

RISK FACTORS

You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED]. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this Document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If the market demand for our products and solutions changes or the construction machinery market fails to achieve the anticipated growth or lacks growth momentum, our sales and profitability may be materially and adversely affected.

During the Track Record Period, we primarily generated revenue from the sales of (i) construction machinery, mainly including dozers, excavators, loaders, road machinery, mining trucks and concrete machinery; and (ii) spare parts. As a result, the sustainable growth of our business and our success depend on the market demand and the growth of the construction machinery industry, which is influenced by factors such as infrastructure investment trends, rising energy demand, the shift toward intelligent construction, technological advancements in mining and excavation, growing sustainability priorities and the accelerated adoption of electrification and smart technologies. Some of these factors are beyond our control. According to Frost & Sullivan, market demand in China’s construction machinery industry declined in 2023, primarily due to the downturn in the real estate sector, slower infrastructure investment, and increased global economic uncertainty. Although demand in China began to recover in the second half of 2024, and both the PRC and global markets are expected to grow at a compound annual growth rate of 15.4% and 6.1%, respectively, from 2025 to 2030, according to Frost & Sullivan, we cannot assure you that the industry and our customer demand will achieve the expected growth.

Our results of operations depend on the economic conditions of the markets in which we operate. According to Frost & Sullivan, with accelerating economic development and urbanization, the construction machinery industry continues to evolve to adapt to various geographical environments, construction conditions and application scenarios. Future expansion for construction machinery will be fueled by equipment renewal in established markets alongside infrastructure investment in emerging markets. As the industry shifts from conventional to intelligent construction, demand may increasingly favor machinery equipped with smart technologies and automation capabilities. If we are unable to adapt our traditional construction machinery offerings to meet evolving customer expectations and technological standards, our competitiveness and market share may be adversely affected. If demand for our products is weaker than anticipated, we may experience issues associated with overcapacity and underutilization of personnel and other resources, which may also have an adverse effect on our business, financial condition and results of operations. Moreover, in certain developing countries and regions, demand for construction machinery is closely tied to infrastructure development. Should future investments be postponed or projects face obstacles, our efforts to expand in these markets could be negatively impacted. Uncertainty in the macroeconomic environment may prompt our customers to reduce their business activities, especially amid rising capital costs and declining business and customer confidence. These factors may discourage customers from replacing existing equipment or purchasing new equipment. Demand for our products may be adversely affected by the condition of public finances and fiscal austerity initiative measures in regions where we have a significant customer base.

In addition, economic downturns and adverse market conditions could adversely affect the ability of our customers to obtain financing for their construction projects or product purchases, which could reduce demand for or pricing of our products. Extended sales cycles may have a material adverse effect on our business, financial condition and results of operations.

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

The industry in which we operate is rapidly evolving, driven by dynamic market conditions and continuous technological advancements. Thus, our success will depend, in part, on our ability to respond to these changes and advancements quickly and cost-effectively. We face competition from both domestic and international players across the design and development, manufacturing and

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sales of construction machinery and spare parts, as well as the delivery of smart construction solutions. Competition is intensifying as Chinese manufacturers expand their international presence and improve their overall competitiveness. Our future success will depend on the breadth and adaptability of our products and solutions, brand recognition and ability to continuously iterate or innovate our products and solutions to meet evolving market demands.

With increasing government support by promulgating policies prioritizing intelligent construction machinery and new energy products, and accelerating domestic substitution over imported products, we expect the competitions in construction machinery industry in China to intensify in the future. In addition, the construction machinery industry is facing a number of evolving market trends, such as growing environmental awareness, increasingly strict energy efficiency standards and a growing customer focus on digitalization and decarbonization. According to Frost & Sullivan, the global construction machinery industry is accelerating its transition towards new energy and intelligent technologies, making our ability to assess and respond to these trends with innovative, competitive products and solutions critical to our long-term success.

Some of our competitors, particularly domestic and international companies that have developed mature, diversified construction machinery portfolios and advanced smart construction technologies, possess greater financial, technical and operational resources than we do. These competitors may (i) allocate significantly more resources than we can to the development, production and sales of certain products and solutions; and (ii) leverage established operational history to cultivate stronger relationships with distribution partners and customers, enabling them to secure market share or negotiate more favorable contract terms. While we have achieved rapid growth and significant market share in certain emerging overseas markets, we have not yet matched the scale of the industry leaders in these regions. In addition, our domestic competitors may also become more competitive, and they may continue to expand in the Chinese market and other markets in which we operate, thereby intensifying competition. Some of our competitors, particularly companies that focus on lower-end of construction machineries, may engage in or withstand intense price competition. Given our long-term commitment to sustainable growth, we do not pursue such pricing strategies, which may reduce our price competitiveness and market appeal in such situations and allow such competitors to secure market share in the lower-end segment, which may adversely affect our financial condition and results of operations.

If we fail to anticipate the shift in market demand and the evolving market trends, and our competitors’ products eventually become more favored than ours, whether due to lower costs or superior technology, our competitive position could be weakened, leading to reduced sales volumes, pricing pressures and margin declines. Furthermore, there is no assurance that we can compete effectively or maintain our market position without incurring significant costs. Any failure to preserve our competitive position may materially and adversely affect our business, financial condition and results of operations.

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

Our long-term competitiveness and market leadership depend substantially on our ability to continuously deliver a comprehensive and cost-effective product portfolio that meets the evolving needs of the construction machinery market, especially in terms of civil infrastructure construction. This includes not only the timely launch of new products but also regular upgrading or iteration of existing offerings to incorporate the latest technological advancements and respond to shifting customer preferences. According to Frost & Sullivan, the global construction machinery industry is undergoing profound transformation, with future growth primarily driven by three major trends: electrification transition, intelligent innovation and after-sales service optimization; and China’s construction machinery industry is also undergoing technological innovation and market transition. Emerging technologies such as artificial intelligence, Internet-of-Things, autonomous driving, intelligent interconnectivity and new energy are transforming the way construction machinery products are designed, manufactured and used. If we fail to keep pace with the technological trends, we risk failing to align with evolving market trends and customer expectations, and ultimately losing our competitiveness and relevance in the market.

