations or adverse changes in requirements relating to our downstream industries could have an impact on our business, financial condition and results of operations.

We face competition in the global electric drive solution industry. If we fail to compete effectively and successfully, our business, results of operations and financial condition may be materially and adversely affected.

We primarily operate in the global electric drive solution industry, which is relatively fragmented, with a diverse mix of suppliers across motors, drives, controllers and integrated solutions. The market dynamic varies by segment and application but generally remain competitive. Our ability to manage our supply chain effectively and maintain competitive pricing strategies will also be pivotal in retaining and attracting customers. Failure to effectively address these competitive pressures could materially and adversely impact our profitability, operational results, and financial performance.

Meanwhile, expanding solution portfolio, customer base, and geographical presence will require significant managerial, financial, and human resources to outperform competitors. As we move into emerging sectors, we will face increasing competition from established global players. Many competitors may possess substantial financial and technological resources, which could enable them to develop superior products or adopt new technologies more quickly. Their actions could lead to downward pressure on prices or a decline in our market share, either of which could negatively affect our results of operations. Furthermore, growing competition from emerging companies may put us under rising pressure to cut down prices to retain market share. These companies may be able to offer products at lower price points or leverage more flexible business models, further straining our profitability. There is no assurance that we are always able to secure new customers, maintain existing relationships, or effectively compete on price and technological advancements, all of which could materially affect our financial condition and market standing.

Our strategic expansion into emerging industries such as electric aviation and embodied intelligence involves substantial upfront investments, execution complexity, and uncertain market acceptance. Failure to manage these strategic expansions may delay or limit our anticipated profitability improvements and competitive advantages.

We have been strategically expanding our electric drive solution offerings into emerging high-growth industries, including electric aviation and embodied intelligence. This strategic expansion exposes us to various risks that could delay or limit our anticipated profitability improvements and competitive advantages.

The electric aviation and embodied intelligence sectors are in early stages of development, characterized by evolving technical standards, regulatory frameworks, and market demand. For electric aviation applications, our electric drive solutions shall meet stringent safety, reliability, and performance standards set by global aviation authorities. These standards are still being refined and any delays in the finalization of such regulations or changes to compliance requirements could disrupt our business development timelines, increase certification costs, or even render our existing operations non-compliant. In embodied intelligence sector, technological advancement is driven by breakthroughs in AI, sensor integration, and mechanical design, where innovation cycles are short. Our electric drive solutions must keep pace with demands for higher efficiency, miniaturization, and seamless integration with AI algorithms. If we lag behind competitors in developing compatible technologies, our solutions may become obsolete and lose the competitive edge.

In addition, market acceptance of electric aviation and embodied intelligence sectors remain uncertain. The market growths of these sectors depend on factors including infrastructure development, cost competitiveness, reliability, and perceived safety, which are not yet fully validated at scale. If market demand for electric aviation or embodied intelligence products grows more slowly than expected, or if end-users prefer alternative solutions (such as traditional aircraft or non-electric drive solutions), our investments in the research and development, production capacity, and marketing for these segments may not generate sufficient returns, leading to underutilization of resources and potential impairments of related assets.

Moreover, our expansion into these new segments requires significant upfront investments in research and development, specialized production equipment, and talent recruitment. These investments may strain our cash flow and profitability in the short term, especially if revenue from these segments takes longer to materialize than anticipated. There is no guarantee that our efforts to commercialize electric drive solutions for electric aviation and embodied intelligence will be successful, and failure to achieve meaningful market penetration could have a material adverse impact on our business.

Competition in these emerging industries is intensifying. We face competition from both established manufacturers with extensive resources and specialized startups focused exclusively on electric aviation or embodied intelligence technologies. These competitors may have stronger brand recognition, more advanced technical capabilities, or lower production costs, which could make it difficult for us to gain market share. Additionally, as these industries mature, larger companies may enter through strategic acquisitions or partnerships, further increasing competitive pressures.

Rapid technological evolution in electric drive solutions demands continuous innovation and substantial investment. Failure to keep pace with technology advancements or industry standards may result in loss of competitive advantage and customer attraction.

Our success depends heavily on continuous innovation and the ability to adapt our solutions to meet evolving industry standards and customer requirements. As the electric drive solution industry progresses, we must stay at the forefront of technological developments, ensuring that our solutions remain relevant and competitive. Technological advancements demand substantial and ongoing research and development investment. During the Track Record Period, we made substantial research and development investments. For details, please refer to the section headed "Financial Information" in this document. As new technologies and industry standards emerge, we must invest further in technology upgrades, process improvements, and advanced research and development initiatives. If we fail to keep up with the technological evolution or new industry standards, we risk losing our competitive advantage.

However, there are inherent uncertainties in the research and development process. There can be no assurance that our research and development projects will yield the expected results or be completed within the anticipated time frame and budget. Delays in product development, cost overruns, or failure to meet customer expectations could result in substantial sunk costs without achieving the anticipated returns. Even if we successfully launch new products, there is no guarantee that these products will be embraced by the market or achieve the expected sales or profitability. Moreover, our competitors, both existing players and emerging companies, are continuously innovating. These competitors may develop similar or superior products, or they may be able to offer more competitively priced alternatives, potentially diminishing our market share and profitability.

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

Our global operations subject us to various applicable sanctions and export controls regulations. We have exported our solutions to a large number of countries and regions and derive significant sales from exporting to these countries and regions. As of September 30, 2025, we operated in over 100 countries and regions worldwide. During the Track Record Period, revenue from our overseas operations having been increasing. During the Track Record Period, there were transactions involving minimal amounts in internationally sanctioned regions, and we have ceased all such transactions. For details, please refer to "Business — Business Activities with Parties Subject to International Sanctions" in this document. In the event that any of the countries or regions which we export or plan to export to imposes additional economic sanctions or enforces import restrictions or tariffs in relation to our solutions, our business and operations may be adversely affected.

