You should carefully consider all of the information in this document, including the risks and uncertainties described below before making an **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks and the* **[REDACTED]** *of our H Shares may decline as a result. 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.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in jurisdictions where we operate; and (iii) risks relating to the **[REDACTED]**. There may be additional risks and uncertainties presently not known to us or not expressed or implied below or those we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to sustain innovation or achieve the expected results from our R&D initiatives, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The global laser machining equipment industry in which we operate is characterised by constant technology evolution and product innovations. We compete with global companies that focus on developing, producing and commercialising laser machining equipment for solar cells and modules as well as for semiconductors and next-generation display. Our competitive position therefore depends largely on our ability to continually improve our technology, as well as develop and refine our products.

We have been investing heavily, and plan to further invest in R&D activities in the future, to maintain our competitive position in the industry. We have been focusing on accumulating technical know-how and process capabilities to support the commercialisation and market adoption of our products. See "Business – Research and Development – Key R&D Projects." Specifically, we plan to allocate approximately **[REDACTED]** (or **[REDACTED]**) of **[REDACTED]** to comprehensively enhance our R&D capabilities, including advancing the development and industrialisation of advanced products, strengthening core technologies, and expanding into semiconductor and emerging application areas, as well as investing in R&D talent, digitalisation and data intelligence, laboratory infrastructure and industry – academia – research collaboration platforms to support sustained innovation and commercialisation. See "Future Plans and **[REDACTED]**."

Technology cycles in the industries in which we operate are rapid, and multiple downstream technological pathways compete for large-scale industrial adoption. Our competitive position depends on our cross-segment platform capabilities, our ability to achieve rapid industrialisation and production line conversion, and our forward-looking technological planning. With respect to cross-segment platform capabilities, we must establish a scalable and replicable technology platform that enables us to leverage our technological capabilities in laser micro- and nano-processing within the photovoltaic cell and module equipment segment and extend such capabilities into high-precision processing applications for next-generation display and semiconductor industries. In terms of rapid industrialisation and production line conversion capabilities, we must develop and maintain a comprehensive engineering system encompassing precision alignment, reliability verification and automated equipment integration. Such system must enable our equipment to effectively interface with customers' production lines and facilitate accelerated capacity ramp-up. With respect to forward-looking technological planning, we must continue to invest in research and development of next-generation laser application technologies in order to maintain sufficient technological reserves to address ongoing technological evolution. Our competitiveness also depends on our technological barriers and continuing customer service. As a pioneer in introducing laser technology to photovoltaic manufacturing in China, we have adopted a strategy of "front-loaded service + on-site support + customised solutions" to enhance customer stickiness and secure long-term orders. There can be no assurance that such strategy will continue to be effective, that we will be able to retain such customers, or that we will be able to maintain or increase the level of long-term orders, any of which could materially and adversely affect our business, financial condition and results of operations.

There is no assurance that we will correctly anticipate technology trends, maintain the pace of breakthroughs in core modules, or successfully translate R&D outputs into field-proven and qualifiable solutions. If we fail to cover downstream technologies that achieve large-scale adoption, or if adopted technologies become obsolete faster than expected and we do not refresh our equipment in time, we may face elongated customer qualifications, lower win rates, reduced service and upgrade revenues and margin pressure.

In addition, our R&D expenditures may not generate corresponding benefits. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercialising our development results. Specifically, our future R&D initiatives in products may fail to cater to varying market demand, or compete effectively with other industry players, who are also currently engaged in the development of similar products. Given the rapid pace of technological innovation in the downstream industries we serve, we may not be able to upgrade our technologies in a timely and cost-effective manner, or at all. The emergence of other types of potential products with better performance and new technologies could render our products that we are developing or expect to develop in the future unattractive or obsolete, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenue, profitability and market share.

As an upstream supplier to the photovoltaic industry, weak downstream demand for our products may materially and adversely affect our business, financial condition and results of operations.

Driven by the global initiatives to achieve carbon neutrality while ensuring energy security, the economic benefits of photovoltaic power generation have become increasingly evident. Major enterprises in various sectors of the photovoltaic industry expanded their production capacity by leveraging their accumulated advantages in technology, brand and cost control. Concurrently, an influx of capital and new enterprises into the photovoltaic industry has resulted in a substantial increase in new production capacity and, consequently, heightened market competition. We are principally engaged in the provision of laser equipment for solar cells and modules, with the photovoltaic industry being our downstream industry.

Demand for our products and services typically hinges on the level of general economic activity and market conditions in the global photovoltaic industry, which are subject to a number of factors beyond our control, including:

- fluctuations in economic and market conditions that affect the economic viability of traditional and other renewable energy sources, such as volatility in the prices of oil, natural gas and other fossil fuels;
- the governmental policies that affect the global demand for renewable energy;
- the changes in electricity demand due to cyclical fluctuations in the macroeconomy;
- the cost-effectiveness, performance and reliability of photovoltaic energy as compared with traditional and other renewable energy sources;
- the development of other renewable energy sources, such as wind power and hydropower;
- capital expenditure by power plant investors; and
- deregulation or other regulatory actions affecting the photovoltaic industry and the broader energy industry.

Since the fourth quarter of 2023, due to rapid capacity expansion across various segments of the photovoltaic industry value chain, the overall photovoltaic industry has experienced phased and regional overcapacity, and the profit margin of the industry has declined. If the growth of the terminal application market falls short of the anticipated expansion of capacity, resulting in an inability to effectively utilise the new capacity, photovoltaic companies may encounter the cyclical risk of overcapacity. This could lead to intensified competition and a decline in product prices, thereby materially and adversely affecting our business and financial condition. As a provider of laser machining equipment to the photovoltaic industry, any downturn, overcapacity or intensified competition in the photovoltaic industry would materially and adversely affect the demand for our products and our results of operations. In the event of a decline in downstream product prices, if we are unable to promptly pass on the pressure of price reductions upstream, or fail to lower production costs and maintain profit margins through technological innovations and vertical and horizontal product diversification, our gross profit may decrease and our financial condition could be materially and adversely affected.

In particular, a significant portion of the demand for our laser equipment arises from capacity upgrade and technical transformation projects undertaken by photovoltaic enterprises, rather than from pure greenfield capacity expansion. If the demand for capacity upgrade and transformation in the photovoltaic industry fails to offset the adverse impact of industry-wide overcapacity, the overall investment willingness and capital expenditure of our downstream customers may decline. In such circumstances, the demand for our products and services could be materially reduced, which would have a material and adverse effect on our business, financial condition and results of operations.

Selling our equipment in international markets exposes us to uncertainties in understanding and adapting to local markets, which may adversely affect our business, financial condition and results of operations.

