
RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below and in the Financial Information section, among others, 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 have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Changes in global or regional political and economic policies could have an adverse effect on our business, financial condition, results of operations and subsequently challenge our competitive position.

Our business, financial condition, results of operations and prospects could be affected by economic, political and legal developments in the markets where we operate. During the Track Record Period, we primarily generated revenue from sales to customers incorporated in (i) Europe, such as Ireland and England, (ii) North America such as the U.S., (iii) Asia, such as Singapore, and (iv) Chinese Mainland. The total revenue from sales to customers outside of Chinese Mainland for 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025 was RMB178.6 billion, RMB196.0 billion, RMB225.8 billion, RMB147.0 billion and RMB179.7 billion, respectively, representing 83.4%, 84.5%, 84.0%, 83.0%, and 81.4% of our total revenue during the same periods, respectively. For details, see “Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Revenue—Revenue by Geographic Region.” The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies. It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. In particular, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets, inflation and deflation could affect the business and economic environment, the growth of the PIMS industry and ultimately, the profitability of our business. Governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, foreign exchange and other aspects of the economy, as well as government measures or policies in regulating particular industries or companies may affect our business and results of operations. We cannot guarantee the extent to which our business operations will be able to benefit from such measures or whether such measures may have negative effect on us. Furthermore, global or regional economic growth may vary from year to year, and such growth may be uneven, both geographically and among various industry sectors. If the business environment in the markets where we operate changes, our business may be materially and adversely affected.

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We had customer concentration during the Track Record Period and the loss of our largest customer could have a material adverse effect on our business, financial condition, and results of operations.

Our ability to maintain our current level of profitability depends on our continued success in retaining existing customers and attracting new customers. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our revenue from the five largest customers in each period during the Track Record Period was approximately RMB177.9 billion, RMB191.2 billion, RMB211.0 billion and RMB143.5 billion, respectively, accounting for 83.1%, 82.4%, 78.5% and 65.0% of our total revenue during the respective periods. During the same periods, our revenue from the largest customer, Customer A/Supplier A, for the respective periods was RMB156.8 billion, RMB174.5 billion, RMB190.1 billion and RMB124.4 billion, respectively, accounting for 73.3%, 75.2%, 70.7% and 56.3% of our total revenue during the respective periods, which was significantly higher than our revenue from other customers during the Track Record Period. For details, see “Business—Our Customers.” We cannot assure you that our major customers will not diversify their suppliers, change their business scope or business model nor suspend their operation, or they will not encounter any operating or financial difficulties. In addition, the end markets where our customers operate are evolving. Their ability to sustain success in these dynamic environments will influence their demand for our offerings. Any material adverse changes in the business, operation and financial condition of our major customers may in turn have a material adverse effect on us.

In addition, there is no assurance that we could retain our existing customers or attract new customers as we did during the Track Record Period. If we fail to retain existing customers or attract new customers due to product, pricing or other competitive factors, our business, financial condition and results of operations may be adversely affected. There is no assurance that we are able to maintain good relationship with our major customers, or our major customers will continue to have high demands for our products in the future. Under the aforementioned circumstances, if we are unable to identify and acquire suitable new customers within a reasonable period of time, our business, financial condition and results of operation may be materially and adversely affected.

Further, some of our five largest customers were also our suppliers during the Track Record Period. We had supplier concentration primarily due to the buy-and-sell procurement method, where certain of our major customers require their suppliers, including us, to purchase raw materials and components manufactured or procured from themselves to exert overall control over the procurement process. In 2022, 2023 and 2024 and for nine months ended September 30, 2025, purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB116.4 billion, RMB115.3 billion, RMB131.2 billion and RMB90.6 billion, respectively, representing 63.0%, 65.2%, 62.3% and 51.8% of our total purchases during the same periods, respectively. In addition, the purchases from our largest supplier, Customer A/Supplier A, for the same periods amounted to RMB107.4 billion, RMB109.5 billion, RMB117.9 billion and RMB77.3 billion, respectively, representing 58.1%, 61.9%, 56.0% and 44.2% of our total purchases for the corresponding periods, respectively. For details, see “Business—Our Suppliers.”

Our success depends to a great extent on our R&D capabilities. Results of our technology and R&D efforts may affect our competitiveness and profitability.

Our R&D capabilities are critical to our success. The industry in which we operate is subject to rapid technological changes and is evolving quickly in terms of technological innovation. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our R&D expenses amounted to RMB8,447.0 million, RMB8,188.8 million, RMB8,556.0 million and RMB8,170.4 million, respectively, representing 3.9%, 3.5%, 3.2% and 3.7% of our total revenue for the same periods, respectively. We

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may continue investing significant resources in R&D in order to offer products desirable to our customers and pricing and remain competitive in the rapidly evolving industry. However, R&D activities are inherently uncertain, generally lasting for a long time and requiring substantial R&D expenses. Our R&D activities and investments cannot guarantee revenue generation, and we may not be able to recover costs incurred. We cannot assure you that our R&D projects will be successful or completed within the anticipated time frame and budget, or that our newly-developed products will have commercial success, or that we will achieve anticipated sales target or profit.

In addition, our existing or potential competitors may develop products which are similar or superior to our products with more competitive price. Due to uncertainties in the time frame for developing new products and the duration of the market window for these products, we may have to abandon ongoing developments that are no longer commercially viable, even after having invested significant resources in their R&D. If we fail to launch our products in a timely manner and with competitive edge in the industry, our business, prospects, financial condition and results of operations may be materially and adversely affected.

If we are unable to effectively manage our growth or execute our strategies, our business and prospects may be adversely affected.