Moreover, as customer expectations evolve, the pressure to diversify and enhance our product offerings intensifies. With changing market demand and policies, there is a growing demand for construction machinery that is more user-friendly, environmental-friendly and highly intelligent,

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reflecting a broader shift toward smart construction machinery products and solutions and electric construction machinery. Customer preferences are also increasingly influenced by the introduction of new and innovative products and solutions in the market. If we fail to align our product portfolio with market demand and technological trends, whether due to limitations in our research and development capabilities, resource constraints or strategic misalignment, we may lose our competitive edge in the market, leading to reduced customer satisfaction, loss of market share and erosion of brand value.

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

Our business and long-term competitiveness rely on ongoing investment in R&D, access to advanced technologies and the development of innovation capabilities. Our continuous investments in research and development may not generate the results as expected and may negatively affect our business, financial condition and results of operations.

Accelerated by technological advancements and industrial transformation, the construction machinery industry is rapidly evolving toward high-end, intelligent and green transition. In response, we are actively advancing the electrification and intelligent capabilities of our products, and are committed to integrating AI across our entire product portfolio and operations to accelerate our transition toward smart manufacturing. Our future performance and market competitiveness depend on our ability to continuously innovate and launch new and upgraded products, an ability that is fundamentally rooted in our R&D capabilities.

However, research and development activities are capital-intensive, knowledge-intensive, time-consuming and subject to unpredictable outcomes. We have consistently allocated resources to our research and development efforts and expect to continue making certain amounts of capital investments in this area to advance our technologies and product portfolio. We incurred research and development expenses of RMB558.4 million, RMB541.9 million and RMB574.9 million in 2023, 2024 and 2025, respectively, accounting for 4.9%, 3.8% and 3.9% of our total revenue during the respective years. While we are committed to advancing our research and development initiatives, there can be no assurance that such efforts can generate the expected economic returns or that our research and development investments and efforts will yield commercially viable technologies and achieve market recognition as expected. Unanticipated outcomes may result in costs that cannot be recovered, potentially affecting our financial performance.

In addition, we may encounter significant unexpected technical challenges, or delays in completing the development of new and enhanced technologies that can be incorporated effectively into our products cost-effectively, which require us to invest significant resources in research and development to: (i) proactively identify shifts in customer preferences and industry dynamics to guide early-stage research and development planning, as well as development of modular and reusable technologies that can be efficiently deployed across multiple product lines, elevating development efficiencies that differentiate us from our competitors; (ii) attract and secure talents in critical fields such as construction machinery core transmission systems, intelligent control systems and smart construction algorithm, and to equip this team with advanced tools to optimize their productivity and output quality; (iii) maintain collaborative partnerships with domestic and international research institutions, universities and other partners, ensuring our ability to capture and commercialize emerging technologies; (iv) monitor and respond effectively to technological advancements and new products and solutions announcements by our competitors; and (v) fully integrate AI across our entire product portfolio and operations to drive smart manufacturing and enhance our product competitiveness.

Research and development activities are inherently uncertain, and resource limitations including funding, talent retention or access to collaborations could disrupt development timelines or compromise output quality. Even if we succeed in such research and development as expected, our operating cash flow and profitability in the short to medium term may be adversely affected due to our substantial investment, while revenue from newly launched products may not be sufficient

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to offset related development expenses. Additionally, new technologies could also render our existing or planned technologies, products or solutions obsolete or less attractive, limiting our ability to recover development costs and potentially resulting in a decline in our revenue, profitability and market share.

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

We aim to expand our production capacity in line with the growth of our business to meet the growing market demand for various construction machinery products, thereby supporting our long-term strategic development. The feasibility of our production expansion plan is limited to various factors, such as (i) timely and cost-effective land acquisition and compliance with local regulations; (ii) the availability of sufficient management and financial resources; (iii) the ability to hire, train and retain skilled personnel; and (iv) the capacity to upgrade existing equipment, enhance production techniques and acquire new production facilities. We may have invested significant resources in land acquisition, facility planning, site selection, contract negotiations and construction. However, our expansion efforts are subject to a variety of operational or financial risks, including: (i) risks of demand misalignment, for example, insufficient implementation of our production expansion plan could constrain our production capacity and fail to meet market demand, ultimately resulting in product delivery delays to our customers, while overinvestment in production expansion and insufficient orders from our customers could also directly impact production utilization rates and elevate our cost of sales, which in turn may affect our profitability; (ii) disruption by various incidents, such as IT system breaks, power and water suspensions, could incur unnecessary costs and expenses, and undermine customers’ confidence in our production capabilities, which would harm our reputation and business; and (iii) delays or cancellations of our expansion plans could subject us to disputes with various counterparties such as collaborative partners, equipment suppliers, financiers and relevant government authorities, resulting in financial penalties or legal liabilities.

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

Any operational disruption and machinery breakdown of our production facilities may interrupt our production schedule, which could adversely impact our fulfillment of contract.

Our production relies on the stable operation of our manufacturing facilities and bases, particularly machinery and equipment for key processes. As of the Latest Practicable Date, we operate 15 production facilities for construction machinery and spare parts. See “Business—Our Production—Production Capacity.” The stability of our production cycle is vulnerable to several risks. Strike, work slowdowns and other forms of industrial action, as well as deteriorating employee relations or shortages of skilled labor, particularly during peak production periods, could disrupt workflow and output timelines. In addition, our access to the sites and equipment could be subject to unforeseen interruptions including fires, earthquakes, floods, storms and other natural disasters. If any of these events occur and we fail to promptly identify and remediate effectively, our production activities could be halted or delayed. If prolonged in time, such interruptions could cause us to fail to meet our contractual obligations to customers in relation to product delivery and cause our production capacity to be under-utilized, which may further subject us to liabilities or legal proceedings and affect our reputation and relationships with our customers. Even if we are able to seek alternative production capacity in the event of the foregoing circumstances, due to the customized nature of certain of our production activities and products, as well as our stringent quality control standards, we may not be able to locate suitable alternatives. Moreover, even if suitable alternatives are identified, the associated time and costs may be substantial, which could have a material adverse effect on our production, business operations and financial performance.