We generate revenue from various markets. In 2023, 2024 and 2025, our revenue from jurisdictions other than Chinese Mainland amounted to RMB152.8 million, RMB191.3 million and RMB79.1 million, respectively, representing 9.5%, 9.5% and 3.9% of total revenue in each respective year. Our business has a global presence in both product delivery and service, with products designed, manufactured and serviced for international customers across Thailand, Vietnam, Singapore, South Korea, Malaysia and other Asian countries. We have also strategically expanded into Europe and the Americas to provide our customers in these regions with professional and efficient customised laser solutions. As we maintain and expand our international footprint, we must tailor marketing, sales, delivery and service models to local market practices, regulatory requirements and customer expectations in each jurisdiction. Our efforts to market and sell equipment globally may expose us to a variety of risks, including but not limited to:

- changes in prevailing economic conditions, industrial policies and regulatory requirements in target markets;
- challenges in obtaining, maintaining or enforcing intellectual property rights across jurisdictions;
- establishing and operating effective risk management and internal control systems for overseas operations, including compliance with export controls, sanctions and data protection rules;
- higher marketing, channel development and localisation costs;
- increased customer service and technical support costs to meet local response-time and on-site service expectations; and
- other factors beyond our control, such as geopolitical developments, logistics disruptions and changes in competitive dynamics.

If we fail to effectively understand local market conditions, adapt our commercial and service approaches, or manage the foregoing risks, our order intake, delivery schedules, customer satisfaction and profitability could be adversely affected, which may materially and adversely impact our business, financial condition and results of operations.

In addition, as we derive our revenue in various jurisdictions, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions, any of which could negatively affect our financial condition. These risks include the following:

- legal, regulatory, political, economic and commercial instability and uncertainty;
- changes in local tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;

- difficulty in coping with possible conflict of laws resulting from import/export controls measures of different jurisdictions where we operate;
- changes in local regulatory requirements;
- complexities relating to compliance with anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation and/or deflation, and changes in interest rates;
- labor disputes and work stoppages at our operations and suppliers; and
- increased costs associated with maintaining the ability to understand local markets and follow their trends.

Our business, financial condition and results of operations may be materially and adversely affected by geopolitical developments and governmental policies in the regions in which we operate, including Singapore and Israel.

We maintain part of our assets and operational presence in Israel and Singapore. The geopolitical situation in these regions is complex. In particular, Israel has in recent years been subject to persistently heightened geopolitical tensions and armed conflicts. Any escalation, spillover or protraction of such conflicts may give rise to significant regional contagion effects, including damage to infrastructure, disruption to supply chains and logistics networks, shortages of critical labor and restrictions on cross-border trade. In addition, geopolitical tensions may result in abrupt changes to the regulatory environment, including the imposition of trade sanctions, export controls, restrictions on data transfers or adjustments to foreign ownership policies, thereby increasing compliance costs and limiting our operational flexibility. Such developments may also trigger tighter foreign exchange controls, significant exchange rate volatility and a decline in investor confidence. If our operations, personnel or assets in Israel are directly affected by geopolitical events, or if we are unable to timely adapt to policy changes in the relevant jurisdictions, our business continuity may be disrupted, which could have an adverse effect on our business, financial condition and results of operations.

If we fail to effectively implement our future expansion plans through investments and acquisitions, if any, our business prospects may be adversely affected.

We may, from time to time, evaluate and consider a wide array of investments and acquisitions that we believe can extend and solidify our market position as part of our overall business strategy. For example, we are in the process of building and further deepening our sales network in overseas markets. We may engage in discussions or negotiations with respect to one or more of these types of transactions and incur substantial costs and expenses in relation to such investments and acquisitions, which may in turn affect our financial condition. In addition, investment and acquisition activities involve significant risks and uncertainties. We may encounter difficulties in identifying suitable targets or face competition from other potential buyers or bidders. We may incur substantial acquisition costs that may result in potential impairment of goodwill. We may incur additional debt in order to finance such transactions, which may increase our finance costs as a result of interest payments. We may also be exposed to unanticipated contingent liabilities of the target and incur additional expenses. As a result of the foregoing, we cannot assure you that any investments or acquisitions we may conduct in the future will be successful. Failure in executing our investment or acquisition plans could have a material adverse effect on our business, financial condition and results of operations.

Any loss or significant reduction in preferential tax treatment and government grants may negatively affect our results of operations and financial condition.

There can be no assurance that the preferential tax policies applicable to us will remain unchanged or that any preferential tax treatment that we currently enjoy or may become entitled to in the future will continue. Pursuant to the Enterprise Income Tax Law of the PRC and the relevant laws and regulations, companies operating in Chinese Mainland are subject to income tax at a rate of 25% on taxable income. We also enjoy VAT refund incentives for the export of goods in accordance with applicable PRC tax rules. In addition, we are eligible for a VAT refund policy on excess input tax over 3% of the tax payable in respect of our self-developed embedded software products. We cannot assure you that we or our subsidiaries will continue to enjoy the aforementioned preferential tax treatment. If any change or termination of preferential tax treatment occurs, the increase in our tax charge or any other related tax liabilities could adversely affect our business, financial condition and results of operations.

In addition, the government grants we recognised are uncertain and are subject to certain criteria and procedures stipulated by the local government. In addition, the focus of local governments may shift from time to time. During the Track Record Period, our government grants mainly refer to government subsidies and awards provided by local governments to encourage our R&D activities and business operations. Our eligibility for government subsidies is subject to a variety of factors, including the relevant government policies, the assessment of our eligibility for such subsidies and the availability of funding from the respective granting authorities. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future that we received during the Track Record Period, our business, financial condition and results of operations for the period may be adversely affected.

Trade restrictions, such as trade barriers, trade protection measures and potential new tariffs, imposed by the countries where we operate or sell products could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated a portion of our revenues from overseas markets. Hence, any trade restrictions such as new tariffs or quota fees imposed by the countries where we conduct our business could significantly affect the prices of our products offered therein. Changes in trade policies, treaties and tariffs in those countries and regions could adversely affect our business and financial condition. We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies in other jurisdictions.

Any trade restrictions such as new tariffs imposed by certain countries or regions could significantly affect our sales of equipment. For example, the United States has imposed multiple restrictive measures on Chinese photovoltaic products, such as tariffs and anti-dumping duties. Such measures may be amended, expanded, strengthened or otherwise evolve in response to geopolitical, trade or policy developments. If we fail to timely monitor any evolution in such measures, or fail to respond effectively to such measures, our overseas business may be adversely affected.