Our business has continued to grow in recent years, so has our business network. In addition, as we expand our product portfolio, customer base and geographical markets, we will need to work with a larger number of suppliers and customers efficiently and maintain and expand mutually beneficial relationships with our existing and new suppliers and customers. We also need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management aspects, strengthen our supplier and sales network management, refine our reporting systems and procedures, and expand, train and manage our growing employee base. All these efforts will require significant managerial, financial and human resources. We cannot assure you that such efforts will result in our expected success. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully.

In addition, changes and developments taking place in industries where we operate in may also require us to re-evaluate our business model and adopt material changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments may have a material and adverse effect on our business, financial condition and results of operations. Even if we innovate and adapt to these changes and developments, we may nevertheless fail to realize the anticipated benefits of our long-term strategies and business plans, and such changes could even harm our profitability.

Our acquisitions may not be successful and we may face difficulties in integrating acquired businesses with our existing operations.

From time to time, to enhance our growth, we may evaluate various acquisition and strategic partnership opportunities that we believe would enhance our capabilities in terms of product development, technology advancement or sales network. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including: substantial time and expenses incurred during negotiation; impact on our financial results, such as occurrence of goodwill impairment charges and amortization expenses for intangible assets; increased operating expenses and cash requirements; the assumption of additional indebtedness, contingent liabilities or unforeseen liabilities; the potential issuance of dilutive equity securities; assimilation of operations, intellectual property and

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products of an acquired company; the diversion of our management’s attention from our existing product programs; retention of key customers; risks and uncertainties associated with the other party to such a transaction; our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives; and deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities, which may subject us to penalties, lawsuits or other liabilities.

We may not be able to identify attractive targets. In addition, we may not be able to successfully acquire the targets identified despite spending a significant amount of time and resources on pursuing such acquisition. Furthermore, integration of an acquired company, its intellectual property or technology into our own operations is a complex, time-consuming and expensive process. The successful integration of an acquisition may require, among other things, that we integrate and retain key management, sales and other personnel, integrate the acquired technologies or services from both an engineering and a sales and marketing perspective, integrate and support preexisting supplier, distribution and customer relationships, coordinate R&D efforts, and consolidate duplicate facilities and functions. The geographic distance between companies, the complexity of the technologies and operations being integrated, and the disparate corporate cultures being combined may increase the difficulties of integrating an acquired company or technology.

The industries where we operate in are highly competitive.

The PIMS industry is intense and highly competitive. For details, see “Industry Overview.” Many of our competitors provide products comparable to those we offer and may further upgrade their products and optimize their services. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements than us and may have the ability to initiate or withstand significant industry evolution or regulatory changes. Our competitors may have more advanced facilities or equipment, develop more advanced or efficient technologies, acquire more customers, have more professional staff or offer more competitive prices. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

The expansion and profitability of our consumer electronics business depend on the level of consumer demand, which could be affected by factors such as economic downturn and inflation globally.

We derive a large portion of our revenue from sales of products and solutions for consumer electronics application scenario. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, revenue generated from sales of consumer electronics products and solutions amounted to RMB190.9 billion, RMB204.7 billion, RMB233.1 billion and RMB176.2 billion, respectively, accounting for 89.2%, 88.3%, 86.7%, and 79.8% of our total revenue during the same periods, respectively. The success of our business depends, to a significant extent, on consumer demand in the markets where we sell our products. Numerous external factors beyond our control can influence the level of consumer demand on our products. These factors include general economic conditions, inflationary pressures, recession concerns, geopolitical tensions, disease outbreaks, interest rates and sales tax rates. In particular, in the past several years, the global economy has faced significant challenges, including disruptions across industries and supply chains, inflationary pressures in many countries and ongoing volatility in global markets. Any global economic downturn could lead to decreased consumer demand in the geographic markets where we operate, causing customers to reduce

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their purchases from us. As a result, we may have difficulty maintaining or expanding our revenue or customer base, which could have a material and adverse effect on our business, financial condition and results of operations.

Adjustment in our product mix may result in fluctuations in our profitability, which may affect our financial condition and results of operations.

Our results of operations are affected by changes in our product mix. During the Track Record Period, we offered products for a variety of application scenarios, including consumer electronics, automotive electronics, and communication and data centers, among others, to capture a broader range of market opportunities, enhance the diversity of our product offerings and improve our profitability. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our revenue generated from sales of consumer electronics products and solutions amounted to RMB190.9 billion, RMB204.7 billion, RMB233.1 billion and RMB176.2 billion, respectively, representing 89.2%, 88.3%, 86.7% and 79.8% of our total revenue in the same periods, respectively. As we expand our product mix, we expect revenue from other business lines to account for a larger percentage of our total revenue in the future.

Our wide range of products and solutions have different selling prices and margin profiles. For example, in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our gross profit margin for automotive electronics was 16.0%, 15.7%, 15.8% and 15.2%, respectively, higher than our overall gross profit margin, which was 11.9%, 11.1%, 10.1% and 11.8%, respectively, for the same periods. Moreover, component and module products have a higher gross profit margin than system integration solutions in general. Therefore, change in our mix of products and solutions could affect our overall profit margin. Any adjustment in product mix may result in fluctuations in our profitability. We cannot guarantee that our business adjustments will be consistently successful, and that we will continue to sustain our gross profit margins and profitability levels in the future.

Our expansion into new products and solutions may not yield the intended results.

We operate in an industry that is subject to rapid and unpredictable changes in customer demand and trends. Our success depends to a large extent on our ability to provide customers with new, attractive products tailored to their needs on a timely basis at favorable profit margins.