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") Office of Investment Security issued the "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern" (the "**Final Rule**") to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities. The Final Rule took effect on January 2, 2025. The Final Rule applies to certain investments by U.S. persons in entities engaged in activities involving semiconductors and microelectronics, quantum information technologies, and artificial intelligence that pertain to national security technologies and products. "Covered transaction" under the Final Rule include a range of investment activities, such as equity acquisitions, debt financing, and joint ventures, with some transactions outright prohibited and others subject to notification requirements. Zhejiang Hangshao JV, jointly established by us and two other independent parties, may be deemed as engaged in "development" of "AI system" and engaged in a covered activity under the Final Rule. However, given that: (i) we only hold 30% equity interests; (ii) we cannot direct the management or policy of Zhejiang Hangshao JV, and (iii) we do not derive or incur more than 50% of our revenue, net income, capital expenditure, or operating expenses individually from Zhejiang Hangshao JV on an annual basis, as advised by our International Sanctions Legal Adviser, we do not engage in covered activities and therefore, we are not covered foreign persons. Based on aforementioned, any covered transactions involving us would not be prohibited under the Final Rule nor require a notification. In addition, our Internal Sanctions Legal Adviser also advised us that [**REDACTED**] in publicly traded securities on both U.S. and non-U.S. exchanges are typically considered excepted transactions. That means, even if we participate in a covered activity, U.S. [**REDACTED**] would not be prohibited or restricted from [**REDACTED**] in the [**REDACTED**] of us after [**REDACTED**], so long as they do not afford the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person. If we derive or incur the financial metrics described above in the further or otherwise engaged in any covered transactions, covered transactions by U.S. persons may either be prohibited or restricted, depending on the nature of the covered activity.

Our exports must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments and persons targeted by U.S. sanctions. European Union sanctions also have similar regimes with their respective target list. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

Recent trade tensions, such as the ongoing U.S.-China trade disputes, have led to high tariffs, export controls and other restrictive measures targeting specific products and products originating from certain countries or regions. These measures could disrupt our supply chain, increase costs and negatively impact our ability to compete in the global market. It remains uncertain whether any further tariff restrictions will be implemented. These developments have heightened geopolitical uncertainty and prompted retaliatory trade measures from other economics. Additionally, policy changes and related uncertainty about policy changes could increase market volatility. Because of these dynamics, we cannot predict the impact of any future changes to the U.S.'s or other countries' trading relationships or the impact of new laws or regulations adopted by the U.S. or other countries on our business.

Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also between the U.S. and other countries in the international community. Rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between major international economies. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and results of operations. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material negative impact on our ability to continue to sell to global customers and further grow our customer base. In addition, as our business is closely interrelated with the performance of our customers' end-use products in the marketplace, if our customers are impacted by restrictive measures of trade protection or export control, our performance and income will be adversely affected. Geopolitical conditions may also lead to heightened restrictions on foreign investments, introducing increased compliance requirements and uncertainty for investors. Any of these factors could have a material adverse effect on our and our customers' business, prospects, financial condition and results of operations.

Increases in costs of raw materials and components may adversely affect our results of operations and financial performance.

Our manufacturing processes rely heavily on the procurement of material raw materials and components including silicon steel, copper wire, permanent magnetic materials, electrical components and bearings. The costs of these raw materials and components are subject to fluctuations that can significantly impact our results of operations and financial performance.

The prices of critical raw materials and components are not only affected by global market dynamics but also by factors that are largely beyond our control, including geopolitical tensions, natural disasters, or changes in regulatory policies across different regions. For instance, affected by increased supply and declining raw material prices, the prices of non-oriented silicon steel in China trended downward from 2020 to 2024. Electrolytic copper, as the primary raw material for copper wires, has experienced significant price volatility. Specifically, from 2020 to 2021, electrolytic copper prices rose amid the easing policies implemented by various countries. In 2022, they declined due to the interest rate hikes by the Federal Reserve. From 2023 to 2024, electrolytic copper prices rebounded, driven by reduced copper production in South America. Moreover, the availability and pricing of chips and semiconductors, which are essential for the control systems in our solutions, may also increasingly constrain due to global supply chain fluctuations. Our ability to absorb these price fluctuations is limited. We may not be able to pass on all price increases to customers through price adjustments. Additionally, price increases may lead to reduced volumes, adversely impacting revenue and operating income. We do not fully hedge against fluctuations in the prices of raw materials and components, and the effectiveness of any hedging strategies we implement is uncertain. As a result, unexpected increases in raw material costs could negatively impact our profit margins, operational efficiency, and overall financial performance.

Our business depends substantially on the expertise and dedication of our management team and highly skilled personnel on a global scale. We may face challenges in recruiting and retaining such individuals, which could impede our technological advancement and business growth.

We have been, and will continue to be, substantially dependent on the continued services of our management team and highly skilled personnel. Retaining talent in a global business operation involves navigating challenges, including cultural differences that affect employee engagement and satisfaction and intense competition for skilled professionals. Additionally, legal and regulatory compliance varies by country, complicating employment contracts and benefits. We cannot assure you that we will continue to successfully retain our management team and skilled personnel. If we lose the services of any key member of them, we may not be able to find suitable replacements in a timely manner, at acceptable cost or at all, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

The shortage of skilled professionals could lead to delays in product development, hinder our ability to respond to market demands, and affect our capacity to manage and integrate our international operations effectively. Additionally, the loss of key personnel or the inability to attract new talent could result in a loss of institutional knowledge and expertise, adversely affecting our business operations and future prospects. Failure to address these challenges may negatively impact our business performance, financial condition and our ability to achieve strategic objectives in the rapidly evolving technology sector.

As our business continues to grow globally, the demand for skilled research and development and international management personnel has significantly increased. Our ability to innovate and maintain a competitive advantage relies heavily on attracting and retaining highly qualified professionals in fields where we operate. However, the competition for such talent is intense, and there is a risk that we may not be able to recruit or retain the necessary personnel to support our growth and international expansion strategies.

Failure to maintain and grow our customer base could undermine our business growth and materially impact our operations.

Our success depends, in part, on our ability to retain existing customers of our electric drive solutions, attract new customers and encourage their continued use. We also invest in marketing activities to acquire new customers, and our sales and marketing expenses are expected to increase as we promote our brand and solutions across various sectors. We may fail to fully understand our customer demand and market trends or achieve anticipated returns. If we cannot retain key customers, or attract new ones in emerging verticals, we may struggle to recover costs or meet sales targets, which could impact our business and financial results. There is no guarantee that our efforts will drive sales growth, and failure to effectively engage customers could slow our expansion and harm our prospects.

Our ability to attract new customers is also highly dependent on our business reputation and on positive recommendations from our existing customers, which is partially attributed to our ability to provide efficient customer maintenance and support. We may not be able to recruit or retain sufficient qualified support personnel with experience in supporting customers of our electric drive solutions. As a result, we may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support or maintenance assistance. We also may be unable to modify the future scope and delivery of our maintenance services and to compete with changes in the technical services provided by our competitors. Moreover, we may face increased costs in response to increased customer demand for support and maintenance. Any failure to maintain high-quality maintenance and support services or a market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business, reputation, results of operations, financial condition and prospects.

We may not be able to increase our production capacity and implement other expansions as planned.