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We may be subject to liability in connection with accidents that occur during the production process at our production bases due to, among others, failure to prevent workplace incidents or if we fail to comply with various safety laws and regulations.

We are required to comply with the applicable production safety laws and regulations in relation to our production, such as Production Safety Law of the PRC (《中華人民共和國安全生產法》). We have established internal safety protocols and require all employees to strictly adhere to the safety measures and procedures outlined in our internal policies. Nevertheless, there is no assurance that our safety measures or relevant legal requirements will be consistently followed by our employees. As a result, there remains a risk of industrial accidents occurring at our production sites. In the event of a safety incident, we could be held liable for personal injury or death, as well as for any resulting monetary losses suffered by our employees. In addition, we may also face administrative penalties including warnings, fines, orders to rectify non-compliance within a specified timeframe, or even mandatory suspension or cease of operation in certain production sites. In more serious cases, criminal liability may be imposed on responsible individuals within the production entity, particularly if gross negligence is involved. These legal consequences could be accompanied by reputational damage and increased scrutiny from regulatory authorities. Additionally, we may be subject to civil claims or legal proceedings initiated by our employees or their families, particularly in cases involving injury or casualty. Such claims could also result in compensation obligations, additional legal expenses and further reputational harm. As such, any failure to comply with applicable safety laws and regulations or prevent workplace incidents could materially and adversely affect our business, financial condition and results of operations.

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

Our products are widely used in a variety of construction scenarios. As such, the success of our business depends heavily on our ability to provide high-quality products and provide reasonable warranty schedules constantly. Depending on the types of products, we generally provide a product warranty period ranging from six months (or 1,000 working hours) to two years (or 4,000 working hours), with a two- to five-year warranty period for certain spare parts to our domestic customers to address any quality defects of our products. See “Business—Sales, Marketing and Customer Service—User Engagement and After-sales Services.” Under these warranties, we are obliged to carry out all necessary repairs and/or replacements at no cost to the customer during the applicable warranty period. As such, any flaws or defects in our design and production process could expose us to significant liabilities under our warranty commitments. During the Track Record Period, we made provision for product warranties on certain construction machinery, mainly excavators, provided to our customers of RMB132.8 million, RMB236.4 million and RMB226.3 million as of December 31, 2023, 2024 and 2025, respectively. The amount of provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate. However, these estimates are inherently uncertain, and any changes to our estimates, especially with respect to new products and solutions, may require us to make material adjustments to our warranty reserve policies in the future. If our warranty reserves prove insufficient to cover actual warranty claims, or if our suppliers fail to honor the underlying warranties that we pass through to our own customers, our business, financial condition, results of operations, brand image and prospects could be materially and adversely affected.

Flaws and defects in our design and production processes, or in those of our suppliers could give rise to product liability and product recall exposures. If we fail to identify and prevent the product defects before supplying them to our customers and end users, they may demand product returns or recalls, which may incur additional costs, harm our reputation and lead to a decrease in sales. Further, the defective products may trigger other compliance issues or incidents which could subject us to administrative proceedings or penalties, or disputes with customers, causing damage to our brand. The occurrence of any of the foregoing concerns could have a material adverse effect on our business, financial condition, results of operations and prospects.

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We generate revenue from both our distribution partners and direct sales customers and rely on our distribution network as well as direct sales channels to promote and sell our products and solutions. We may encounter difficulties in maintaining or expanding our sales network.

During the Track Record Period, we sold our construction machinery primarily through our distribution network and spare parts primarily through our direct sales network. Our revenue from sales through distribution partners was RMB6,094.0 million, RMB8,017.2 million and RMB7,548.0 million in 2023, 2024 and 2025, respectively, accounted for 53.6%, 56.4% and 51.6% of our total revenue for the same years. Given our reliance on this distribution network, our business, financial condition and operating results depend on the effective management and coordination of our distribution partners. In addition, the performance of our distribution partners and their ability to sell our products, maintain our brand, provide customer services, expand their businesses and their sales network are crucial to the future growth of our business and may directly affect our sales volume and profitability. We may not be able to identify, attract and retain sufficient distribution partners with requisite experience and resources.

We have limited control over the daily business activities of our distribution partners, and our control over the sub-distribution partners may be even more limited. For sales through our distribution partners, our distribution partners are mainly responsible for the after-sales services. If our distribution partners fail to deliver high-quality after-sale services and resolve customer after-sales requests or even complaints in a timely manner, or if any of their misconduct or unethical practice leads to damages to our brand image and reputation, our business could be adversely affected. In addition, non-compliance by any of our distribution partners or sub-distribution partners with the relevant agreements or our policies may adversely affect the overall sales of our products and solutions and our ability to implement development strategies, potentially harming our brand reputation and market credibility. If we are unable to build or maintain well-developed, well-managed distribution networks, our results of operations, financial condition, business and prospects may be adversely affected.

We cannot assure you that we are always able to accurately track the inventory level of our distribution partners or identify excessive inventory build-ups within our distribution network. Moreover, our distribution partners may be unable to sell sufficient inventories in a given period to end customers, resulting in inventory accumulation. This could have a material adverse impact on the sales of our products and, accordingly, on our business, financial condition, results of operations and prospects. Moreover, significant growth in our sales to certain distribution partners in the future or changes to our sales network may increase competition among distribution partners and risk of cannibalization, which may harm our results of operation, financial condition, business and prospects.

Moreover, we are exposed to other inherent risks associated with our distribution network including unauthorized trademark use, improper promotional activities creating regulatory risks, and weakened competitive positioning of our distribution partners in assigned markets. Any of the foregoing could disrupt our ability to manage or expand our distribution network, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We also generate revenue from direct sales customers which mainly include state-owned construction enterprises and large private enterprises. Our revenue from direct sales customers were RMB4,032.7 million, RMB4,891.4 million and RMB6,069.7 million in 2023, 2024 and 2025, respectively. We believe that the business partnership with our direct sale customers is beneficial to strengthening our market leadership and enables us to better serve our customers. Any failure to build trust with our key direct sales customers by ensuring their unique operational needs are met efficiently, maintain business relationships with existing direct sales customers or attract new direct sales customers could adversely affect our brand, business and financial performance.