The commercial success of new products and solutions are subject to many factors that are not entirely within our control, including our ability to carry out effective and efficient technology development and manufacturing, gauge market demand, make timely delivery and offer satisfactory after sales services for the new products. If our new products cannot achieve good commercial results, we may be unable to achieve desired revenue and profit return, or even recoup initial investments.

We may also sell new products and solutions to new markets, the success of which is dependent on various factors such as market conditions, competition landscape, regulatory environment, supply chain, customer demand, and the positioning of our new products, as well as our ability to offer such products at competitive terms and prices. The new markets may have high entry barriers, which may prevent new entrants to achieve market penetration. There can be no assurance that we will be able to successfully satisfy our customer demand on a sustainable and profitable basis.

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There may be sudden shortage or defect in supply of certain raw materials and components which may lead to delay or failure in fulfillment of orders.

We procure materials for the multiple business lines we operate, including (i) raw materials and components, and (ii) precision instruments and equipment. For details, see “Business—Raw Materials and Supply Chain.” Although we check the availability of the raw materials or components when we provide quotations to our customers, there is typically a gap between the timing of our quotations and the placing of orders for these raw materials and components. If there is a sudden shortage or delay in supply of the relevant raw materials or components, it could delay the fulfillment of our orders. If the relevant raw materials or components are no longer available, we may fail to supply certain products to our customers, and additional R&D resources may be needed to modify certain specifications of the product to use alternative raw materials or components of other brands. We may find it difficult, costly and time-consuming to find alternative supply of these materials and components, or to change product design to use alternative raw materials and components. We cannot assure that we could source a sufficient quantity of high-quality raw materials and components used in our products at reasonable costs. Our supply to customers will be disrupted and our customers may request for discounts or claim damages and our profit will be reduced and reputation will be adversely affected.

Fluctuations in the prices of materials may affect our cost of sales, business operations and profitability.

Cost of materials constitutes the major part of our cost of sales. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our cost of materials was RMB159.2 billion, RMB177.6 billion, RMB207.5 billion and RMB162.9 billion, respectively, accounting for 84.4%, 86.1%, 85.9% and 83.6% of our total cost of sales, respectively. We procure materials for the multiple business lines we operate, including (i) raw materials and components, and (ii) precision instruments and equipment. Furthermore, strong procurement ability of suitable materials to meet our customers’ standard of the end products is critical for our business operation. We have to bear the risk of cost fluctuations and may not be able to shift such risk to our customers. Hence, any increase in the price of materials will directly affect our profitability if we fail to accurately estimate the cost of the materials to fulfill the purchase orders of customers. For details, see “Business—Raw Materials and Supply Chain” and “Financial Information—Key Factors Affecting Our Results of Operations—Cost Control and Operational Efficiency.” There is no assurance that our suppliers will not significantly increase the prices of raw materials or components in the future, in particular when the market prices of or the market demand for such raw materials or components increase. There is also no assurance that we will be able to pass on the increase in the cost of raw materials or components to our customers in a timely manner to avoid adverse impacts on our profitability.

Failure to successfully execute our equipment maintenance and upgrades and capacity expansion plans or to effectively utilize our production bases may have an adverse effect on our business, financial condition and results of operations.

Our growth prospects and future profitability depend on, among others, our ability to upgrade and expand our production capability and capacity, either generally or with respect to demand from customers for particular products. For details, see “Business—Manufacturing—Production Capacity and Utilization.” To successfully upgrade and expand our production capability and capacity, we need to make cost-effective and efficient upgrade and expansion plans, expand and construct new facilities or equipment either by our own R&D or procurements from third parties, and hire and train professionals necessary to operate such facilities or equipment, all of which may be affected by several factors,

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including: availability of working capital for purchasing facilities or equipment; shortages or delays in the delivery of facilities or equipment; difficulties or delays which may arise in installing the facilities or equipment; and implementation of new manufacturing processes.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected. In particular, the implementation of our expansion plans may incur significant staff costs, depreciation and amortization charges and other expenses, which may adversely affect our financial condition. In addition, if we do not receive sufficient orders from our customers to effectively utilize our production bases, we may be subject to low utilization rates of production capacity, over-capacity or high depreciation charges for our production bases, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new factories or expansion of any existing factories and maintenance of expanded production capacity. Any delay or cancelation of our expansion plan could also subject us to disputes with various counter-parties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any deterioration in labor relations, labor shortages and increase in labor cost may have an adverse effect on our business operations.

Despite our ongoing efforts to enhance automation, certain aspects of our manufacturing process has to be carried out manually. Our need for production personnel may increase in aligning with the expansion of our production capacity and increase of our production volume. There is no assurance that we will not experience any labor shortage for our production or that the labor costs will not increase in the future. Furthermore, if labor costs increase, our production costs will increase correspondingly and we may not be able to shift these extra costs to our customers due to competitive pricing pressures among our competitors. If we fail to retain our existing labor and/or recruit sufficient labor in a timely manner, we may not be able to accommodate any increase in demand for our products or smoothly implement our expansion plans. As a result, our business, financial condition and results of operations would be materially and adversely affected.

Our delivery and return policies, and possible product liability claims, may affect our results of operations.

Our commercial success depends on consistently delivering quality and reliable products. If the quality of any of our products deteriorates or fail to meet customers' expectations, we may face customer complaints, return requests, or order cancelations. Our products may have quality issues or undetected defects or errors. These may be due to product design, software, components or manufacture. If our customers return products to us, we will incur additional labor costs and raw material costs to fix the products with quality problem, which may materially and adversely affect our profitability, in addition to our brand name and reputation. Further, if our products fail to meet the required standard to end-users, our customers may need to recall these products. We may also be subject to product liability claims. If any product liability claims are brought against our customers and regardless of whether our customers have merits, we would need to spend a significant amount of money defending these claims. As a result, we may need to bear significant legal costs and pay substantial damages.