We cannot assure you that the import tariffs imposed by the countries where we operate or sell products will not increase to higher levels in the future. If we are not able to pass the additional costs incurred due to increases in tariffs to customers, or if there are material changes in tax rates and we are unable to promptly find alternative suppliers to adjust our supply chain structure, our profit margins could be adversely affected. Furthermore, the uncertainty on trade restriction policies resulting from the political tension and trade wars may cause difficulties for some customers to project their purchasing plans, and may cause them to reduce their orders from us. Any occurrence of these situations could materially and adversely affect our business, financial condition and results of operations.

We are required to comply with import and export controls laws and regulations that could subject us to liability and impair our ability to compete in overseas markets.

Our global operations subject us to various applicable export controls regulations. We have exported our products to other countries and regions and derived sales from exporting to these countries and regions. If any of the countries or regions to which we export imposes import restrictions or tariffs on our products, our business and operations may be adversely affected. Furthermore, we rely on some overseas suppliers to obtain raw materials and equipment for the manufacturing of our products. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or equipment supplied to us, or if the jurisdictions where our production facilities are located impose restrictions on the export of our products, we may not be able to obtain a steady supply of necessary raw materials or equipment at competitive prices, and our business and operations may be materially and adversely affected.

We have a highly concentrated customer base.

The majority of our revenue is derived from our top five customers. Revenue from our five largest customers for each year during the Track Record Period accounted for 68.4%, 63.4% and 66.8%, respectively, of our total revenue for the respective year. See "Business – Our Major Customers."

Given the relatively high degree of concentration in certain downstream industries, such as the photovoltaic industry, the laser precision micro- and nano-machining equipment industry also tends to exhibit a relatively high level of customer concentration. There can be no assurance that our major customers will not modify their business scope or business models, suspend, curtail or discontinue their operations, or otherwise encounter operational, financial or liquidity difficulties, regardless of whether they continue to comply with applicable laws and maintain the necessary licences, permits and approvals. Additionally, there can be no assurance that we will be able to collect all or any of our trade receivables or at all, after meeting the agreed project payment milestones. In particular, as our revenue recognition depends on customers' acceptance of our equipment, fluctuations in the acceptance progress of our top five customers may, in the short term, have an impact on our financial performance. Our customers may face unexpected circumstances, including, but not limited to, financial difficulties caused by decreased sales of their products. Our customers may delay or even default in their payment obligation. As a result, we may not be able to receive such customers' payment of uncollected debts in full, or at all, and we may need to make provisions for trade receivables. Any material adverse changes in the business, operation and financial conditions of such customers may have a material adverse effect on us. There can be no assurance that we are able to maintain a good relationship with our major customers, or that 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 suitable new customers within a reasonable period of time, our business, financial condition and results of operations may be adversely affected.

The loss of any key customer or failure to obtain new customers may cause fluctuations or declines in our revenue.

Our success depends on our ability to successfully manage relationships with our key customers and secure new customers, which includes our ability to deliver quality products that meet their requirements, provide products that address their evolving needs, and offer trade terms that are mutually acceptable and are aligned with our pricing and profitability targets. Any loss or deterioration in our relationships with any of these key customers could materially and adversely affect our profitability and financial condition.

In addition, any negative publicity or legal proceedings involving our key customers may affect our reputation and our ability to attract new customers. The occurrence of any of these events could therefore have a material adverse impact on our business, financial condition and results of operations.

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade receivables may affect our business, prospects, financial condition and results of operations.

Our trade receivables represent the amounts due from our customers for the products sold or services performed in the ordinary course of our business. As of December 31, 2023, 2024 and 2025, the net carrying amount of our trade receivables was RMB738.7 million, RMB895.2 million and RMB1,085.4 million, respectively; the impairment of our trade receivables was RMB106.8 million, RMB208.1 million and RMB289.3 million, respectively. See "Financial Information – Discussion of Selected Items From The Consolidated Statements of Financial Position – Trade Receivables."

We are exposed to credit risk in relation to delays in payment and potential defaults by our customers. We assess impairment of our trade and bills receivables under the expected credit loss model, which involves significant management judgement and estimates, including the creditworthiness of our customers, their past repayment history and prevailing economic conditions. There can be no assurance that such assessments and estimates will accurately predict future credit losses. If the financial condition of our customers deteriorates or if they experience liquidity constraints, they may delay payments or default on their obligations to us. Such circumstances may result in us being required to make additional impairment provisions, thereby adversely affecting our short-term profitability. There can also be no assurance that we will be able to maintain our trade and bills receivables turnover days at a reasonable level. Any significant deterioration in the creditworthiness of our customers, or failure by a substantial number of our customers to settle their trade and bills receivables in full, may result in increased impairment losses or write-offs. In such circumstances, we may be required to make additional impairment provisions, which could adversely affect our profitability and financial position.

In addition, we may grant credit terms to certain customers in the ordinary course of business. As a result, there may be a time lag between the delivery of our products or services and the receipt of payment. Any delay in payment, or failure to make payment when due, may increase our working capital requirements and expose us to higher credit risk. If we are unable to effectively manage our receivables or collect payments in a timely manner, our liquidity may be adversely affected. Furthermore, if any of our customers becomes insolvent, enters into bankruptcy or is otherwise unable to meet its payment obligations, we may not be able to recover the relevant receivables in full or at all. In the event that our actual losses exceed our impairment provisions, or if we are required to make significant additional provisions in the future, our results of operations, financial condition and cash flows may be materially and adversely affected.

Our protection of intellectual property may be insufficient and subject us to intellectual property disputes with third parties, both of which may have a material adverse effect on our business, results of operations and financial condition.

As of the Latest Practicable Date, we owned 491 patents, five registered trademarks and 217 software copyrights and one domain name in the PRC and two registered trademarks and 28 patents in other jurisdictions. We plan to continue to seek to protect our intellectual property and proprietary knowledge by applying for patents for them. We cannot assure you that we will be successful in obtaining patents in a timely manner, or at all. Moreover, even if we are successful, different jurisdictions may afford different protection to a company's intellectual property. We also use contractual arrangements with employees to protect our intellectual property and proprietary rights. Nevertheless, contractual arrangements afford only limited protection, and the actions we may take to protect our intellectual property and proprietary rights may not be adequate.

In addition, others may obtain knowledge of our know-how and technologies through independent development. Our failure to protect our production process, related know-how and technologies, our intellectual property and proprietary rights or any combination of the above may undermine our competitive position. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property and proprietary rights. Policing unauthorised use of proprietary technology can be difficult and expensive. Litigation, which can be costly and divert management attention and other resources away from our business, may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of our proprietary rights. We cannot assure you that the outcome of such potential litigation will be in our favour. An adverse determination in any such litigation will impair our intellectual property and proprietary rights, and may materially and adversely affect our business and results of operations.