We depend on the business environment and expansion opportunities offered by overseas markets. The complexity of the global operating environment could materially impact our business, operating results and financial condition.

During the Track Record Period, we derived a major portion of our total revenue from overseas markets. Our revenue from overseas markets was RMB5,878.2 million, RMB7,411.3 million and RMB8,741.3 million in 2023, 2024 and 2025, respectively, accounting for 51.7%, 52.1% and 59.8% of our total revenue in the same respective years. As of December 31, 2025, our

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products have reached customers in over 160 countries and regions globally. Compared with operations in China, conducting our business internationally, particularly in markets and countries in which we have limited prior experience, subjects us to additional risks and challenges, including, among others: (i) brand recognition and localized capability which may not be sufficient to effectively capture the attention and demand of international markets, which could limit our global expansion and competitiveness; (ii) challenges in maintaining or enhancing operational efficiency and achieving cost savings, including operational challenges due to distance, language and cultural differences, increasing difficulty for us in directing and monitoring day-to-day overseas operations and in hiring and retaining qualified personnel on commercially reasonable terms; (iii) compliance with multiple and potentially conflicting laws and regulations governing various aspects of our operations, including competition, pricing, operation, distribution network, transportation, logistics, tariffs, trade protection, economic or trade sanctions, anti-dumping, anti-corruption, anti-money laundering, environment, labor protection, restrictions on foreign investment, anti-competition and other activities important to our business; (iv) challenges in managing, growing and staffing international operations, in particular manufacturing bases and R&D centers; (v) challenges in cultivating and maintaining productive relationships with local business partners, such as distributors; (vi) impact of import and export restrictions and changes in tariff and trade regulations; and (vii) changes in geopolitical dynamics.

Our ability to maintain and expand our presence and competitiveness in the global market will be critical to the success of our business. However, there is no guarantee of achieving this, and any of the aforementioned risks could present significant challenges for us. In recent years, rising geopolitical tensions and national security concerns have led to stricter international trade policies, trade protection measures, economic or trade sanctions and export control measures. While our business operations do not represent any apparent or material sanctions risks, the interpretation and enforcement of such laws and regulations and future development in global trade dynamics may impose new restrictions or uncertainties on our business. Non-compliance with such laws could result in a restriction on our ability to conduct cross-border business, an increase in compliance burdens, or lead to reputational damage. If we are unable to manage one or more of the above-mentioned risks adequately, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to the risks involved in expanding into new markets and the expansion of product lines.

Our future revenue and profit growth partially rely on the continuous expansion into new markets and the launch of new products. This involves establishing sales channels across various countries and regions, introducing product portfolios tailored to local markets, completing product certifications and integrating into supply chain systems. These initiatives typically require significant upfront investments, including channel development, certification registration, technical iterations and team building. If these investments do not yield substantial sales returns, our business, operational performance and financial condition may be adversely affected. In addition, we are subject to risks in connection with the expansion and development of new businesses or product lines with which we have limited or no experience or entering into markets in which our brand may be less recognized. If any of these risks occur, our ability to expand business will be impaired, which in turn could have a material and adverse effect on our business, financial condition and results of operations.

Moreover, the successful implementation of the growth strategies depends on various factors, including, among other things, market condition and demand, availability of resources, competition and government policies, and some of these factors are beyond our control. As such, we may not be able to expand as planned or the costs incurred under our growth strategies may not follow the original expectation. If we have allocated resources to expand our business based on our business plan but subsequently the demand for our products reduces due to various uncontrollable factors such as market changes, our financial position and results of operations may be adversely affected.

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

Providing high-quality after-sales services is crucial to maintaining customer satisfaction, fostering brand loyalty and differentiating ourselves in a competitive market. While we implement various measures to deliver high-quality after-sales services, we may not be able to consistently meet customer expectations across all regions and at all times.

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For sales through distributors, our distribution partners are mainly responsible for the after-sales services. Challenges such as limited service capacity and difficulties in expanding the after-sales team of our distribution partners, as well as the need for ongoing training from us, may hinder our distribution partners’ ability to provide timely and effective support. If our distribution partners fail to provide high-quality after-sales services to our customers, or fail to maintain an extensive after-sales network, we could face dissatisfaction, negative reviews and a decline in brand loyalty. Dissatisfied customers may choose to switch to our competitors, leading to a potential decline in our market share and loss of revenue.

Moreover, unresolved service issues can escalate into product complaints, warranty claims or legal disputes, further straining our resources and damaging our reputation. Any failure to provide high-quality after-sales service or maintain a responsive service network could adversely affect our customer relationships and brand image, resulting in material adverse impacts on our business, financial condition and results of operations.

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

We rely on a diverse range of raw materials, components and indirect materials to manufacture our products. See “Business—Procurement.” Our material costs were RMB6,439.3 million, RMB8,277.9 million and RMB8,838.4 million in 2023, 2024 and 2025, respectively, representing 69.7%, 72.2% and 76.2% of our cost of sales during the respective years.

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

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

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

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

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

Effective management inventory is critical to guarantee our stable production and timely delivery to our customers. Our inventory primarily consists of raw materials, work-in-progress and finished goods. As of December 31, 2023, 2024 and 2025, our inventories were RMB2,745.5 million, RMB3,200.1 million and RMB3,249.2 million, respectively. Our inventory turnover days were approximately 92.8 days, 94.6 days and 101.5 days in 2023, 2024 and 2025, respectively. See “Financial Information—Discussion of Selected Items from the Consolidated Statements of Financial Position—Inventories.”

Maintaining an optimal level of inventory is important for the success of our business. We determine our level of inventory based on experience, customer order number and customer demand assessment. Accurately forecasting market demand can be challenging. Overestimating demand may result in excessive inventory, potentially leading to inventory write-downs, write-offs or discounted sales, which could negatively impact our financial performance. Conversely, underestimating demand could result in supply shortages or delayed deliveries, damaging our customer relationships and operational efficiency. These risks are further compounded by unpredictable factors such as supply chain disruptions, the inherent uncertainty of the success of product launches, rapid changing market trend and sudden natural disasters. Failure to effectively forecast consumer demand and maintain balanced inventory levels or to adapt to unforeseen events could result in increased inventory obsolescence, a decline in inventory value or inventory write-downs. Any of the above may materially and adversely affect our business, financial condition and results of operations.