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Unexpected disruptions to our production bases or manufacturing process may adversely affect our business operations.

Our business operations are heavily dependent on our production bases. Our production bases are subject to operating risks, such as equipment failures, disruptions in power supply, industrial accidents, labor shortage, strike, fire or natural disasters. If any unanticipated or prolonged interruption of our operations at our production bases happens due to any of the aforesaid risks, we may not be able to deliver our products to our customers in a timely manner or at all. As a result, our relationship with our customers could be adversely affected due to our failure and we may also be subject to contractual claims for compensation from our customers, which may materially and adversely affect our business, financial condition and results of operations.

Furthermore, our operation process covers from R&D through production, storage, logistics, marketing and sales to after-sales services. Any interruption or failure in the operation process could result in product quality or safety problems and other regulatory or environmental risks that may have a material and adverse impact on our business. In addition, the use of the more advanced, complex and costly technologies and equipment may further increase our exposure to operational risks and the difficulty in timely repair or replacement. Any interruption in the operation throughout our entire operation process for an extended period could cause us to suffer financial loss and reputational harm, which may materially and adversely affect our business, financial condition and results of operations.

We are exposed to the risk of production safety accidents.

Our operations are subject to risks related to workplace safety, including damage to, or destruction of, production equipment and facilities, or operational accidents, and could also result in personal injury, death, performance delays, monetary losses and legal liability. We are required to comply with laws and regulations related to production safety in the jurisdictions where we operate. For details, see “Regulatory Overview—Regulations on Production Safety.” There can be no assurance that serious accidents or fatalities will not occur during our manufacturing process or on our premises in the future. If an accident occurs, we may be held liable for compensation arising from personal injury, loss of life, property damage, or for fines and penalties imposed for breaches of applicable laws and regulations. Furthermore, we may be subject to business interruptions caused by shutdowns or suspension of operations due to government investigations or the requirement to implement additional safety measures.

Negative publicity and allegations involving us, our shareholders, directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

Negative publicity and allegations involving us, our shareholders, directors, officers, employees, business partners, and our product and solutions may arise from time to time. Negative comments on the properties managed by us, products and solutions offered by us, our business operations and management may appear in internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity will not arise in the future. Moreover, negative publicity about other companies providing similar products and solutions as us may arise from time to time and cause customers to lose confidence in the products and solutions offered by us. Any such negative publicity, regardless of veracity, may have a material adverse effect on our business, our reputation and the [REDACTED] of our Shares.

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We may be adversely affected by any significant disruption of performance of third party warehousing and logistics service providers.

During the Track Record Period, we relied on third-party service providers for services in connection with our business, such as warehousing and logistics services. However, any natural or man-made disasters or other unanticipated catastrophic events could impair the operations of our suppliers and/or disrupt our transportation channels and customs clearance procedure, and impede our ability to manufacture and deliver our products to customers in a timely manner. If the third-party service providers do not perform satisfactorily, substantially reduce the amount and scope of services provided to us, 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 unauthorized provision of services not complying with our requirements or that of our customers, our reputation in the industry will be affected.

We may fail to obtain sufficient funding for our operations and expansion activities on commercially reasonable terms, or at all, and any debt financing may contain covenants that restrict our business or operations.

Our expansion plans will require us to make substantial capital investment such as expenditures on construction of factories and purchase of equipment in connection with the growth of our business. In the past, we have funded our operations and expansion mainly through cash generated from operations and bank borrowings, and we expect to continue to rely on these resources in the future. However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. Our ability to obtain additional financing in the future is subject to a variety of uncertainties, including: our future financial condition, results of operation and cash flows; general market conditions for capital raising activities; and economic, political and other conditions.

Failure to maintain optimal inventory level could increase our inventory holding costs or cause us to lose sales, either of which could have an adverse effect on our business, financial condition and results of operations.

Maintaining optimal inventory levels is critical to our financial health. As of December 31, 2022, 2023 and 2024 and September 30, 2025, the balance of our inventories amounted to RMB37.3 billion, RMB29.4 billion, RMB31.5 billion and RMB51.6 billion, respectively, and accounted for approximately 25.1%, 18.2%, 14.1%, and 17.2%, respectively, of our total assets for the same periods. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our inventory turnover days were 56 days, 59 days, 46 days and 59 days, respectively. For details, see “Financial Information—Discussion of Certain Key Items from Consolidated Statements of Financial Position—Inventories.” For stocking purposes, we generally forecast demand for the products we sell ahead of the actual time of sale. However, we cannot assure you that we can accurately predict these trends and events and maintain adequate levels of inventory at all times. Significant and unpredictable shifts in market demand can affect the accuracy of our market demand forecast and the effectiveness of our procurement and inventory management practice, and we may not be able to timely mitigate the inventory pressure or at all. An unexpected decrease in the market demand for the products we sell could lead to excessive or obsolescent inventory or significant depreciation in inventory value. Moreover, excessive inventory levels may tie up substantial capital resources, limiting our ability to allocate funds to other critical areas. Conversely, if we underestimate customer demand, we may experience inventory shortages,

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thereby impacting our ability to generate sales and cause damage to our reputation and relationships with our customers. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We are subject to credit risk arising from trade and note receivables due from our customers.