Any price fluctuations in our raw materials, supply shortages or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations.

We engage a number of suppliers for the procurement of raw materials such as optical components, mechanical components and electrical components. In 2023, 2024 and 2025, our five largest suppliers for each year during the Track Record Period in aggregate accounted for 40.4%, 50.9% and 65.7% of our total purchase amount, respectively. In 2023, 2024 and 2025, our largest supplier for each year during the Track Record Period accounted for 13.8%, 29.6% and 35.2% of our total purchase amount, respectively.

The failure of any of our suppliers to provide materials that meet quality, quantity and cost requirements in a timely manner could impair our ability to manufacture products, increase costs and hinder compliance with agreements. This may ultimately lead to the cancellation of purchase orders and potential liability for us. We may not be able to find alternative sources on a timely basis or on commercially reasonable terms to deliver products in the required quantities and at profitable prices. There can be no assurance that our inventories will address all the supply chain failures that may arise. Fluctuations in raw material prices could lead to the decrease in the average selling price of our laser processing equipment and could adversely impact our business, results of operations and relationship with customers. There can be no assurance that there will not be any fluctuations in the prices of our raw materials or a shortage of raw material supplies as a result of significant changes in the development of the global laser machining equipment industry, social and economic conditions, regulatory environment and trade relations, or any outbreak of epidemics or continuation of pandemics, or that there will not be any quality issues with raw materials supplied by suppliers. The occurrence of any such events may impede our ability to source stable raw material supplies at a reasonable price, which may, in turn, affect our ability to perform contractual obligations to customers, thereby materially and adversely affecting our business, financial condition and results of operations.

Issues with product quality or product performance may cause us to incur significant warranty expenses, which may damage our market reputation, decrease our sales or reduce our market share and adversely affect our results of operations.

The quality and performance of our equipment is critical to the success of our business and to maintaining long-term relationships with our customers, who often apply stringent qualification, acceptance and reliability standards. See "Business – Quality Control." Product quality and performance can be affected by factors beyond our control, such as inappropriate use by customers, variations in customer process conditions, or quality issues with components supplied by third parties. In addition, quality and performance may be impacted by manufacturing or testing-related factors, including equipment calibration drift, operator error, process variation during pilot runs or ramp-up, software configuration or recipe errors, environmental fluctuations (such as temperature, humidity and vibration), or limitations of inspection and metrology coverage. We cannot assure you that our measures will always be effective or strictly observed by our employees and suppliers, or that all equipment will consistently meet each customer's specifications, acceptance criteria and uptime targets.

If our equipment does not meet our customers' quality or performance standards, we may face rework and field remediation, extended on-site support, concessions or price reductions, delays in customer acceptance and revenue recognition, and significant warranty or replacement costs. We could also be subject to claims or legal proceedings. Such issues may lead to customer dissatisfaction, negatively affect our relationships with existing customers, hinder repeat orders and referrals, and make it more difficult to win new projects after competitive benchmarks or pilot runs. Any resulting reputational harm, loss of business or reduced share at key accounts could materially and adversely affect our sales, market position, business, financial condition and results of operations.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our inventories mainly include raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, our inventories were RMB1,917.6 million, RMB1,723.0 million and RMB1,569.1 million, respectively. The relatively high carrying amount of our inventories was mainly attributable to a higher amount of products that have been delivered but not yet recognised as revenue. If customers delay acceptance or require modifications to the equipment prior to acceptance, revenue recognition may be deferred, and our operating expenses may increase due to additional commissioning, logistics or modification costs. We assess our inventory periodically for impairment and recognise any losses as they occur, in line with our accounting policies. We decide the procurement amount of product from suppliers, and the level of inventory, in accordance with our supply chain management mechanism. See "Business – Supply Chain Management – Inventory Management and Logistics".

Moreover, we maintain a limited level of inventory and are required to estimate the demand for the relevant products prior to actual sales. Demand forecasts are inherently uncertain due to a number of factors, such as launch of new products, pricing, evolving preferences and procurement requirements of our customers of laser machining equipment, each of which may affect the accuracy of any forecast. We cannot assure you that we can accurately predict these trends and events and always maintain adequate levels of inventory. On one hand, any unexpected decrease in the market demand for the products we sell could lead to excessive inventory. On the other hand, insufficient inventory levels may cause delays in our production and delivery schedules, and lose sales to our competitors. We may record impairment losses from time to time in accordance with our impairment policies. See "Financial Information – Material Accounting Policies And Estimates – Inventories."

Our future success depends on our ability to operate our manufacturing facilities in a cost-effective manner, and such ability is subject to various risks and uncertainties.

As of December 31, 2025, we had established three production bases both in China and Singapore, including two production bases in Wuhan City and Wuxi City in China and one production base in Singapore. See "Business – Manufacturing and Production – Production Bases". We may seek to establish new overseas production bases. Our success is attributable to our ability to manufacture products in a cost-effective manner to achieve economies of scale and enhance production efficiency. Our ability to optimise our production capacity, however, is subject to risks and uncertainties which are beyond our control, including fluctuations in market demand for our products and a rise in the cost of maintenance of production bases. Failure to mitigate such risks may incur additional production costs and lead to an increase in our operational costs.

Our production capacity outside China requires us to comply with different laws and regulations, including national and local regulations relating to production, environmental protection, employment and other related matters. Failure to secure the required approvals, permits, licences and registrations, or to comply with the conditions associated therewith, could result in fines, sanctions, suspension, revocation or non-renewal of the approvals, permits, licences or registrations, or even criminal penalties, which could materially and adversely affect our business, financial condition and results of operations. Any of these challenges may increase the related costs or impair our ability to run our operations in the future on a cost-effective basis, which could in turn have a material and adverse impact on our business and results of operations.

Unexpected equipment failures or accidents may lead to production curtailments or shutdowns, property damage or personal injuries.