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

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

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

Our business may be subject to seasonality, aligned with construction machinery industry, which may result in certain periods when our results of operations fall short of expectations.

Our operations are strategically aligned with the construction machinery industry. Seasonal fluctuations in construction activities, such as construction project cycles, can significantly impact the demand for our products and solutions. Typically, demand tends to decline in winter and summer due to extreme weather conditions and holiday periods, which slow or temporarily halt construction activities. In contrast, spring marks a rebound in demand as favorable weather conditions resume construction. Spring also marks the beginning of numerous new projects, further driving demand

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and contributing to a seasonal uptick in sales. For example, in China, we generally experience higher sales in the second quarters of the year, while January and February tend to see the lowest sales during a year. In markets such as Saudi Arabia, seasonal demand may follow different patterns due to climate and local culture. However, the intensity of these seasonal fluctuations may vary from year to year due to shifting industry conditions and other factors, which makes it difficult for us to predict precisely the level of demand. Furthermore, our interim financial results may not align with full-year trends due to the seasonal variations. Therefore, comparisons of our operational results between different quarters within a single fiscal year or across different fiscal years are not necessarily meaningful and should not be relied on as indicators of our performance.

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

Our operations are subject to risks arising from unpredictable political, trade and regulatory developments in the jurisdictions where we operate, particularly those influenced by the U.S. government policies. Shifts in international trade policy including tariffs, retaliatory measures and evolving bilateral or multilateral agreements could materially and adversely affect the global economy, trade relations and our business. For instance, in February and April 2025, the U.S. government introduced tariffs targeting major trading partners such as Canada, China, the EU and Mexico, with a baseline duty on all countries and an additional individualized tariffs on nations with significant trade deficits relative to the U.S. (the U.S. Reciprocal Tariffs). Subsequent updates escalated tariffs to 145% on Chinese imports and imposed higher duties on goods from other regions, where we maintain operation or is intended to expand our operation. On April 9, 2025, the U.S. temporarily paused these tariffs for 90 days for non-retaliating partners, though the 10% baseline tariff continued to apply broadly. Tariffs on Chinese imports remain unchanged. In response, China raised tariffs on U.S. goods to 125%. On May 12, 2025, China and the U.S. agreed to temporarily lower tariffs on each other’s goods, which became effective from May 14, 2025. As a result, the additional U.S. tariffs on Chinese goods decreased from 145% to 30%. China removed the additional tariffs it announced since April 4, 2025, and suspended its initial 34% tariff on the U.S. it announced on April 4, 2025 for 90 days, but retained a 10% tariff during the period of the pause. These tariffs as well as their scope of application remain subject to further negotiations and adjustments. There is also substantial uncertainty in relation to the interpretation, implementation and administration of the tariffs. Existing bilateral or multilateral trade agreements between the U.S. and other countries may also affect the scope of application of the U.S. reciprocal tariffs.

During the Track Record Period, our direct revenue from the U.S. and supply chain reliance on U.S. markets was not significant, limiting the immediate adverse impact of these tariffs and retaliatory actions as of the Latest Practicable Date. However, future adjustment to U.S. trade policies could possibly lead to retaliatory measures by affected countries, potentially disrupting global supply chains. The existing tensions and any further deterioration in the relationship between the U.S. and China and between other countries may also have a negative impact on the general, economic, political and social conditions around the globe, which could strain our ability to manage operational costs or adapt to market shifts. Failure to mitigate these risks could materially and adversely affect our business, financial condition and operational results.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries.

During the Track Record Period, our Group had sold Chinese-origin construction machinery and spare parts to various non-sanctioned customers located in the Relevant Regions. As advised by Hogan Lovells International LLP, our legal advisor to International Sanction laws, after performing the procedures they consider necessary, these transactions did not represent a violation of the primary sanctions; and our activities are unlikely to be viewed as activities targeted by secondary sanctions. See “Business—Business Activities in relation to Regions and Entities subject to International Sanctions.”

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Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the UK, the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. See “Business—Business Activities in relation to Countries subject to International Sanctions” in this Document for details of our business operations in the Countries subject to International Sanctions and our undertakings to the Hong Kong Stock Exchange and its related group companies.

We provide guarantees for end customers’ financing arrangements from time to time. Ineffective risk management could adversely affect our business and financial performance.

To enable our end customers to obtain financial resources that better meet their needs when purchasing products from us or from our distribution partners, we have strategically partnered with financial institutions, such as finance lease companies and banks, to provide guarantees for our end customers’ financing arrangements, including financial leasing and mortgages. Our distributors and we may normally jointly provide guarantees in the form of repurchasing for end customers’ repayment obligations to financial institutions when they choose to use mortgage loans or finance leases to finance their purchases of our products through our distributors. Meanwhile, we have collaborated with banks to provide financial credit facility to our distribution partners in purchasing our products. In the event that the end customer fails to make the repayment and the distribution partner fails to fully fulfill its guarantee obligation or that the distribution partner fails to make the repayment under the credit granted by the banks, we may facilitate the fulfillment of the guarantee obligations. We are thus subject to risks related to defaults of end customers and our distribution partners. Although we have implemented control measures to reduce our risk exposure, failure to effectively control and manage these risks may lead to cash flow constraints and losses, which would subject us to financial pressure and adversely affect our business.

Our future strategic acquisitions or investments, if any, may not be successful, and we may not realize the anticipated strategic benefits and financial returns from such transactions.

We may engage from time to time in acquisitions and other strategic investments to expand production capacity, diversify product portfolio, gain access to new markets and stable sources of raw materials, components and indirect materials or acquire new technologies. However, there can be no assurance that our efforts or any future acquisitions or investments will be successful or that we will achieve the anticipated strategic benefits and financial returns from such transactions.