Failure to collect our trade and note receivables fully or timely may have an adverse effect on our results of operations and financial condition. We generally grant our customers a credit period of 30 to 60 days. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had trade and note receivables of approximately RMB27.0 billion, RMB23.8 billion, RMB32.9 billion and RMB52.0 billion, respectively. As a result, we may be exposed to credit risk. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, our trade and note receivables turnover days were 50 days, 40 days, 38 days and 52 days, respectively. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our loss allowance for trade receivables was RMB140.1 million, RMB111.6 million, RMB121.2 million and RMB448.3 million, respectively, which is estimated based on information currently available to us. Our loss allowance for trade receivables increased to RMB448.3 million as of September 30, 2025 from RMB121.2 million as of December 31, 2024, primarily due to the increase in total trade receivables. However, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of the new information, we may need to make more allowance for impairment of trade receivables, which may in turn adversely affect our business, financial condition, and results of operations. For details, see “Financial Information—Discussion of Certain Key Items from Consolidated Statements of Financial Position—Trade and Note Receivables.”

We could be adversely affected if we violate economic sanctions, export control and similar laws in various jurisdictions where we operate.

We are subject to economic sanctions, export control and similar laws and regulations in various countries or jurisdictions in which we conduct business. We take precautions to prevent our products from being provided to any target of sanctions. However, we cannot assure you that our products would not be resold or otherwise provided to such targets by our customers. Any such resale or provision could subject us to potential government investigations, penalties and reputation damage.

Our legal advisors as to international trade and sanctions (the “**International Sanctions Legal Advisors**”) have confirmed that no member of our Group is currently included in the Entity List or otherwise subject to any other international sanctions programmes. In July 2025, we completed the acquisition of the Wingtech Businesses. The Wingtech Businesses do not involve any development, production, design or fabrication of any integrated circuits or semiconductors. Wingtech Technology was added to the Entity List in December 2024 because of its involvement in “sensitive semiconductor manufacturing.” As the Wingtech Businesses that we acquired are no longer related to Wingtech Technology, our International Sanctions Legal Advisors have confirmed that the inclusion of Wingtech Technology in the Entity List has not had any legal impact on the Wingtech Businesses.

During the Track Record Period and up to the Latest Practicable Date, we had not sold any items that are “subject to the EAR” as that term is defined in the U.S. Export Administration Regulations to “Entity List” or other export restricted parties. If a prospective customer is on the Entity List or other U.S. export restricted list, our trade compliance team calculates the U.S. controlled content by value following the rules in EAR part 743, and we do not sell any items to the prospective customer unless this calculation (including a separate calculation for the U.S. content percentage of any software in the product) is found to be *de minimis* as defined by the EAR and the item is also confirmed not to be

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subject to the EAR under the Foreign Direct Product (“FDP”) rule. Our International Sanctions Legal Advisors have reviewed our application of the *de minimis* and FDP rules and confirmed them to be correct. We have not engaged, and have no plans to engage, in any engineering collaboration with any parties on the Entity List or other restricted lists of the U.S., United Nations, EU or UK.

In 2022, 2023 and 2024, we had sales to Russia in an amount of RMB0.11 million, RMB0.02 million and RMB0.02 million, respectively, which involved wiring harness and connectors typical of use by consumers or small businesses. Our sales to Russia has been completely ceased since March 2024. The sanctions regulations in relation to Russia are directed at listed persons, specified industrial sectors such as the oil and defense sectors, and non-EAR99 items (with the exception of certain U.S. EAR99 software). Our International Sanctions Legal Advisors have confirmed that our sales to Russia have not violated any of these sanctions or export control restrictions. Our screening of counterparties with which we do business is designed to detect and block business with persons listed as subject to sanctions by the U.S., United Nations, EU or UK. Our International Sanctions Legal Advisors have reviewed our screening methodology and confirmed that it is appropriately designed to block business with sanctioned persons.

A portion of the A Shares held by our Controlling Shareholders are pledged.

As of the Latest Practicable Date, Luxshare Limited pledged 1,046,300,000 A Shares, representing approximately 14.43% of the total issued share capital of our Company as collateral in favor of certain licensed commercial banks which will continue to subsist after Listing. Luxshare Limited will only pledge additional Shares to the extent permissible under the Listing Rules and further announcements will be made by our Company as and when appropriate and required under the Listing Rules. For details, see “Substantial Shareholders—Share Pledges by Luxshare Limited.”

In the unlikely event of default by Luxshare Limited under such commercial loans, the lenders can enforce the share pledge arrangement and our Controlling Shareholders may cease to be controlling shareholders of our Company, which could have a negative impact on the control of our Controlling Shareholders in our operations, and in turn our business and financial results.

We may be involved in intellectual property disputes and claims.

We regard our intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete agreements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological changes in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain technologies from these third parties at all or on reasonable terms.

It is often difficult to register, maintain and enforce intellectual property rights. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful

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recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. Various other issues may arise with respect to our intellectual property portfolio. We may not have sufficient intellectual property rights in all countries and regions where unauthorized third party copying or use of our proprietary technology may occur and the scope of our intellectual property might be more limited in certain countries and regions. Our existing and future patents may not be sufficient to protect our products, solutions or technologies and/or may not prevent others from developing competing products, solutions or technologies.

In addition, we may encounter claims by third parties that our technologies, processes or products infringe the intellectual property rights of others or that we have misappropriated the trade secrets of others, which may subject us to future litigation. We may also initiate lawsuits to defend the ownership of our intellectual property rights. It is difficult to predict how such disputes would be resolved. Litigation relating to intellectual property rights is costly and diverts technical and management personnel from their normal responsibilities. Furthermore, we may not be able to prevail in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of non-infringement by others to our intellectual property or an invalidation of our patents may result in the use by competitors of our technologies or processes and sale by competitors of products that resemble our products.