We manufacture our equipment through sophisticated production processes in tightly controlled environments across our production centres. Any equipment failures, utilities interruptions, or inappropriate operation, handling or storage during our production processes may lead to accidents causing property damage, personal injuries, or production curtailments or shutdowns. Such incidents may trigger adverse publicity, reputational damage, monetary compensation, fines or penalties and remediation costs, and may disrupt delivery schedules and customer acceptance timelines. Our work injury and medical insurance may be insufficient to cover all related losses and liabilities. We implement and require our employees to comply with internal safety measures and procedures, including occupational and fire safety protocols. During the Track Record Period, we did not experience any material safety-related or occupational accidents. Nevertheless, we cannot assure you that our safety measures and procedures will always be strictly followed or will prevent all types of malfunctions or accidents, including those not foreseen when the current protocols were established. Our manufacturing processes involve the operation of tools, equipment and machinery, and accidents resulting in employee injuries or even deaths may occur. In addition, operational disruptions may arise from supplier-related issues, including delays, quality non-conformities or failures of critical components, subassemblies or materials. If supplier disruptions coincide with internal equipment downtime or capacity constraints, the combined effect could amplify production interruptions and increase costs. Any of the foregoing could result in interruptions to our operations, delay customer deliveries, extend revenue recognition cycles, increase costs and expose us to liabilities, which could materially and adversely affect our business, results of operations and financial condition. See "Risks Relating to Our Business and Industry – Our insurance coverage is limited and may not be sufficient to cover all of our potential losses."

Our customers in photovoltaic industry face competition from other renewable and non-renewable energy sources, which may adversely affect our financial performance.

Our customers primarily operate in the renewable energy industry and face competition from other renewable energy sources, including wind, hydro, biomass, geothermal and ocean power, which may benefit from various governmental incentives such as on-grid tariff premiums and dispatch priorities. If governments strengthen their support for other renewable energy sources, our customers may face intensified competition, which may in turn reduce their demand for our products and services, and adversely affect our business, financial condition and results of operations.

In addition, our customers may also face competition from power generators using non-renewable energy such as coal, petroleum and natural gas. Technological innovations in fossil-based power generation or discovery of large-scale new deposits of fossil fuel may reduce the cost of such energy sources or result in enhanced governmental support, thereby increasing their competitiveness relative to renewable energy. This may diminish the relative attractiveness of our customers' businesses and weaken market demand for renewable energy solutions. As fossil-based power is traded in well-established markets, price fluctuations thereof (in particular significant price declines) may result in a relative decline in the economic viability of renewable energy, thereby adversely affecting the penetration speed of renewable energy. As our business is directly tied to the growth and investment capacity of our customers in the renewable energy industry, any sustained decline in their competitiveness or market demand would lead to reduced orders for our equipment and services, which could materially and adversely affect our business, financial condition and results of operations.

Any failure to attract, motivate and retain key management personnel could severely hinder our ability to maintain and grow our business, and we face risks associated with our ability to attract, train or retain sufficient qualified talent.

Our key management members who bring their valuable industry experience and expertise in formulating and implementing our business strategies are critical to our success. See "Directors and Senior Management". There is no guarantee that we will be able to continuously attract, motivate and retain such personnel. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could disrupt our business and limit our ability to grow.

Our long-term success depends on our ability to attract, train or retain sufficient qualified talent, particularly those individuals with industry experience and technical expertise. During the Track Record Period, our business scope has been expanding, and therefore, a large number of qualified and experienced personnel in production, R&D, quality control, marketing and other disciplines are needed. In order to compete for talent, we may need to offer higher remuneration, better training and more attractive career opportunities and other benefits to our employees, which may be costly. There can be no assurance that we will be able to attract or retain a qualified talent pool to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert the attention of our management and incur additional costs, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the pace of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

We rely on third-party providers for transportation of our products, and we are subject to the risks relating to the logistics and long-distance transportation of our products such as prolonged customs clearance time.

We have established domestic and overseas production bases, and we sell products both domestically and globally. The dispersed locations of our production bases and customers necessitate constant long-distance transportation of our products. We engage third-party logistics service providers for the transportation of our products, and the services provided by our logistics service providers may be suspended, delayed or cancelled due to unforeseen events, which could cause interruption to the delivery of our products and increase our cost.

In addition, delays in delivery may occur for various reasons beyond our control, including improper handling by our logistics service providers, prolonged clearance time leading to increased storage costs, labor disputes or strikes, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters. Further, any improper handling of our products by the logistics service providers could also result in product damage, which may in turn lead to product returns, product liabilities, increased costs and reputational damage, thereby adversely affecting our business, financial condition and results of operations.

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

Our business involves the utilisation and storage of confidential information, including personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information. In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information between us and our overseas subsidiaries. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorised access to or loss of sensitive data, including through the use of encryption and authentication technologies. See "Business – Data Privacy and Information Security Risk Management." These security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with applicable privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities.

Interruption in or failure of Information Technology ("IT"), control and communication systems that we manage, including cyberattacks to or other privacy or data security incidents that result in security breaches of these systems, could materially and adversely affect us.

We rely on IT systems and network infrastructure that we manage to collect, use, transmit, store, dispose of and otherwise process electronic information. See "Business – Information Technology". Our IT systems and other infrastructure and the information processed in such IT systems could be affected by cybersecurity incidents from a number of causes, including, but not limited to, power outages, computer and telecommunication failures, computer viruses, malware, attempts to gain unauthorised access to data and systems, ransomware or other destructive software, manual or usage errors, catastrophic events, natural disasters and severe weather conditions. Attacks, including those targeting IT systems, could severely disrupt our business operations and result in significant expense to repair or remediate system damage. We cannot guarantee that attacks and security incidents will not happen in the future. Global threat actors and terrorists have targeted and will continue to target entities and projects like ours that operate in the energy sector, including through disruptive attacks, such as those involving ransomware. We cannot guarantee the security or protection of our IT systems, information or projects. Our defensive measures, including back-up systems, may fail to timely or effectively anticipate, detect, prevent or allow us to recover from cyberattacks. In addition, our costs to adequately counter the risk of cyberattacks and to comply with contractual and regulatory compliance requirements may increase significantly in the future.

Furthermore, cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. Such theft, loss or fraudulent use of information, or other unauthorised disclosure of personal or sensitive data, may lead to high costs to notify and protect the impacted persons. It could also subject us to litigation, losses, liabilities, fines, or penalties, any of which could materially and adversely affect our business and results of operations.

We have implemented various security measures and procedures to protect our IT systems, increase security of information, and monitor and mitigate cybersecurity threats. As cybersecurity threats are dynamic, evolving, and increasing in sophistication, magnitude and frequency, there can be no assurance that such procedures and measures will be successful or sufficient to prevent security breaches from occurring. If any of these potential cybersecurity incidents and corresponding regulatory action were to occur, they could adversely impact our results of operations due to high additional costs, such as penalties, third-party claims, repairs, increased insurance expense, litigation, remediation, security and compliance costs.

Environmental, Social and Governance ("ESG") matters and the management thereof may impose additional costs and expose us to new risks.