There are various risks associated with our acquisitions and investments: (i) challenges related to integration of acquired company’s or investee’s operations into our business; (ii) substantial delays or reduction in anticipated synergies; (iii) events beyond our control, including changes in regulations, technology and economic conditions, which could adversely affect our ability to realize benefits and returns from such transactions; (iv) potential increase in indebtedness that could constrain our operations; (v) exposure to unknown or contingent liabilities or regulatory non-compliance or incidents that could require significant expenditures, capital injections or resources to rectify; (vi) failure to train, motivate, integrate and retain employees of acquired company or investee; (vii) diversion of management time and attention from our existing operations to address the transactions and related challenges or those associated with integration processes; (viii) unexpected regulatory hurdles such as antitrust reviews, foreign investment restrictions, or approval and licensing issues associated with cross-border transactions; and (ix) unanticipated write-offs or charges and impairment of goodwill. If we fail to address any such risks, our business, financial condition and results of operations may be materially and adversely affected.

Our information technology systems may experience system failures, interruptions or security breaches.

Our competitiveness and efficiency are supported by our advanced information technology across various aspects of our business, including quality control, customer services, research and development, production and business operations. See “Business—Information Technology.” However, our information systems may be vulnerable to damage or interruption from circumstances

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beyond our control. These disruptions may result from hardware or software malfunctions, cyber-attacks, computer viruses, acts of hacking, vandalism, power outages or other unforeseen events. Such incidents can lead to operational delays, loss of data and reduced productivity, while security breaches may compromise sensitive information, leading to potential legal liabilities and reputational damage. Despite our efforts to implement robust cybersecurity measures and maintain reliable IT infrastructure, there is no guarantee that we can completely prevent such incidents. Any system failures, interruptions or security breaches could result in transaction errors, process inefficiencies and loss of sales, which could have a significant impact on our performance and further harm our reputation, adversely and materially impairing our business, financial condition and results of operations.

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

We collect customers data for provision of products and customer services during our sales process and have access to construction operation data obtained when providing smart construction services. In recent years, cybersecurity, data protection and personal information protection have become an increasing regulatory focus of government authorities across the world. The PRC government has implemented a comprehensive regulatory framework for cybersecurity, data privacy and personal information protection in recent years. See “Regulatory Overview—Laws and Regulations Related to Information and Cybersecurity” and “Regulatory Overview—Laws and Regulations Related to Personal Information Protection.” These laws and regulations relevant to cybersecurity, data protection and personal information protection would affect the data collection, use, storage and other data processing activities conducted in our business operations.

We have adopted various measures to ensure legal compliance. See “Business—Data Privacy and Protection.” However, compliance remains challenging due to the complexity and evolving nature of applicable laws and regulations, and shifting interpretations may create uncertainty about compliance standards. Ensuring compliance would also become increasingly complex and resource intensive. As such, we cannot assure you that our cybersecurity, data protection and personal information protection measures are, and will be, considered sufficient under applicable laws and regulations. Additionally, our systems remain vulnerable to technical failures, interruption, cyberattacks or human error, which could compromise data integrity despite the protective measures implemented. Any actual or perceived failure to comply could result in reputational damage, loss of customer trust, regulatory investigations, fines and operational restrictions, which may have a material adverse effect on our business, financial condition and results of operations.

Our business, financial condition and results of operations could be adversely affected if we experience any negative publicity that results in severe damage to our brand image or reputation.

Adverse publicity surrounding such as labor relations, environmental concerns, security matters and the like, or attempts to connect us to these sorts of issues, in the countries and regions where we operate, could negatively affect our overall reputation and acceptance of our products by customers. In addition, adverse news, scandals or other incidents associated with the construction machinery industry could render the same effect. Incidents that cast doubt on the safety of products and solutions in the construction machinery industry, including incidents involving our competitors, may be subject to media attention and widespread coverage. Such incidents may damage the reputation of not only the parties involved, but also the construction machinery industry in general and us, even if such parties or incidents have no relation to us, our management, employees, suppliers or other business partners.

We believe that our brand image and corporate reputation play an increasingly important role in enhancing our competitiveness and maintaining our business growth. Our ability to manage our brand image depends on whether we could successfully provide high-quality products and solutions, conduct marketing activities, manage complaints and negative publicity and maintain positive perception of us. Furthermore, many other factors, including those beyond our control, may negatively impact our brand image and corporate reputation if not properly managed. Product quality issues, actual or perceived, even when false or unfounded, could damage our brand and cause customers to switch to competitors. Damage to our reputation or loss of brand equity could reduce demand for our products, adversely affect our business, financial condition and results of operations, and require additional resources to restore our brand value.

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Our success relies on key management and other qualified personnel with specialized skills. If we are not able to attract or retain our key management team or qualified personnel, our business, financial condition and results of operations may be adversely affected.

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

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

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

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

As the production and sale of our products are labor-intensive, attracting and retaining qualified employees has an important role in our success. We are committed to providing fair and equal opportunities to our employees in terms of evaluating their performance and intend to offer them competitive wages and incentives. However, we may be subject to claims, investigation and negative publicity in relation to safety production, workplace environment and occupational hazards, particularly in cases where our employees, third-party service providers or members of the public suffer injuries or casualties at our facilities, which may cause a deterioration in labor relations with our employees. Any deterioration in employee relations, whether due to dissatisfaction, workplace disputes, or changes in working conditions, could negatively impact morale, productivity and retention.

We primarily recruited employees through external and on-campus channels during the Track Record Period, which generally results in additional expenditure. With rising wage levels, we may encounter difficulties in offering competitive compensation, and any failure may lead to employee turnover or labor shortages. Rising labor costs, driven by market competition, regulatory changes or inflation may increase our operating expenses and reduce profitability.

If we fail to secure sufficient labor, especially during peak seasons, whether due to recruitment challenges, deteriorated employee relations or wage competition, our production schedules may be delayed and our growth may be constrained. Such disruptions could impair our ability to meet market demand and erode customer trust. Any of the foregoing issues may materially and adversely affect our business, financial condition and results of operations.