We may be involved in disputes, legal and other proceedings arising out of our operations and activities from time to time and may face liabilities as a result.

As we operate a number of business lines in various countries and regions in the world, we may be involved in disputes, legal and other proceedings from time to time with various parties, including our customers, suppliers, employees, logistics service providers and banks, in relation to our business operations, commercial transactions, mergers and acquisitions, business expansions, product liability, workers’ compensation, IP claims, regulatory actions and shareholding disputes. During the Track Record Period, certain Director and senior management have faced investigations and allegations from relevant Taiwan authorities in connection with certain business activities of our subsidiaries and related parties in Taiwan. For details, please see “Directors and Senior Management — Further Information.” These investigations and allegations, despite being unsubstantiated, along with any other such investigations we or our Directors or senior management may be involved in, may lead to legal or other proceedings and negative publicity, damage our reputation, divert our resources and management’s attention and result in temporary travel restrictions to Taiwan for the persons involved. Costs may have to be incurred in settling such investigations and allegations or defending ourselves in any related proceedings, and we may be held liable for damages and other liabilities, which may negatively impact our business, results of operations and financial position. In addition, we may have compliance issues in the course of our operations, which may subject us to administrative proceedings or unfavorable decrees that may result in liabilities and cause other material adverse effects on our business, results of operations and financial position.

We may fail to obtain or renew required permits, licenses, certificates or other relevant governmental approvals necessary for our business operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. For details, see “Business—Licenses, Permits and Approvals.” Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. Furthermore, with the introduction and enactment of new

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laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot guarantee that we will be able to obtain all requisite approvals, licenses, permits and certifications.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to labor related laws and regulations and any inability to comply with such laws and regulations may subject us to liabilities.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident fund and other welfare-oriented payment obligations. For details, see “Regulatory Overview—Regulations on Labor and Social Welfare.” The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident fund. However, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in Chinese Mainland mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in Chinese Mainland, we may be exposed to penalties or be required to compensate employees.

In addition, we cannot assure you that our employment practice, including fair labor practices, anti-labor exploitation and corruption, are, or will in the future be, fully in compliance with labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations. We cannot assure that such risks we may be exposed to will not have any adverse effect on our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any related lawsuits, legal proceedings or complaints.

We are subject to extensive regulatory permits, filings, certificates and approvals for our leased and owned properties.

We are required under applicable PRC laws and regulations to complete filings and obtain various permits, certificates and approvals from relevant governmental authorities for the properties that leased and owned in China.

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As of September 30, 2025, 530 of our lease agreements had not been registered and filed with relevant governmental authorities. According to applicable PRC laws and regulations, the lessor and the lessee of a lease agreement are required to register and file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. As registration and filing of the lease agreement will require the cooperation of the landlord, we cannot assure you that we can complete the registration and filing of such lease agreement in a timely manner or at all. If the registration and filing is not made, the governmental authorities may require that the filing be made within a prescribed period of time, failing which they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly registered filed.

As of September 30, 2025, we had not obtained the property ownership certificates for 10 owned properties. While we are in the process of fulfilling the relevant procedures required for the ownership certificates for these properties, we may not be able to obtain these certificates in a timely manner or at all. As a consequence of the foregoing, our rights to these properties may be limited or challenged by relevant governmental authorities or third parties.

As of the Latest Practicable Date, we had not been subject to any material penalty arising from our leased and owned properties. However, we cannot assure you that we would not be subject to any penalties and/or forced to relocate, which may adversely affect our results of operations and financial condition.

Our success depends, to a certain extent, on the retention of our senior management team and our ability to attract and retain qualified and experienced employees.

Our key management team have extensive experience in the PIMS industry and much of our future success depends on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of the services of any of our executive officers, our senior management team and other highly skilled employees could harm our business. We cannot assure you that one or more of these key personnel may stay with us in the future and it could be time consuming and difficult to find their replacement. If we fail to attract, hire, assimilate and retain competent and experienced management personnel, our business could be materially and adversely affected.

Further, our continued success also depends on the contribution of our highly skilled technical personnel, such as our R&D team and our quality engineers. If we are not able to recruit and retain highly skilled technical personnel with the required experience, our R&D capability or production will be adversely affected, in which event our business, financial condition and results of operations would be materially and adversely affected.

We may not have adequate insurance to cover all losses and claims associated with our operations.

We face various risks in connection with our business and maintain insurance policies to safeguard against these risks and unexpected events related to our operations. As of the Latest Practicable Date, we maintained property insurance for our production base and inventory, product liability insurance for the manufacturing and sales of our products, marine cargo insurance for the transportation of goods, and export credit insurance for receivables from overseas customers. Our Directors are of the view that our insurance coverage is sufficient and adequate and is in line with customary industry practices. For details, see “Business—Insurance.” However, there can be no assurance that our insurance coverage will be sufficient to cover all our risk exposures and prevent us from incurring losses. In addition, there is no guarantee that we will be able to successfully claim on our current insurance policies in a timely manner or at all, as the exclusions and limitations on

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coverage could prevent us from claiming against the insurers. If our insurance coverage is unavailable or insufficient to address any such exposures, we may face substantial costs and resources diversion, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

Our operations rely on IT systems and networks, and any IT systems and digital platform failures, network disruptions or cybersecurity breaches may affect our business.