Public ESG and sustainability reporting is becoming more broadly expected by investors, shareholders and other stakeholders and third parties. Many investment funds focus on positive ESG business practices and sustainability scores when making investments, and may consider a company's ESG or sustainability scores as a reputational or other factor in making an **[REDACTED]**. We may face reputational damage in the event our corporate responsibility initiatives or objectives do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third-party rating services. Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks, including increased risk of investigation and litigation, and negative impacts on the value of our products and access to capital, which may materially and adversely affect our business, financial condition and results of operations.

We have been and continue to rigorously monitor a range of sustainability-related key performance indicators, setting up and monitoring ESG policies, strategies, principles and visions, and we have established a strategic committee to implement the ESG Policy, formulate ESG-related goals and organise their implementation. See "Business – Environmental, Social and Governance". Implementing our ESG Policy may result in increased costs in our supply chain, fulfilment, and corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. In addition, standards and research regarding ESG strategies could change and become more onerous both for us and our third-party suppliers and vendors to meet successfully. As such, there can be no certainty that we will be able to meet our ESG or other strategic objectives in an efficient and timely manner or at all, or that we will successfully meet societal expectations in this regard.

Furthermore, new climate change laws and regulations could require us to change our manufacturing processes or procure substitute raw materials that may cost more or be more difficult to procure. Various jurisdictions in which we operate have implemented, or in the future could implement or amend, restrictions on emissions of carbon dioxide or other greenhouse gases, limitations or restrictions on water use, regulations on energy management and waste management, and other climate change-based rules and regulations, which may increase our expenses and adversely affect our operating results. We expect increased worldwide regulatory activity relating to climate change in the future. Future compliance with these laws and regulations may adversely affect our business and results of operations.

If we experience increases in labor costs, shortage of labor or deterioration in labor relations, our production costs may be affected.

Labor costs have been fluctuating and may rise in the future. Our labor and staff costs included in operating expenses amounted to RMB175.7 million, RMB200.0 million and RMB193.8 million in 2023, 2024 and 2025, respectively. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor, especially skilled personnel with critical project management and strategic decision-making capabilities needed to oversee complex projects and implement new technologies as required. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations.

In particular, unionisation and collective bargaining activities, as well as strikes or other industrial actions, are more common in certain jurisdictions where we operate or plan to expand, including Israel and Singapore. We cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

We may require a significant amount of cash to fund our business operations, which may lead to risks associated with debt repayment and liquidity.

We require sufficient working capital to support our daily business operations and to address potential market fluctuations. As cash inflows may not be realised at the expected time or in the expected amounts, our short-term cash flows and liquidity position may be materially and adversely affected. For details regarding the sufficiency of our working capital, see "Financial Information – Liquidity and Capital Resources." During the Track Record Period, we have invested substantial resources to research and development, and in order to maintain our technological competitiveness, we expect to continue incurring significant research and development expenses in the future. The realisation of technological changes and upgrades, as well as the launch of new products, may not achieve the expected level of success. Initial investments in and development efforts for such new products may not result in long-term success or generate financial returns, which could in turn have a material adverse effect on our business, financial condition and results of operations.

In addition to investments, we require a significant amount of cash to fund our operations, but our ability to obtain external financing is subject to a number of uncertainties, including:

- our future financial condition, results of operations and cash flow;
- the general condition and policy changes of the global equity and debt capital markets;
- regulatory and government support, such as subsidies, tax credits and other incentives;
- the continued confidence of banks and other financial institutions in our company and the photovoltaic industry;
- economic, political and other conditions; and
- our ability to comply with any financial covenants under debt financing.

Any additional equity financing may be dilutive to our existing shareholders, and any debt financing may require restrictive covenants. Additional funds may not be available on terms commercially advantageous to us. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely affect our ability to achieve our intended business objectives, and thereby our business, financial condition and results of operations.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, suppliers, customers or other third parties.

We are exposed to the risks of fraud, theft or other misconduct committed by employees, suppliers, customers or other third parties, which may have a material adverse effect on our business. We are also exposed to the risk that our employees responsible for procurement and quality control receive bribes or commissions from our suppliers in violation of our policies, which in turn may result in supplies that are overpriced or fail to meet our quality standards. We may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses or harm our reputation.

Our risk management and internal control systems may not be adequate or effective.

Due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control measures and the communication of information, we cannot assure you that such systems will be able to timely identify, mitigate or manage all the risks we face. Our risk management and internal controls also depend on the professional capabilities and performance of our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage is limited and may not be sufficient to cover all of our potential losses.

As of the Latest Practicable Date, we maintained applicable insurance relating to our business operation, including all-risk property insurance, machinery breakdown insurance for R&D equipment, product liability insurance, cargo transportation insurance, employer's liability insurance and directors' and officers' liability insurance. See "Business – Insurance". However, there can be no assurance that our insurance coverage is sufficient to cover all potential risks that may arise from our business operations, or to compensate us for all actual losses that we may incur from business activities. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations. Furthermore, we may not be able to obtain coverage at current levels, and the premiums on our insurance coverage may increase significantly in the future, which may adversely affect our business, financial condition and results of operations.

We may from time to time become a party to litigation, other legal disputes and proceedings that may materially and adversely affect us.

In the course of our ordinary business operations, we may become a party to litigation, legal proceedings, claims, disputes or arbitration proceedings from time to time. See "Business – Legal Proceedings and Compliance". Any ongoing litigation, legal proceedings, regulatory actions, claims, disputes or arbitration proceedings may distract our senior management's attention and consume our time and other resources. In addition, even if we ultimately succeed in such litigation, legal proceedings, regulatory actions, claims, disputes or arbitration proceedings, there may be negative publicity attached to such litigation, legal proceedings, claims, disputes or arbitration proceedings, which may materially and adversely affect our reputation and brand names. In the case of an adverse verdict, we may be required to pay monetary damages, assume liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may be subject to claims by third parties for IP infringement or other allegations.

The industry in which our business operates is characterised by a large number of patents, trademarks and other intellectual property rights, some of which may be of questionable scope, validity or enforceability. As a result, there is uncertainty in the industry regarding patent protection and infringement, and there can be no assurance that the conduct of our business does not and will not infringe, misappropriate or otherwise violate any patents, trademarks, copyrights, trade secrets, or other proprietary rights of third parties. Due to our diversified product portfolio, we may, from time to time, be involved in IP disputes where third parties claim our products infringe their IP rights. IP litigation is usually complex, and the results of IP litigation are unpredictable. These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our solutions or business operations, or invalidate or render unenforceable our IP rights, which could adversely affect our business, financial condition and results of operations.

Natural disasters, public health and public security hazards may severely disrupt our business and operations.

Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts pose significant risks to the regions, including the cities where we conduct our operations. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

Inappropriate transfer pricing arrangements may subject us to tax authority scrutiny and related tax risks in the countries and regions where we operate.

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

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

We face risks resulting from currency exchange rate fluctuations, particularly between Renminbi and US dollars. The fluctuation in the value of RMB against other currencies is subject to changes resulting from governmental policies and depends to a large extent on international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market factors or government policies may impact the exchange rates between the RMB and other currencies in the future. With the development of foreign exchange markets and progress towards interest rate liberalisation and Renminbi internationalisation, the PRC government may in the future announce further reforms to the exchange rate regime. We incurred net foreign exchange losses of RMB1.7 million, RMB4.3 million and RMB5.2 million in 2023, 2024 and 2025, respectively. See "Financial Information – Material Accounting Policies And Estimates – Transactions and balances". We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign exchange losses again in the future.

If we fail to comply with applicable anti-corruption and anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We may be subject to anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations in various jurisdictions in which we conduct activities. We, our officers, Directors, employees and business partners acting on our behalf, including agents, are prohibited from directly or indirectly engaging in, assisting in, concealing, or attempting any form of corruption, bribery, money laundering, placement or use of illicit funds or proceeds of crime, terrorism financing, or transactions involving sanctioned persons, entities, jurisdictions or activities. This includes prohibitions on corruptly offering, promising, authorising, or providing any form of gratification, bribe or anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favourable treatment. We are also required to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations would adversely affect our business, reputation, financial condition and results of operations.

There can be no assurance that each of our employees is able to strictly follow our guidance on compliance with anti-corruption and anti-bribery laws and regulations or, in situations not covered by the guidance. Non-compliance with anti-corruption, anti-bribery by our employees, or even allegations of non-compliance, could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations.

Failure to comply with laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, in relation to three of our leased staff quarters in the PRC, the relevant lessors were not able to provide us with complete and valid ownership certificates.

Based on the advice of our PRC Legal Adviser, if the lessors of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to any administrative penalties with respect to these properties, although our leases may be affected. As a result, we may be required to vacate from the relevant properties and relocate our staff quarters. In this event, our use on such properties may be impaired and we may not be adequately indemnified by the landlords for our related losses. In addition, we will incur additional costs in relocating our staff quarters to other suitable locations, which may adversely affect our financial condition. See "Business – Properties – Leased Buildings – Title Defects."

As of the Latest Practicable Date, the lease agreements with respect to our 46 leased staff quarters in the PRC were not registered with the appropriate government authorities in the PRC. As advised by our PRC Legal Adviser, relevant PRC authorities may require us to complete the registration of lease agreements within a prescribed period. If we fail to complete such registration, we may be subject to a fine ranging from RMB1,000 to RMB10,000 imposed by the relevant PRC authorities for each unregistered lease. See "Business – Properties – Leased Buildings – Lease Registration and Filing."

We may be subject to additional contributions of social insurance premium and housing provident funds, and late payments and fines imposed by relevant governmental authorities.

During the Track Record Period, we had made social insurance and housing provident funds for all of our employees. Nonetheless, we did not make such contributions in full in accordance with the relevant PRC laws and regulations. Pursuant to relevant PRC laws and regulations, the competent government authorities may demand us to take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. In addition, we engaged a third-party human resource agency to pay social insurance and housing provident funds for three of our employees as of the Latest Practicable Date.

We cannot assure you that the relevant governmental authorities will not require us to pay the shortfall amount and impose late fees or fines, pecuniary penalties or other administrative actions on us. If we are otherwise subject to investigations related to such incidents related to labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our results of operations, financial performance and business prospects may be materially and adversely affected. See "Business – Legal Proceedings and Compliance – Social Insurance and Housing Provident Funds".

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We may be subject to tax exposure in various jurisdictions.

We 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 but not limited to corporate income tax and tariffs are complex, our international operations may expose us to risks associated with the overseas tax policy changes. **[REDACTED]** with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our financial condition and results of operations.

In addition, we are subject to review, audit and enquiry by local and overseas tax authorities and other governmental authorities with respect to our tax returns or other tax matters. The tax treatment of our transaction arrangements may be subject to interpretation by the relevant tax authorities, and we cannot assure you that any such review or interpretation will not result in adverse determinations, additional tax assessments, penalties or interest, which may materially and adversely affect our business, financial condition and results of operations.

Our offshore subsidiaries may be deemed to be a PRC tax resident enterprise.

Under The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**") and the Regulation on the Implementation of the Enterprise Income Tax Law of China (《中華人民共和國企業所得税法實施條例》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家税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》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, 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 China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China.

Although most of our offshore subsidiaries have substantive business operations in the countries or regions where they are located, as we are a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC 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.

Differences and uncertainties in legal systems and enforcement in the jurisdictions where we operate could adversely affect our operations and increase our compliance cost.

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, and in the absence of clear or comprehensive written statutory provisions, legal outcomes may be more difficult to predict.

We are subject to variation embedded in the legal systems of some geographic markets where we operate. Laws and regulations that have recently been 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 is not settled. Since local administrative and court authorities are authorised 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 the enforcement of foreign awards or arbitration awards. These elements may affect our judgement on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats may be attempted to extract payments or benefits from us.

Furthermore, certain legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all, and may be amended or changed rapidly from time to time. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by certain regulatory bodies are inconsistent with interpretations adopted by the other regulatory bodies, or even, a court in analogous cases. As a result, there is possibility that we may not be aware of a violation of certain policies or rules until some time 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.

It is possible that a number of laws and regulations may be adopted or construed to apply to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing this regulation. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the logistics industry and affect our business, financial condition and results of operations.

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

Under the current tax laws and regulations of the PRC, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax liabilities on dividends paid to them by us and on gains realised from the sale or other disposal of H Shares.

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementing rules, non-PRC resident individuals are subject to PRC individual income tax at a rate of 20% on dividends or gains from share transfer derived from sources within the PRC. Accordingly, we are required to withhold such tax on dividend payments unless reduced or exempted under applicable tax treaties between the PRC and the jurisdiction in which the overseas individual is resident. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues Concerning Individual Income Tax (《財政部國家税務總局關於個人所得税若干政策問題的通知》) issued on May 13, 1994, foreign individuals are exempt from individual income tax on dividends received from foreign-invested enterprises.

Under the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to residents (including both natural and legal persons) of the Hong Kong Special Administrative Region, provided that such tax shall not exceed 10% of the total amount of dividends payable by the PRC company. If a resident of the Hong Kong Special Administrative Region directly holds 25% or more of the equity interest in the PRC company, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement, promulgated by the State Administration of Taxation and effective on December 6, 2019, stipulates that the above preferential tax treatment shall not apply to arrangements or transactions whose main purpose is to obtain such tax benefits.