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

We maintain various insurance policies including property all risk insurance, machinery breakdown insurance and personal accident insurance. While we believe that the amount of our insurance is in line with the customary standard in the industry and is adequate for our operations, there is no assurance that our coverage will be sufficient to fully compensate for all kinds of losses we may suffer in the future, as certain types of risks may fall outside the scope of policies or exceed compensation thresholds. Any uninsured occurrence of unforeseen events or circumstances, including business disruption, legal disputes or natural disaster, could result in claims surpassing our insurance coverage. In such cases, we may be required to bear substantial financial burdens, which could adversely affect our business, financial condition and results of operations. In addition,

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there can be no assurance that we will be able to successfully claim losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or there is any significant shortfall between compensation received and actual losses incurred, our business, financial condition and prospects could be materially and adversely affected.

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

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

In addition, any litigation or legal proceedings could incur substantial legal expenses. In recognition of these considerations, we may enter into agreements to settle litigation and resolve such disputes. We cannot guarantee that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our expenses. New legal or administrative proceedings and claims may arise in the future, which may cause us to incur defense costs, and our business, financial condition and results of operations could be materially and adversely affected. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our business, financial condition and results of operations. Failure to effectively manage or resolve these matters in a timely manner could materially disrupt business continuity, strain our financial resources and adversely impact our operational and financial performance.

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

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

However, these laws and protection efforts and arrangements we make may only offer limited coverage, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Inadequate protection could allow other companies to produce counterfeit products or impersonate our commercial identity, diminishing our competitive advantage and damaging our reputation and business. In the event that we resort to litigation to protect our intellectual property rights, such proceedings could be costly and time consuming, with no assurance of prevailing. Moreover, any claims that we assert against perceived infringers could prompt counterclaims alleging infringement by us. Some competitors may have greater resources to enforce and/or defend their intellectual property rights. Accordingly, we may not be able to effectively prevent infringement or misappropriation of our intellectual property. An adverse outcome could put our intellectual properties at risk of being invalidated, unenforceable or interpreted narrowly. Even if we prevail, we may not obtain meaningful recovery.

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

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

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

Some of our competitors maintain large intellectual property portfolios and may allege that our anticipated commercial use of certain technologies infringed or misappropriated their intellectual properties, particularly during the application process for registration with government authorities. These intellectual properties have broad claims, and it might be alleged that certain features of our technologies fall within the claims of such intellectual properties. Regardless of their merits, these claims or legal proceedings could be time-consuming and resource intensive. Competitors may also use intellectual property litigation strategically to gain a competitive advantage. Determining whether technology infringes on intellectual property rights involves a comprehensive analysis of legal and factual issues, and the outcome is often uncertain. Despite our efforts to identify and avoid infringing on third parties’ intellectual property rights, we may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could harm our operation abilities, including: (i) requiring significant time and financial resources to defend against claims or negotiate settlements; (ii) exposing us to liabilities such as significant licensing fees, legal fees, substantial damages to third parties and other expenses; (iii) preventing us from implementing technologies that are subject to the disputed intellectual property; (iv) forcing us to redesign our products to avoid infringing or misappropriating such intellectual properties; (v) requiring us to enter into royalty or licensing agreements in order to obtain the right to use a third-party’s intellectual property, while such agreements may not be available on commercially viable terms or at all; (vi) diverting the attention of our management from business operations; or (vii) generating negative publicity which could damage our reputation and customer relations, potentially leading to the termination, deferral or reduction of purchases of our products and solutions.

Any of the foregoing outcomes could result in invalidation or narrowing of our intellectual property rights, or the imposition of restrictive licensing terms, rendering our intellectual property portfolio less competitive and adversely affecting our business, financial condition, results of operations and prospects.

We are subject to environmental, fire control and health and safety directives, laws and regulations.

We are subject to a number of environmental, fire control and health and safety laws and regulations, including, but not limited to, the treatment and discharge of pollutants into the environment during our business operations. See “Regulatory Overview—Laws and Regulations Related to Work Safety,” “Regulatory Overview—Laws and Regulations Related to Fire Protection” and “Regulatory Overview—Laws and Regulations Related to Environmental Protection.” In addition, our production lines can only be put into operation after the relevant administrative authorities in charge of applicable environmental protection, fire control and health and safety have examined and approved the relevant facilities in China or other jurisdictions. We cannot guarantee that we will be able to comply with all regulations and obtain all the regulatory approvals required for our production in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals of such facilities may affect our ability to develop, manufacture and commercialize our products and solutions in line with our plans. Failure to design safety facilities in accordance with regulatory standards or to complete the required acceptance procedures may result in administrative penalties, including fines, suspension of operations, or rectification orders. Any failure to comply with these requirements may subject us to regulatory scrutiny and enforcement actions, which could adversely affect our business operations, financial condition and reputation. During the Track Record Period, there were not any material accidents or injuries occurred within our Group. We had been in compliance with applicable health and work safety related laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

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As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with relevant laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations.

In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of testing, developing and manufacturing our products. In the event of an accident involving a breach of any of these laws and regulations, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business, financial condition and results of operations. Other adverse effects could result from such liability, including reputational damage.

Changes in Environmental, Social and Governance (ESG) compliance requirements could have an adverse impact on our business, operating results and financial condition.

With the rising awareness of ESG issues, including with respect to waste disposal, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Increased compliance costs, environmental remediation expenses and fines or penalties may result in an increase in our capital investment and operating expenses. Furthermore, with the growing environmental and energy-saving awareness by customers, regulators and other stakeholders, many jurisdictions are imposing increasingly strict energy efficiency and exhaust emissions regulations. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. See “Business—Environmental, Social and Governance.” There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have an adverse impact on our business, financial condition and results of operations.

Changes in emission standards and environmental regulations may adversely affect our business, operating results and financial condition.

Changes in environmental protection policies and emission standards applicable to construction machinery in the PRC, such as the implementation of more stringent standards further to the National IV Emission Standard, may have a material impact on our business operations and financial performance. These regulatory changes may require us to upgrade or redesign certain products, adjust production processes, or invest in new technologies to ensure compliance. Such adjustments could result in increased research and development costs, higher manufacturing expenses, and potential delays in product delivery. In addition, stricter emission requirements may affect customer purchasing decisions, particularly if older models are phased out or restricted from use. If we are unable to respond to these regulatory changes in a timely and cost-effective manner, our competitiveness, sales volume, and profitability may be adversely affected. Furthermore, any failure to comply could result in administrative penalties or reputational harm.