We intend to maintain our competitive advantages by, among others, expanding our production capacity and exploring new business opportunities domestically and internationally. Such expansion plans and any other future expansion plans would require significant capital investments in new production facilities and in the engagement of additional qualified personnel. For details on our production expansion plans, please refer to "Business — Our Production" in this document. We expect that we will incur substantial additional costs, such as depreciation and amortization charges, raw material costs, financial costs and labor costs in relation to the above expansion plans. Our expansion activities include the acquisition of production equipment, the construction or renovation of production facilities, and the procurement of intangible assets such as industrial software. The increase in our fixed assets and intangible assets subsequent to such expansion may lead to a corresponding increase in depreciation and amortization charges in future. If our future capacity expansion plans fail to meet expectations and our capacity utilization rate remains insufficient, such depreciation expenses will have an adverse impact on our profits. In addition, the success of our existing and future expansion plans depends on factors beyond our control, such as progress of the construction conducted by third-party construction companies, local laws and regulations, government support (including the issuance of a relevant operation license for the expanded production capacity) and customer demand for our expanded production capacity. The integration of future expansion projects into our existing operations may be subject to unforeseeable delays, which may, among other things, increase our integration costs, strain our production capacity at other locations, decrease our production efficiency and cause delays in delivery of customer orders. As the success of our business expansion plans depends on various factors, many of which are beyond our control, there can be no assurance that we will be successful in implementing our strategies. Even if our strategies are implemented successfully, there can be no assurance that our strategies will lead to successful achievement of our business objectives.

In addition, if our management, systems, resources and supporting infrastructure fail to effectively keep up with our planned expansion, we may experience difficulties in managing our growth and operations, and our financial condition and results of operations could be materially and adversely affected.

We may encounter difficulty in managing our business and face risks associated with our international operations.

We operate in more than 100 countries and regions around the world. We have: (i) three overseas regional headquarters in Asia-Pacific, Europe, and the Americas; (ii) five research and development centers worldwide in China, the United States, Germany, Japan, and India; and (iii) 45 factories around the world, including 14 overseas factories in Germany, Poland, Italy, Vietnam, Mexico and other countries and regions. To manage our day-to-day operations, we must deal with cultural and language barriers and assimilate different business practices. We must also communicate, monitor and uphold group-wide standards and directives across our global network, including those in relation to our suppliers, subcontractors and other relevant stakeholders. Any failure to manage successfully our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with group-wide standards and procedures. Our international operations may subject us to risks including, among others, (i) exchange rate fluctuations and foreign exchange regulations; (ii) expenses associated with understanding and analyzing overseas markets, monitoring regional and local economic, industry and consumer trends and developing and maintaining efficient marketing and selling presences in such markets; (iii) developing and maintaining customer relations and providing quality customer services and support; (iv) expenses incurred and challenges in connection with compliance with local commercial and legal requirements, including labor, environment and industry-specific regulations; (v) unanticipated adverse changes in regional and local economic conditions; (vi) political instability and civil unrest, cultural or regional conflicts and labor disputes; (vii) trade barriers, such as local content requirements, tariffs, taxes and other restrictions and expenses; and (viii) unanticipated logistic expenses occurred in transportation, such as sudden surge in transportation cost and shortfall in shipping capacity.

Failure to address any of the foregoing risks or complete such procedures with respect to overseas operations in the course of our overseas expansion may adversely affect our business, financial condition, operations and prospects. New laws or regulations, changes to laws and regulations, as well as the refinement of interpretations and applications of existing ones, can impose additional compliance costs or require us to change our operations to ensure compliance. The industry in which we operate is still evolving, and laws and regulations may be interpreted and implemented more strictly, or new laws and regulations may be adopted from time to time that require additional approvals, licenses and permits. Failure to obtain, renew or maintain the necessary approvals, licenses and permits required for our operations may render our operations to be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Our business requires a significant amount of capital expenditure for maintenance, upgrades and expansion of production capacity, and there can be no assurance that we will be able to have enough cash to successfully implement our capital expenditure plans.

Our operations depend on the continuous maintenance, upgrades and expansion of production capacity to meet evolving customer demands and market trends. As a global electric drive solution provider, we require significant capital expenditure to ensure the quality, efficiency and competitiveness of our products and solutions. During the Track Record Period, our capital expenditures were RMB576.1 million, RMB649.3 million, RMB834.4 million, RMB679.7 million and RMB445.8 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. There can be no assurance that we will be able to generate sufficient cash from operations, or at all, to fund our planned capital expenditures. Any delays or failures in securing necessary funding and any unforeseen increases in costs or delays in the implementation of our capital expenditure plans could adversely affect our operations and financial results. Moreover, the development in industries where we operate may require us to make additional, unforeseen investments to remain competitive. If we fail to allocate sufficient resources toward adapting to these technological changes or if our investments do not yield the expected benefits, our market position and profitability may be adversely impacted.

If we fail to maintain an effective quality management system, our business, reputation, financial condition and results of operations may be adversely affected.

Our product quality is critical to our success. The effectiveness of our quality management system depends on a number of factors, including the design of the system, the machineries used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality management policies and guidelines. In the event that the use of end-products incorporating our products and solutions gives rise to unsafe conditions or injuries, particularly in applications involving our explosion-proof electric drive solutions, we may face product liability and warranty claims. Such risks may arise from, among others, failures in our components, manufacturing defects, design flaws, or inadequate disclosure of product-related risks or information. We could be named as a defendant in such claims and any insurance we maintain may be insufficient or may not cover all relevant circumstances. Similarly, our customers could be subjected to claims as a result of such accidents and bring claims against us to hold us accountable. In addition, in the event that our products and solutions fail to perform as expected or such failure results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially and adversely affect our business, results of operations and financial condition.

We are required to comply with specific guidelines and standards based on product safety and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. Our safety standards for the inspection are also based on relevant national and industry standards. There can be no assurance that our quality management system will continue to be effective and in compliance with relevant laws, regulations and standards. Any significant failure in, or deterioration of the efficacy of, our quality management system could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our reputation, business and results of operations.

Our historical results may not be indicative of our future performance and our results of operations, and we may not be able to manage future growth effectively.

The historical financial information included in this document is not expected to be indicative of our future financial results. Such financial information is not intended to represent or predict the results of operations of any future periods.

Our future growth is, to a certain extent, based upon our forward-looking assessment of market prospects. We cannot guarantee that our assessment will always turn out to be correct or that we can grow our business as planned. Our expansion plans may be affected by a number of factors beyond our control. Such factors include changes in the general economic conditions and the competitive landscape of the industries where we operate, as well as the relevant regulations and policies and the supply and demand for our products and solutions.