We rely on information technology systems, some of which are supported by third party vendors including cloud-based systems and managed service providers, to manage and operate our business. We invest in new information technology systems designed to improve our operations. If these systems cease to function properly, experience security breaches or disruptions or do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have a material and adverse impact on our business, financial condition and results of operations.

Our information technology systems have been, and will continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyberattacks. We cannot guarantee that our security efforts will prevent breaches or breakdowns to our or our third-party providers' databases or systems. If the information technology systems, networks or service providers we rely upon fail to function properly, our business continuity and disaster recovery plans may not effectively address these failures on a timely basis and our reputation, business, financial condition and results of operations may be materially and adversely affected.

Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have an adverse effect on our business and results of operations.

During the ordinary course of our business operations, we collect and store business, management, and transaction data, such as information in relation to our business and transactions with our customers, suppliers, and other relevant parties. Therefore, we are subject to laws and regulations relating to data protection and information security. Any improper handling of data or any other information security incidents, such as unauthorized access to our database by hackers, could result in reputation damage and/or civil or regulatory liabilities that may have significant legal, financial and operational consequences. Regulatory requirements regarding the data security and data protection are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failures could damage our reputation, results of operations and business prospects and/or could lead to civil or regulatory liabilities. Complying with new laws and regulations could also cause us to incur substantial costs or require us to change our business practices in a manner that has a material and adverse effect on our business.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct committed by our employees, third-party subcontractors or third parties.

Breach of law, fraud, breach of confidentiality obligations towards our customers or other misconduct by our employees or other third parties is difficult to detect or prevent, and any precautions we take to detect and prevent improper or illegal activities may not be effective in controlling unknown or unmanaged risks or losses. There is no assurance that we will be able to identify non-compliance incidents or suspicious transactions promptly or at all. Any of the above circumstances may subject us

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to substantial liabilities, financial loss, administrative penalties, government investigations and sanctions by regulatory authorities, which may not only harm our reputation and corporate image, but also have a material and adverse impact on our business, financial condition and results of operations.

Our results of operations and financial performance may be adversely affected by war, terrorism, geopolitical uncertainties, public health issues, adverse weather conditions, natural disasters and other catastrophes.

War, terrorism, geopolitical uncertainties, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our suppliers, logistics service providers and customers. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, pandemics, along with demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers, or to receive components or products from our suppliers, and create delays and inefficiencies in our supply chain. The unpredictable nature of these events makes it difficult to predict their frequency, timing, and severity. Any of these occurrences could have an adverse impact on our business operations and financial performance.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Differences embedded in the legal systems of the geographic markets where we operate could affect our business, financial condition and results of operations.

We operate in various countries and regions in the world. The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses still needs further clarification. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards, which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which may have retroactive effects. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention depending on the complexity of the cases.

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We may be subject to risks associated with international trade policies, tariffs and trade protection measures.

Our operations may be negatively affected by international trade policies and export controls regulations administered by the government authorities in the jurisdictions where we operate. These policies, laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts.

Geopolitical tensions have resulted in changes to trade policies, treaties and tariffs, which could materially and adversely impact our business, financial condition and results of operations. Historically, such geopolitical dynamics have had tangible impacts on trade flows and cost structures for industries globally. The global trade landscape is currently highly volatile. Various countries have announced plans for and/or have already implemented new or modified tariffs. Particularly, in recent years, the U.S. government has advocated greater restrictions on international trade and has increased the tariffs on certain goods imported into the U.S., particularly from the PRC. For example, following Donald Trump’s reelection in January 2025, the United States imposed several rounds of additional tariffs on Chinese imports. In response, China implemented countermeasures by imposing additional tariff on all imports from the United States. As of May 14, 2025, the U.S. agreed to reduce its maximum tariff on Chinese imports from 145.0% to 30%. This reduction includes a 10% baseline levy, along with an additional 20.0% levy based upon alleged activity related to fentanyl distribution. In parallel, China lowered its 125.0% tariff on American imports to 10.0%. Following the talks in Stockholm, U.S. and China agreed to seek an extension of their 90-day tariff truce, and the parties agreed to a further 90 day extension on August 11, 2025. The U.S. president threatened on October 10, 2025 to impose an additional 100% tariff on Chinese imports into the United States effective November 1, 2025, but he walked back that threat subsequently. The United States and China reached an agreement on October 30, 2025 that maintains the 10% baseline levy and lowers the 20% U.S. tariff on China concerning fentanyl to 10% effective November 10, 2025 through November 10, 2026. Uncertainty remains on what U.S. tariffs on Chinese goods will be in the long run. These actions have significantly affected trade dynamics between the two countries and could potentially increase consumer prices and reducing the profit margins of exported products should the tariff increases. Any decline in profitability could result from the necessity to absorb heightened import costs without fully transferring them to consumers, thereby straining operational budgets and constraining financial flexibility.

The escalating trade disputes between the U.S. and China has intensified their tensions in international relations. We cannot predict how the bilateral relationship between the U.S. and China will further evolve, or anticipate the potential impact that any subsequent development in such relationship may have on our business. Any further escalation in the geopolitical tensions between China and U.S. or other countries that affect our products and/or increase in tariffs could negatively impact our overseas sales. Consequently, our business, financial condition and results of operations may be adversely affected.