For non-PRC resident enterprises that do not have an establishment or place of business in the PRC, or that have an establishment or place of business in the PRC but whose income is not effectively connected with such establishment or place of business, dividends paid by us and gains realised by such overseas enterprises from the sale or other disposal of H Shares are generally subject to PRC enterprise income tax at the rate of 10% under the EIT Law and its implementation regulations. The Notice on Issues concerning the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the State Administration of Taxation also stipulates that the withholding tax rate for dividends payable to non-PRC residententerprise holders of H Shares shall be 10%.

Notwithstanding the foregoing arrangements, due to a number of factors, the interpretation and application of applicable PRC tax laws and rules remain subject to the relevant laws and regulations in effect from time to time. Such factors include the possibility that the relevant preferential tax treatment may be abolished in the future, resulting in all non-PRC resident individual holders being subject to PRC individual income tax at a flat rate of 20%. In addition, the interpretation and application of applicable PRC tax laws and rules by the PRC tax authorities are still evolving, and the tax laws, rules and regulations in the PRC may also change. In the event of any changes to applicable tax laws and rules or their interpretation or application, our non-resident individual H shareholders should be aware that they may become subject to PRC income tax on dividends and bonuses derived from their H Shares in the future.

Certain judgements obtained against us by our shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. Judgements rendered by Hong Kong courts may be recognised and enforced in the PRC if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws.

The holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules, and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong do not have the force of law in Hong Kong.

As applicable regulations evolve and our overseas operations develop, we may become subject to foreign investment restrictions in certain jurisdictions.

The regulatory landscape for foreign investment is dynamic and varies significantly across different countries and regions where we operate. Governments may revise their laws, policies, or administrative interpretations, potentially imposing new restrictions, ownership caps, licensing conditions or operational mandates on foreign-invested enterprises. Such changes could include stricter national security or sectoral reviews and requirements for local partnership or divestment. Any such developments could impact our ability to maintain or extend our operational presence, affect our ownership structure, increase our compliance costs and ultimately materially and adversely affect our business, financial condition and results of operations.

Our foreign exchange transactions, our ability to pay dividends and other obligations are subject to regulatory requirement over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. There can be no assurance that, under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange **[REDACTED]**, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the "**SAFE**"); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Payment of dividends is subject to the provisions under PRC laws.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

RISKS RELATING TO THE [REDACTED]

There was no [REDACTED] for our H Shares prior to the [REDACTED] and an active [REDACTED] for our H Shares may not develop or sustain.

Prior to the **[REDACTED]**, there was no **[REDACTED]** for our H Shares. Following the completion of the **[REDACTED]**, the Stock Exchange will be the only market whereby our H Shares are **[REDACTED]**. There can be no assurance that: (i) there will be an active trading market for our H Shares; or (ii) if an active **[REDACTED]** does develop, it will be sustainable following the completion of the **[REDACTED]**. **[REDACTED]** should also note that the initial range of the **[REDACTED]** was determined as a result of negotiations between our Company and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and may differ significantly from the **[REDACTED]** of our H Shares following the completion of the **[REDACTED]**. If an active trading market for our H Shares does not develop or is not sustainable after the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** of our H Shares could be materially and adversely affected.

Our H Shares are subject to possible [REDACTED] and [REDACTED] volatility.

The **[REDACTED]** and the **[REDACTED]** of our H Shares may be highly volatile. Factors such as variations in our earnings, cash flows and revenue, and announcements of new investments and/or strategic alliances could cause the **[REDACTED]** and the **[REDACTED]** of our H Shares to change suddenly and substantially. Furthermore, stock markets and the shares of some listed companies in Hong Kong have experienced substantial price volatility in the past. It is likely that our H Shares may be subject to the broad market and industry fluctuations in **[REDACTED]** and **[REDACTED]** which may not be related to the financial or business performance of our Company from time to time.

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

Our A Shares are listed and traded on the ChiNext of the Shenzhen Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the ChiNext of 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 direct **[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]**, **[REDACTED]** and **[REDACTED]** bases, as well as different levels of **[REDACTED]** and **[REDACTED]** participation. As a result, the **[REDACTED]** 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 **[REDACTED]**, the **[REDACTED]** of our A Shares may not be indicative of the **[REDACTED]** of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the **[REDACTED]** in our H Shares.

[REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and may experience further dilution as a result of future equity financings.

The **[REDACTED]** of our H Shares is substantially higher than the net tangible book value per Share immediately prior to the **[REDACTED]**. Thus, **[REDACTED]** may experience an immediate dilution when they purchase our **[REDACTED]** in the **[REDACTED]**. If we are to distribute our **[REDACTED]** to the Shareholders immediately following the **[REDACTED]**, **[REDACTED]** would receive less than the amount they have paid for their Shares. For purposes of, among others, business expansion our Company may proceed with in the future, we may need to raise additional funds through issuing securities or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders. Such new securities may also confer rights and privileges that take priority over those conferred by the **[REDACTED]**.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the **[REDACTED]**, our Controlling Shareholders will be entitled to exercise **[REDACTED]** of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company which enables the controlling shareholder to unilaterally determine our material matters without regard to the opposition of other shareholders. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

There can be no assurance whether and when we will declare and pay dividends in the future.

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

[REDACTED] and [REDACTED] may decline if securities or industry analysts do not publish research or reports about our business, or if any adverse recommendations are published.

The **[REDACTED]** for our H Shares will be influenced by research or reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the **[REDACTED]** for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the **[REDACTED]** or **[REDACTED]** of our H Shares to decline.

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

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

Certain facts, forecasts and statistics contained in this document are derived from a third-party report and publicly available official sources and they may not be reliable.

Certain facts, forecasts and statistics contained in this document relating to, among other things, the industry in which we operate have been derived from a third-party report and various official government publications. However, we have not independently verified information and statistics from official government sources, and we cannot assure you of the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. In all cases, **[REDACTED]** should give consideration as to how much weight or importance they should attach to or place on such facts.

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

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

You should read the entire document carefully and should not rely on any information contained in press articles or other media in making [REDACTED] with respect to our H Shares.

Prior to the publication of this document, there may have been press and media coverage regarding us and the **[REDACTED]**, which may include certain information not contained in this document. We have not authorised the disclosure of any such information in the press or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information, and disclaim responsibility for such information. Accordingly, **[REDACTED]** are cautioned to make their **[REDACTED]** with respect to our H Shares on the basis of the information contained in this document only and should not rely on any other information. By **[REDACTED]** 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.