Managing our growth will require significant expenditures and allocation of resources. We need to effectively manage our growth and maintain profits as we expect our costs and expenses to continue to increase in the future. We will also need to expand, train, manage and motivate our workforce and manage our relationships with suppliers, customers and other business partners. We also expect to continue to invest in our current and planned production expansion projects as well as research and development activities. All these endeavors entail risks and demand considerable management efforts, skills and significant additional expenditures, which could strain our capacity to enhance our operational, auditing, human resources, financial and management controls. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our manufacturing processes are potentially vulnerable to disruptions that can increase our production costs. We may experience potential disruptions in operations due to manufacturing difficulties or potential accidents.

Our manufacturing processes are complex, requiring equipment that is periodically modified and upgraded to improve manufacturing yields and product performance, as well as reduce unit manufacturing costs. From time to time, production difficulties may arise that could cause delivery delays or reduced output. There is no guarantee that we will not encounter manufacturing issues in achieving acceptable output or timely product delivery due to factors such as construction delays, challenges in upgrading or modifying existing production lines, building new plants, adapting to new manufacturing technologies or processes or delays in equipment deliveries. Any of these issues could constrain our production capacity and adversely affect our results of operations. Furthermore, our manufacturing processes entail certain risks, such as industrial accidents, which could lead to significant property damage or personal injury. Any such incident, regardless of its location, could result in substantial production interruptions and delays, or claims for significant damages due to personal injuries or property damage, thereby adversely impacting our business, financial condition and operational results.

We are exposed to inventory management risks.

Our inventories primarily consist of raw materials, work in progress, finished goods and goods in transit. As of December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our inventories were RMB3,267.7 million, RMB3,405.0 million, RMB3,617.0 million and RMB3,397.7 million, respectively. Our inventory turnover days for the same periods was 105 days, 103 days, 103 days and 105 days, respectively. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-offs. We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. Any of the above may materially and adversely affect our results of operations and financial condition.

On the other hand, if we underestimate demand for our products and solutions, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in a diminished customer base and a decrease in revenue, any of which could harm our business, financial condition and results of operations. For details on our inventory management system, please refer to "Business — Inventory Management" in this document. In the event of any damage or deterioration caused by factors beyond our control, including catastrophic events such as outbreak of fire or explosion, we may suffer from losses and such losses may not be compensated in a timely and adequate manner. Our business performance and financial position may thereby be adversely affected.

We are subject risk related to the prolonged cash conversion cycle.

During the Track Record Period, we recorded inventory turnover days of 105 days, 103 days, 103 days and 105 days for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. In addition, our trade and bills receivables turnover days were 109 days, 114 days, 121 days and 124 days for the same respective period, primarily driven by the differing payment terms across our business segments, with the explosion-proof electric drive solutions business being the key factor. For details, please refer to "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position " in this document.

We aim to continuously improve the collection of trade and bills receivables and the turnover days by strengthening communication with customers, actively collecting and negotiating feasible repayment plans based on actual conditions. However, these efforts may not be successful. If our inventory days and our trade and bills receivables turnover days increase in the future, it may lead to a longer cash conversion cycle, which could further add pressure to our cash flow and working capital, and our financial position, business and results of operations might be adversely and materially impacted.

We may not be able to develop and maintain stable relationships with our distributors, which may materially and adversely affect our business.

We engage distributors to expand our explosion-proof and industrial electric drive solution coverage, particularly where customer demand is fragmented. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our revenue derived from distributorship accounted for approximately 8.4%, 9.4%, 9.0% and 8.7% of our total revenue for the same periods. A distributorship model is inherently risky. We may have limited control over the operations and conducts of our distributors. There can be no assurance as to the performance and selling efforts of our distributors. Distributors may make their own business decisions that are not align with our interests, or not in accordance with our distributorship management policies. Any wrongdoings (such as corruption, bribery or other illegal acts generally considered detrimental to our brand value) committed by them may subject us to reputation risks.

Work stoppages, increases in labor costs and other labor-related matters may adversely affect our business operations.

Our success depends on our ability to hire, train, retain and motive our employees. However, there can be no assurance that any material work stoppages, strikes or other major labor problems will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher ongoing labor costs, which may have an adverse effect on our business, financial condition and results of operations.

In addition, labor costs in regions where we operate have been increasing in recent years and could potentially continue to increase, which may further increase our manufacturing costs. Factors contributing to rising labor costs include inflationary pressures, changes in minimum wage laws and increased demand for skilled workers. Additionally, regulatory changes or enhanced employee benefits mandated by law could further exacerbate these costs. The competition for skilled labor in our industry is intense and we may be required to offer more attractive compensation packages to retain and attract qualified personnel. We may not be able to pass on these increased costs to customers by increasing the selling prices in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease and our financial condition and results of operations may be materially and adversely affected.

Our operations rely on the stable, timely and adequate supply of utilities at commercially reasonable prices.

We depend on a stable supply of utilities, primarily including electricity, water and steam, to maintain production. Our production volume and manufacturing costs are affected by the price and supply of utilities. The prices of utilities are subject to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for utilities and local and national regulatory requirements. Furthermore, there can be no assurance that unexpected and serious shortages of utilities will not occur in the future or that we will be able to pass on any cost increases to our customers. Adverse changes in power consumption policies, particularly those leading to higher utility prices, could negatively impact our business, financial condition, operational results and prospects. Significant fluctuations in these costs could materially affect our profitability if we are unable to adjust our product prices accordingly, potentially undermining our competitive advantages. Failure to pass increased costs onto our customers may lead to a reduction in our profit margins. If the supply of utilities is affected by natural disasters, adverse weather conditions, equipment failures, disruptions in transport or other inclement factors, we may not be able to locate alternative sources of supply at commercially reasonable prices or maintain the full utility supply required for production, resulting the reduction or cessation of production capacity. Any such events may have a material adverse effect on our business, financial condition and results of operations.

We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The PRC EIT Law imposes an EIT rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. For example, during the Track Record Period, certain of our subsidiaries in China were subject to a preferential corporate income tax rate of 15% with a validity period of three years. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, value-added and other taxes. Non-compliance with PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change.