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, or the Outbound Investment Rule, to implement the executive order of August 9, 2023 (the “**Final Rule**”). The Final Rule became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons that are subject to the Final Rule for a range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information

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technologies, and (iii) artificial intelligence systems, collectively defined as “covered foreign persons.” U.S. persons subject to the Final Rule are prohibited from making, or required to notify, certain investments in covered foreign persons, which are defined as “covered transactions.” The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Notably, Donald Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand the set of technologies and investment types of concern. As advised by our International Sanctions Legal Advisors, we do not believe we are a covered foreign person under the Final Rule, because we do not engage in a “covered activity” (as defined in the Final Rule) or otherwise meet the definition of covered foreign persons provided in the Final Rule. Furthermore, after our Company’s H Shares become [REDACTED], an [REDACTED] by a U.S. person in such [REDACTED] H Shares of the Company that does not grant the U.S. person rights beyond standard minority shareholder protections would be an excepted transaction pursuant to 31 C.F.R. §850.501 and therefore would also not constitute a “covered transaction” under the Final Rule. However, the U.S. Department of the Treasury has issued only limited guidance to clarify provisions in the Final Rule, especially in relation to definitions of terms that comprise covered activities. As such, there are uncertainties under the Final Rule, and there is no assurance that the U.S. Department of the Treasury will take the same view as ours. If we were to be deemed a “covered foreign person” due to different views taken by the U.S. Department of the Treasury, potential changes in our business operations or amendments to the relevant regulations, our ability to raise capital may be negatively affected, which could be detrimental to our business, financial condition and prospects.

Policies regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payment to holders of the H Shares.

We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of operating costs and expenses and payments of dividends declared in respect of our H Shares, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy our foreign currency-denominated obligations. Under existing PRC foreign exchange regulations, 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 the PRC to pay capital expenses, such as the repayment of loans denominated in foreign currencies. According to relevant foreign exchange rules, where any material imbalance in international receipts and payments occurs or may occur, the PRC government may implement necessary safeguards and other measures. We cannot assure you that regulations regarding the remittance of RMB into or out of the PRC will not change in the future.

Fluctuations in exchange rates could result in foreign currency exchange losses.

We derive a growing portion of our sales from international customers. Therefore, a portion of our total revenue has been denominated in foreign currencies. Our revenue from our sales to customers incorporated outside of Chinese Mainland represented 83.4%, 84.5%, 84.0%, and 81.4% of our total revenue in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively. As a result, we face risks resulting from currency exchange rate fluctuations. We recorded net foreign currency exchange gain of RMB1,010.2 million and RMB352.7 million in 2024 and for the nine months ended September 30, 2025, respectively, and had net foreign currency exchange loss of RMB337.5 million and RMB73.0 million in 2022 and 2023, respectively. Our exchange rate risks mainly arise

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from financial assets and financial liabilities denominated in U.S. dollars. If the RMB appreciates against U.S. dollar and other factors remain unchanged, our profit before taxation would decrease, and vice versa. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future. Our results of operations and financial condition will also be affected by U.S. monetary policies, which is out of our control and unpredictable.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors and our senior management.

We are a company incorporated under the laws of the PRC and a substantial portion of our business, assets and operations are located in China. In addition, 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 outside China upon us or such Directors or executive officers. China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned which came into effect on August 1, 2008 and was abolished on January 29, 2024, pursuant to which a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court. China and Hong Kong have concluded the Arrangement on Mutual Recognition and Enforcement of Civil and Commercial Judgments between the Mainland and the Hong Kong Special Administrative Region, which took effect on January 29, 2024. Accordingly, the scope of applicable cases for judicial assistance can be expanded. In principle, judgments made after January 29, 2024 are subject to the provisions of the new “Arrangement”. However, for cases where the “written jurisdiction agreement” referred to in the old “Arrangement” was signed before January 29, 2024, the old “Arrangement” still applies regardless of when the judgment is made. Moreover, China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. As a result, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be subject to uncertainties.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of Chinese Mainland with “de facto management bodies” located in Chinese Mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the “**Circular 82**”), specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within Chinese Mainland as major controlling shareholders under the laws of foreign countries (regions) will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within Chinese Mainland; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in Chinese Mainland; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings are located

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or kept within Chinese Mainland; and (iv) at least half of the directors with voting rights or senior management reside within Chinese Mainland. The SAT has subsequently provided further guidance on the implementation of the Circular 82.

As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries’ global income, except that the dividends they receive from our Chinese Mainland subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

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

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For details, see “Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Income Tax Expenses.” 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 government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in Chinese Mainland may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in Chinese Mainland 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 rates 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. Dealing with such regulatory complexities and changes may require us to invest 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 authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes payable is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

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RISKS RELATING TO THE [REDACTED]

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

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

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

As our A Shares are listed on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] 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].

RISK FACTORS

An active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] volume will develop and be sustained following the completion of the [REDACTED]. The [REDACTED] for our H Shares to the [REDACTED] will be the result of negotiations between our Company and the [REDACTED] (on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of our H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will rise following the [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses for [REDACTED] who [REDACTED] our H Shares in the [REDACTED]. The [REDACTED] of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. Our Shareholders may experience dilution in their holdings if we issue more securities in the future. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] volumes for our H Shares. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volume volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the [REDACTED] of our H Shares.

Non-PRC resident holders of our H Shares may be subject to Chinese Mainland income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor’s jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise. As of the Latest Practicable Date, the PRC laws and regulations on individual income tax had 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. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares. See “Regulatory Overview—Laws and Regulations Relating to Our Business Operations in Chinese Mainland—Regulations on Taxation—Dividend Distribution.”

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

RISK FACTORS

The interests of our Controlling Shareholders may not be aligned with the interests of 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], the options granted under the Share Option Incentive Plans and the conversion rights for the outstanding Convertible Bonds are not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED]), 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 the 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 that we will declare and distribute any amount of dividends in the future.

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

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

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