Our effective tax rate could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation. For details on our effective tax rates during the Track Record Period, please refer to "Financial Information — Description of Selected Components of Statements of Profit or Loss — Income Tax Expenses" in this document. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. The tax treatments of our transaction arrangements may be subject to interpretation by the respective tax authorities, and there can be no assurance as to the outcome of these examinations. If our weighted average effective tax rate was to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

We may be exposed to credit risks arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our trade and notes receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2022, 2023, 2024 and September 30, 2025, our trade and bills receivables amounted to RMB4,678.5 million, RMB5,027.6 million, RMB5,699.5 million and RMB5,324.6 million, respectively. For details, please refer to "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" in this document. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our trade and bills receivables turnover days were 109 days, 114 days, 121 days and 124 days, respectively. We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

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

During the Track Record Period, we acquired and invested in certain companies in line with our business development and expansion plans. As of September 30, 2025, our goodwill amounted to RMB1,464.1 million. Goodwill is tested for impairment annually. In evaluating the potential for impairment of goodwill, our management makes a number of assumptions, such as the continuity of our businesses, our future operating performance, business trends, and market and economic conditions. This requires us to make subjective assumptions, and there are inherent uncertainties relating to this analysis and our management's judgment in assessing the recoverability of the goodwill. If any of the assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to write off part or all of our goodwill and record an impairment loss. We incurred substantial goodwill impairment historically, and if there are material and adverse changes in the economy, our customers, industries and market conditions, we may be exposed to the risk of further impairment of goodwill, which may materially and adversely affect our business, financial condition and results of operations.

If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

As of 31 December 2022, 2023, 2024 and September 30, 2025, the carrying values of our intangible assets amounted to RMB1,355.7 million, RMB1,521.3 million, RMB1,563.1 million and RMB1,570.5 million respectively, which was primarily related to our non-patented technology. We have and will continue to incur amortization expenses as we amortize intangible assets with finite useful lives over their estimated useful life on a straight-line basis. Our determination on whether intangible assets are impaired requires an estimation on recoverable amount of the intangible assets, which is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, the carrying amount of the intangible assets may exceed its recoverable amount, and our intangible assets may be impaired. As a result, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. The impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. For further details regarding our impairment policy in relation to intangible assets, please refer to Note 3 to the Accountants' Report included in Appendix I to this document.

An inability to protect our intellectual property rights or actual or alleged infringement of a third party's intellectual property rights could adversely affect our business.

We rely on a combination of patent, trademark, trade secret and laws related to intellectual property in China and other countries to establish and protect our proprietary rights, and yet all of which may provide only limited protection. We cannot assure you that patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patent issued to us will not be challenged, invalidated or circumvented. Our currently issued patents and any patents that may be issued or registered in the future may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers. We cannot assure you that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. The confidentiality procedures and contractual restrictions implemented by us may not be sufficient or effective.

Our brand may be counterfeited and imitated. We cannot assure that brand counterfeiting or imitation will not occur in the future or, if it does occur, that we will be able to identify or address the problem effectively or in a timely manner. Any occurrence of counterfeiting or imitation of our products and solutions or other infringement of our brand could adversely affect our reputation and brand.

We may be a party to claims and litigation as a result of infringement by third parties of our intellectual property rights. Even when we sue the parties for such infringement, such lawsuits may have adverse consequences for our business. Any of such lawsuits may be time-consuming and costly to resolve and may divert our management's time and attention from our business. It could also result in a court or governmental agency invalidating, narrowing the scope of, or rendering our patents or other intellectual property rights involved in such lawsuits unenforceable which may significantly harm our business. Our products and solutions may infringe issued patents of third parties. If any of our products or solutions infringes a valid and enforceable patent, we may be prevented from selling, or choose to cease the sales of related products. Additionally, we may face liabilities to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our products and solutions.

We are dependent upon third parties for services in connection with our business.

We cooperate with third-party service providers in the ordinary course of business, such as logistics and transportation. However, the services delivered by third-party providers may not always be timely or meet satisfactory quality standards. If the third-party service providers fail to perform satisfactorily, substantially reduce the amount and scope of services provided to us, or substantially increase the prices of their services or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions, which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in the provision of services without relevant qualifications, or fail to comply with our requirements or those of our customers or applicable laws and regulations, our reputation in the industry may be adversely affected. This, in turn, may materially and adversely affect our business, financial condition and results of operations.

There is uncertainty about the applicability or recoverability of our deferred tax assets, which may affect our financial position in the future.

We had deferred tax assets of RMB367.3 million, RMB404.1 million, RMB439.8 million and RMB447.5 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. We recognized deferred tax assets for all deductible temporary differences, the carry forward of any unused tax credits and any unused tax losses to the extent that our management determines that it is probable that we will generate future taxable profit against such deferred tax assets can be utilized. For details, please refer to Note 22 to the Accountants' Report as set out in Appendix I to this document. Such determination requires significant judgment from our management on the tax treatments of certain transactions as well as assessment on the probability, timing and adequacy of future taxable profits for the deferred tax assets to be recovered. If such judgments turn out to be imprecise, we may need to adjust our tax provisions accordingly. In addition, when we utilize deferred tax assets against our future taxable profit, we charge them to our income statement accordingly, which in turn would decrease our profit for the year for such future period. Furthermore, we cannot predict any future movements in our deferred tax assets and to what extent they may affect our financial position in the future. Any of these events may have a material adverse effect on our business, financial condition and results of operations.

Any government grants that we enjoy in the regions where we operate may be altered or terminated.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we received government grants of RMB119.8 million, RMB191.3 million, RMB78.7 million, RMB53.0 million and RMB98.2 million, respectively. Government grants may be unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of us, or conditional but with such has been satisfied during the year/period. Our eligibility for government grants may be dependent on various factors, including the conditions we have to meet, the relevant government policies and the availability of funding at different authorities. We cannot guarantee that we will continue to receive similar levels of government grants, or at all. If we no longer receive any government grants in time or at all, or if the amount of government grants, we receive decreases significantly, our business, results of operations and financial condition will continue to be adversely affected.

Anticipated benefits of historical, existing and potential future mergers, acquisitions, joint ventures or strategic alliances may not be realized.

We have invested, and my invest in the future, in mergers, acquisitions, joint ventures or strategic alliances. Endeavors of such kinds are inherently risky, and future ventures of such nature may involve significant risks and uncertainties, which include but not limited to the following: (a) challenges related to integration; (b) substantial delays or reduction in anticipated synergies; (c) events beyond our control, including changes in regulations, technology and economic conditions, which could adversely affect our ability to realize benefits and returns from such transaction; (d) potential increase in indebtedness that could constrain our operations; (e) exposure to unknown or contingent liabilities that could require significant expenditures and capital injections; (f) failure to train, motivate, integrate and retain employees of the other company; (g) diversion of management time and attention from our existing operations to address the transactions and related challenges or those associated with integration processes; and (h) unanticipated write-offs or charges and impairment of goodwill.

If we fail to address any of the foregoing risks, our business, financial condition and results of operations may be materially and adversely affected.

Divestitures of business and assets may not provide business benefits and may have a material and adverse effect on our business and financial condition.

During the Track Record Period, we disposed of our interests in several subsidiaries. For details, please refer to "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers" in this document. We may undertake in the future, partial or complete divestitures, spin-off or other disposal transactions in connection with certain of our businesses and assets, particularly ones that are not closely related to our core focus areas or might require excessive resources or financial capital, to help us meet objectives. These decisions are largely based on our management's assessment of the business models and likelihood of success of these businesses. However, our judgment could be inaccurate, and we may not achieve the desired strategic and financial benefits from these transactions. Our financial results could be adversely affected by the impact from the loss of earnings and corporate overhead contribution/allocation associated with divested businesses.

Furthermore, reducing or eliminating our ownership interests in these businesses might negatively affect our operations, prospects, or long-term value. We may lose access to resources or know-how that would have been useful in the development of our own business. Our ability to diversify or expand our existing businesses or to move into new areas of business may be reduced, and we may have to modify our business strategy to focus more exclusively on areas of business where we already possess the necessary expertise. We may sell our interests too early, and thus forego gains that we otherwise would have received had we not sold. Selecting businesses to dispose of or spin off, finding buyers for them (or the equity interests in them to be sold) and negotiating prices for what may be relatively illiquid ownership interests with no easily ascertainable fair market value will also require significant attention from our management and may divert resources from our existing business, which in turn could have an adverse effect on our business operations.

[**REDACTED**]

Insurance coverage for our business, products and properties may not be sufficient to protect us from potential losses.

We maintain insurance coverage designed to mitigate key operational and business risks associated with our production activities, assets, personnel and transportation. We cannot assure you that our insurance will provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs and diversion of our resources, which could have a material and adverse impact on our business, results of operations and financial condition.

Failure to satisfy our obligations related to our bank loans may materially and adversely affect our business, results of operations and financial condition.

We have used, and may continue to use, bank loans to finance our working capital requirements. As of September 30, 2025, we had bank borrowings of RMB6,447.8 million. We may also from time to time in the future look for other debt financing opportunities to refinance our existing loans or support our business expansion.

To secure our bank loans, we may grant security interests from time to time. For details, please refer to Note 42 to the Accountants' Report as set out in Appendix I to this document. Any failure to satisfy our obligations under these borrowings could lead to foreclosure of the mortgaged assets that secure these borrowings, if any, disruption to business operations, or otherwise damage our reputation in the industry and our relationship with customers, all of which could materially and adversely affect our business, results of operations and financial condition. In addition, we are subject to certain restrictive covenants under the terms of our bank loans, which are commonly found in loan arrangements with financial institutions in China and may restrict or otherwise adversely affect our operations. These covenants may restrict our ability to sell, convey, lease out, remortgage, dispose of, or otherwise utilize the mortgaged assets related to the bank loans as collaterals.

Our financial performance may be affected by share of results of associates.

During the Track Record Period, we invested in certain associates, which were accounted for using the equity method. As of December 31, 2022, 2023, 2024 and September 30, 2025, the balances of our investments in associates were RMB1,189.9 million, RMB621.9 million, RMB454.4 million and RMB466.4 million, respectively. For details, please refer to Note 20 of the Accountants' Report included in Appendix I to this document.

Our equity investments may be subject to a variety of risks that are beyond our control, including the risks that (i) the investee company incurs liabilities and expenses in excess of expectations and relevant negative matters that we fail to identify in our due diligence; (ii) the investee company is making a loss; (iii) the investee company fails to meet the conditions under which it may declare and pay dividends; or (iv) other shareholders of these associates and joint ventures have economic or business objectives that are inconsistent with ours, suffers financial difficulties, or is unable or unwilling to fulfill its obligations under the investment contract. If any of these events occur, our business, financial condition and results of operations may be adversely affected. We are subject to liquidity risk associated with investments in associates and joint ventures, especially when no dividends are declared by such parties and investments in these vehicles not as liquid as other investment products. Large investment in an associate or a joint venture would require significant financial resources, resulting in significant cash outflow, increased debt financing, or both. As such, we may not be able to readily generate any cash flow from our investment in associates and joint ventures to fund our operations from time to time, or at all.

We are exposed to risks associated with the fair value change in financial assets at fair value through profit or loss and valuation uncertainty regarding the use of observable inputs.

During the Track Record Period, we made investments in both listed and unlisted equity instruments. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had financial assets at fair value through profit or loss ("**FVTPL**") of RMB680.2 million, RMB858.4 million, RMB1,109.1 million and RMB1,220.8 million, respectively. For details, please refer to "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Financial Assets and Financial Liabilities at FVTPL" in this document.

Our fair value of our financial assets at FVTPL is estimated by using valuation techniques and on the basis of observable inputs. The use of observable inputs renders valuation uncertain, as changes of observable inputs such as expected rate of return may change the fair value of the financial asset. The fluctuation of our financial assets at FVTPL may continue to affect our results of operations in the future. We cannot assure you that market conditions and regulatory environment will create fair value gains on the financial asset, or we will not incur any fair value losses on our financial asset at FVTPL in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. For details, please refer to Note 21 to the Accountants' Report as set out in Appendix I to this document.

In addition, we may invest in wealth management products, being subject to various risks that are out of our control, including risks relating to macro-economic environment and general market conditions, as well as the risk control and the credit of the issuing banks. We cannot assure you that we will achieve fair value gains on the wealth management products we invest in or we will not incur any fair value losses on our investments in wealth management products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. There can also be no assurance that the internal financial management policies and guidelines will always be effective, or at all. If we fail to properly manage the risks in relation to our investment in wealth management products, we may incur losses, and as a result, our financial condition may be adversely affected.

The occurrence of a natural disaster, widespread health epidemics or other outbreaks could have a material adverse effect on our business, financial condition and results of operations.

Our business could be adversely affected by natural disasters, epidemics, or other outbreaks. Such outbreaks in Chinese Mainland or any other market in which we do business could severely disrupt our business operations by damaging our technology infrastructure or information technology network or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

We face risks related to certain of our owned and leased properties.

As of September 30, 2025, our Company and major subsidiaries owned the land use rights of 26 parcels of land in China with an aggregate site area of approximately 2,265,429.46 sq.m. As of September 30, 2025, in China, our Company and major subsidiaries owned (i) 73 properties, with an aggregate site area of approximately 1,163,884.14 sq.m, that had obtained the relevant title certificates in China, (ii) one property, with a site area of approximately 58,725 sq.m, that was still in process of obtaining the relevant title certificate in China as certain parts of the property was still under construction. This property is primarily used for office premises; and (iii) four properties, with an aggregate site area of approximately 56,298.14 sq.m, that had completed the construction and passed the fire safety acceptance inspection and completion acceptance inspection. For details, please refer to "Business — Properties" in this document. There is a risk that we may not be able to ultimately obtain these title certificates, and thus, our ownership and use of such properties would be affected.

As of September 30, 2025, our Company and major subsidiaries leased three properties with an aggregate site area of approximately 25,357.8 sq.m in China, primarily used for production and operations. These leases agreements have not been registered with local housing authorities. Although failure to do so does not in itself invalidate the leases, the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant government authorities in China. The fine ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. For details, see "Business — Properties" in this document.

Any non-compliance with labor-related laws and regulations of the PRC may subject us to late payments and fines.

Companies operating in China are required to participate in various employee benefit plans, including social insurance, housing provident fund and other welfare-oriented payment obligations. The amounts of contributions should be equal to the prescribed percentages of salaries, including bonuses and allowances, of the employees up to a maximum amount specified by the local governments from time to time, at the locations where the companies operate their businesses. The contributions shall be paid under the company's own accounts instead of making payments under third-party accounts. According to the relevant PRC laws and regulations, an employer who fails to make social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered by social insurance contributions collection institutions to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late payment fee of up to 0.05% per day. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. In addition, an employer that has not made housing provident fund contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered by the housing provident fund management center to rectify the non-compliance and pay the required contributions within a stipulated deadline. If the employer still fails to rectify the failure to make housing provident contributions within the stipulated deadline, it may be subject to the court's compulsory enforcement. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds for certain of our employees as required by the relevant PRC laws and regulations. For details, please refer to "Business — Employees — Social Insurance and Housing Provident Funds" in this document. Violation of these laws and regulations could materially and adversely affect our reputation, business, results and operations and financial condition or otherwise divert our resources in handling legal proceedings, penalties or complaints.

Grants of share-based awards under our stock incentive plans may increase our share-based compensation expenses and negatively impact our future profitability.

We have adopted various stock incentive plans to grant awards to our employees and other designated persons for the purpose of attracting and retaining suitable personnel to enhance our development. For details, please refer to Note 41 to the Accountants' Report as set out in Appendix I to this document. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees. As a result, we will continue to grant share-based compensation to employees in the future, which may further increase our expenses associated with share-based compensation, cause shareholding dilution to our Shareholders, and in turn materially and adversely affect our business, financial condition, and results of operations.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners, or damage to our brand name or reputation may adversely affect our business and results of operations.

Our brands have worldwide recognition, and our success depends on our ability to maintain and enhance our brand name and reputation. The value and reputation of our brands depend on factors such as the quality, design, performance, functionality and durability of our products and solutions, technology innovation and customer experience. We intend to continue making investments in these areas in order to develop, maintain and enhance our brand name. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our selling and marketing expenses amounted to RMB634.1 million, RMB704.1 million, RMB780.3 million, RMB602.3 million and RMB523.1 million, respectively. As a result, costs associated with maintaining our brand name can be significant, and we may further incur substantial expenses to establish our brand name in new markets we have decided to or will enter. However, we cannot assure you that our investments in these areas would be successful, and expenses related to maintaining our brand name may have an adverse impact on our results of operations and financial condition if they do not yield the expected results.

Our brands, reputation and sales could be harmed if, for example, our products and solutions fail to meet the expectations of our customers or contain defects or fail. In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand name, undermine customer confidence in us and reduce long-term customer demand. Meanwhile, negative publicity and allegations involving us, our Shareholders, Directors, officers, employees, business partners and other third parties, as well as the broader industry, can have detrimental effects. Such publicity, regardless of its accuracy, can tarnish our reputation, result in loss of customer trust, decreased sales and challenges in maintaining or establishing business relationships with our customers. It can also result in heightened scrutiny from regulators and stakeholders, potentially leading to increased compliance costs or legal challenges, subsequently impacting our business operations, financial condition, results and future prospects.

Failure to comply with present or future environmental, safety and occupational health regulations and standards may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to regulations and standards relating to environmental, safety and occupational health matters where we operate. There can be no assurance that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

In addition, our manufacturing process produces pollutants such as wastewater, waste gas and industrial solid waste. The discharge of such pollutants from our manufacturing operations into the environment, if in violation of relevant regulations, may give rise to liabilities that may require us to incur costs to remedy such discharge. There can be no assurance that the situations that will give rise to environmental liabilities will be discovered, or that any environmental laws adopted in the future will not affect our operating costs and other expenses. Should stricter environmental protection standards and regulations be imposed in the future, there can be no assurance that we will be able to comply with such new regulations. Any increase in the manufacturing costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

Any non-compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws and other forms of illegal acts and misconduct by our business partners, employees or other parties may materially and adversely affect our reputation and operations.

We are subject to anti-money laundering, anti-bribery and anti-corruption laws, as well as other rules and regulations of the jurisdictions in which we operate, including the United States Foreign Corrupt Practices Act (the "**FCPA**"). The FCPA prohibits us and our officers, Directors, employees, and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, financial condition, results of operations, and prospects.

We are also subject to the anti-bribery laws of other jurisdictions. As our business expands, the applicability of the FCPA and other anti-bribery laws to our operations will increase. Our procedures and controls instituted may fail to protect us from reckless or criminal acts committed by our employees or business partners. If any of our Directors, officers, employees, representatives, consultants, agents and business partners engaged in any improper conduct, we may be held responsible. If we, due to either our employees' deliberate or inadvertent acts or those of others, fail to comply with the applicable anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant compliance expenses, which could have a material adverse effect on our business, financial condition, and results of operations.

Our information technology networks, systems and data may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches. A breach in our cybersecurity, or failure to protect confidential information, may result in legal and financial exposures and reputational damages.

We rely on information technology networks and systems for electronic communications among our personnel, suppliers, customers and other business partners and for synchronization with our manufacturers and logistics providers on demand forecast, order placements and manufacturing and service status and capacity. Our business involves storage and transmission of data about our business, suppliers, customers and other business partners. Our information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

Any failure to comply with data privacy and security laws may adversely impact our business, financial condition and results of operations.

We are subject to various laws and regulations concerning data security and privacy. Recently, the governments worldwide have placed increasing emphasis on privacy and data protection regulations. The Chinese government, in particular, has implemented a series of laws, regulations and policies to safeguard personal data. We must comply with applicable laws and regulations throughout the entire life cycle of personal information, including its collection, storage, use, processing, transmission, provision, disclosure and deletion. Failure to comply with the increasingly stringent data and personal information protection laws in the PRC, as well as evolving data security and privacy regulations in other jurisdictions where we operate or plan to operate, could result in significant legal and regulatory penalties, reputational damage, and adverse effects on our business, financial condition, and results of operations.

As data privacy laws and industry standards continue to evolve globally, we will need to implement and maintain robust internal controls, compliance mechanisms, and risk management policies. Ensuring compliance with these requirements may require substantial resources, personnel, and capital investment. The unauthorized access, loss or misuse of data and personal information, whether by our company or our partners, could lead to significant consequences, including increased cybersecurity expenditures, regulatory investigations, enforcement actions, fines, litigation, indemnification obligations, remediation costs, and operational disruptions. In addition, defending against potential legal claims arising from such incidents may result in further financial and reputational exposure. Even unsubstantiated concerns raised by customers, employees, or third parties regarding our handling of data and personal information could harm our reputation and undermine trust in our brand, which may, in turn, negatively impact our business prospects and market perception.

We may be involved in or subject to claims, disputes, lawsuits and other legal proceedings from time to time, which could materially and adversely impact our business.

We may be involved in claims, warning, fines, disputes, lawsuits and various legal and administrative proceedings in the ordinary course of our business and operations in relation to contracts, labor, safety, securities or other matters. We cannot assure you that we will not be involved in various legal and administrative proceedings in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such proceedings, including fees relating to appraisal, auction, execution and legal advisory services. Such proceedings may lead to inquiries, investigations and actions by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our business operations. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications, regulatory investigations, warning in proceedings against our Shareholders, Directors, officers or key employees may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

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

We are a company incorporated under the laws of the PRC, and the majority of our Directors and executive officers reside in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including matters arising under U.S. federal securities laws or applicable state securities laws. On July 3, 2008, the Supreme People's Court and the Government of the Hong Kong Special Administrative Region signed the Arrangement between the Chinese Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2008 Arrangement**"). Under the 2008 Arrangement, where any designated court of China or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of China or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 18, 2019, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese Mainland and of the Hong Kong Special Administrative Region by The Supreme People's Court of The People's Republic of China (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in China and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of the 2008 Arrangement which is made before the effective date of the 2019 Arrangement.

In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of court between China and the country where the judgment was made.

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

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

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

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

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and 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 by State Taxation Administration (《國家稅務總局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 [2008] No. 897) (國稅函[2008]897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 by State Taxation Administration (《國家稅務總局關於國稅發[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 STA, dividends paid to non-PRC resident individual holders of H shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC 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 by Ministry of Finance of the People's Republic of China and State Taxation Administration (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Guo Shui Han [1998] No. 61) (國稅函[1998]61號) issued by the MOF of the PRC and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Our business may be materially and adversely affected by force majeure events, natural disasters or other issues beyond our control.

Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. An occurrence or recurrence of any of such events could result in disruptions to our operations, which could adversely affect our business, financial condition, results of operations and prospects.

Our business operations could be disrupted if any of our employees is suspected of contracting any epidemic disease, since it could require our offices or facilities to be closed for disinfection or other remedial measures, which would adversely delay or disrupt our production schedule, and we may experience raw material shortages or price surges if the operations of any of our suppliers are disrupted by pandemics.

Moreover, natural disasters, including earthquakes, floods, landslides and droughts, could result in deaths, significant economic losses and significant and extensive damage to factories, power lines and other properties, as well as blackouts, transportation and communications disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may, among other things, materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business, results of operations and prospects.

Foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the current PRC foreign exchange regulation, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

RISKS RELATING TO THE [REDACTED]

The characteristics of the A share and H share markets may differ.

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

There has been no prior [REDACTED] for our H Shares, and their liquidity and [REDACTED] may be volatile.

There was no [**REDACTED**] for our H Shares prior to the [**REDACTED**]. There can be no guarantee that a [**REDACTED**] for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, which may not be indicative of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of our H Shares may be materially and adversely affected.

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

The [**REDACTED**] and [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the [**REDACTED**] of the shares of other companies engaging in similar business may also affect the price and trading volume of our H Shares. In addition to market and industry factors, the [**REDACTED**] 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**] have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance.

Our Controlling Shareholders have substantial influence over our Group and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the Controlling Shareholders will be together entitled to control the exercise of approximately [**REDACTED**]% of the voting rights and thus remain as Controlling Shareholders of our Company. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other Shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

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

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of China, the payment of dividends may be subject to certain limitations. Moreover, the calculation of our profit under the China Accounting Standards for Business Enterprises ("**PRC GAAP**") may differ in certain respects from the calculation under the International Financial Reporting Standards ("**IFRS Accounting Standards**"). As a result, even if we report a profit for the year under IFRS Accounting Standards, we may not have distributable profits as determined by PRC GAAP. Additionally, the declaration, payment and amount of any future dividends are subject to the discretion of our Directors after taking into account various factors, including our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at a Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of China. For details, please refer to "Financial Information — Dividend" in this document. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of China, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. If the foreign exchange administration system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would affect the remittance of RMB into or out of China.

Should the [REDACTED] be higher than the net tangible book value per Share, subject to pricing, you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

If the [**REDACTED**] of our H Shares is higher than the net tangible book value per Share immediately prior to the [**REDACTED**], [**REDACTED**] of our H Shares in the [**REDACTED**] will experience an immediate dilution. Existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible assets value per share of their shares.

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

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

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

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider [**REDACTED**] additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows, or limit our flexibility in business development and strategic plans.

Certain facts, forecasts and statistics derived from official government sources contained in this document may not be reliable and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this document, such as the section headed "Industry Overview" based on information from various public sources, industry associations, independent research institutes and other third-party sources, including the Frost & Sullivan Report that we commissioned. Our Directors and Joint Sponsors have exercised reasonable care in selecting and identifying the information sources, and believe that the sources of such information are appropriate sources for such information. We have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, any of the Joint Sponsors, or any of their respective affiliates or advisors, and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics. In addition, market opportunity estimates included in this document, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate.

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 being made solely on the basis of the information and representations contained in this document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this document should not be relied upon in making an [**REDACTED**] decision with respect to the securities being [**REDACTED**].

Prior to the publication of this document, there has been coverage in the media regarding us and the [**REDACTED**], which may have contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. Investors should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and the [**REDACTED**] may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.