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

Our business operations may be subject to negligence, fraudulent, embezzlement, corruption, bribery or other illegal activities and misconduct by our employees, customers, suppliers or other third parties. These activities can lead to significant financial losses, legal liabilities, fines and other penalties imposed by competent government authorities, as well as resulting in reputational damage. Additionally, misconduct by third parties can disrupt our supply chain, compromise the quality of our products and solutions and negatively impact customer trust and satisfaction. Despite our efforts to implement robust internal controls and compliance measures to detect and prevent such activities, there is no guarantee that the measures will effectively prevent any occurrence of illegal activities by our employees, customers, suppliers or other third parties. Failure to detect and prevent violations of laws and regulations by our employees or collaborators in terms of the abovementioned illegal activities may damage our brand and reputation, expose us to administrative

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or legal proceedings and penalties, and potentially disrupt our supply chain. Consequently, fraudulent or illegal activities or other misconduct could materially and adversely affect our business, financial condition and results of operations.

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

Our revenue was RMB11,364.4 million, RMB14,218.6 million and RMB14,620.2 million in 2023, 2024 and 2025, respectively. Our gross profit increased by 29.2% from RMB2,129.7 million in 2023 to RMB2,751.9 million in 2024, and then increased by 10.0% to RMB3,027.4 million in 2025. While we experienced continuous profit growth during the Track Record Period, there can be no assurance that we will be able to maintain our product sales and our historical growth rate, or achieve a higher growth rate in the future. Our ability to maintain and improve our business operations depends on successfully executing certain strategies in order to achieve our future plans, including: (i) achieving technological breakthroughs and effectively commercializing such innovations to market-ready products and solutions; (ii) expanding and optimizing our sales network through broader sales channel integration; (iii) scaling our manufacturing and/or service facilities to meet growing demand; (iv) managing costs and operating expenses in anticipation of business expansion; (v) attracting and retaining qualified professionals and employees; and (vi) addressing and responding to new market opportunities and challenges.

The success of carrying out the aforementioned strategies may significantly influence our future performance. Any failure to address them could hinder our future success and adversely impact our revenue and profitability. Furthermore, while our historical operation results provide valuable insights into our past performance, they may not necessarily be indicative of our future performance. Various factors, including changes in market conditions, shifts in customer preferences, technological advancements and competitive dynamics, can significantly impact our business outcomes. Additionally, unforeseen events such as economic downturns, regulatory changes and disruptions in supply chains may alter our operational landscape. As a result, relying solely on historical data may not provide a comprehensive understanding of our future prospects.

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

The fair value of our financial assets at FVTPL and at FVOCI are estimated using valuation techniques on the basis of market observable and unobservable inputs. As of December 31, 2023, 2024 and 2025, we recorded financial assets at FVTPL of RMB151.9 million, nil and nil million, respectively, representing structured deposit wealth management products. Our non-current financial assets at FVOCI comprised our unlisted equity investments at fair value, while current financial assets at FVOCI represented our bills receivables at fair value. As of December 31, 2023, 2024 and 2025, our non-current financial assets at FVOCI were RMB18.0 million, RMB18.0 million and RMB7.7 million as of December 31, 2023, 2024 and 2025, respectively. We recorded current financial assets at FVOCI of RMB306.4 million, RMB284.0 million and RMB587.0 million as of December 31, 2023, 2024 and 2025, respectively. See “Financial Information—Discussion of Selected Items from the Consolidated Statements of Financial Position—Financial Assets at Fair Value through Other Comprehensive Income” and “Financial Information—Discussion of Selected Items from the Consolidated Statements of Financial Position—Financial Assets at Fair Value through Profit or Loss.”

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

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

Our trade and bills receivables represented the outstanding receivables from our customers for sales of our products during our ordinary course of business. We generally grant credit terms to our customers ranging from one to 12 months. In addition, we require certain customers to make prepayment to our construction machinery without credit terms. We have trade and bills receivables (net of impairment), including long-term receivables, of RMB4,001.9 million, RMB5,077.2 million and RMB6,294.3 million as of December 31, 2023, 2024 and 2025, respectively, which represented our exposure to credit risk in relation to trade and bills receivables as of the respective dates. We had impairment on trade and bills receivables of RMB527.8 million, RMB654.0 million and RMB763.1 million as of December 31, 2023, 2024 and 2025, respectively. If we cannot recover our trade and bills receivables in a timely manner, the turnover of our trade and bills receivables may be slow and increase our working capital requirements. Our trade and bills receivables turnover days were approximately 118.7 days, 116.5 days and 141.9 days in 2023, 2024 and 2025, respectively. See “Financial Information—Discussion of Selected Items from the Consolidated Statements of Financial Position—Trade and Bills Receivables.”

We may not be able to collect all such receivables due to a variety of factors outside our control, such as adverse operating conditions or financial situation of customers. Payment defaults may give rise to time-consuming and costly disputes. An increase in trade and bills receivables may lead to liquidity risk, as we may have less cash available to fund our operations, invest in research and development, or pursue strategic opportunities, which could affect our competitive position. An increase in trade and bills receivables turnover days may necessitate higher impairment provisions, which would directly affect our profitability. Furthermore, the market may perceive an increase in our trade and bills receivables and turnover days as liquidity or credit risks, which could adversely affect our business. We cannot guarantee the recoverability of our receivables. If we fail to receive payments from our customers on a timely basis, our business, liquidity and financial condition could be materially and adversely affected.

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

We made prepayments to suppliers of RMB453.9 million, RMB402.9 million and RMB334.6 million as of December 31, 2023, 2024 and 2025, respectively. See “Financial Information—Discussion of Selected Items from the Consolidated Statements of Financial Position—Prepayments, Other Receivables and Other Assets.” An increase in prepayment requirements could strain our liquidity, creating a mismatch between cash outflows and delayed collection of trade and bills receivables. In addition, if we face material customer order cancellations, we may be unable to recover such prepayments in a timely manner, which may materially and adversely affect our business, financial condition and results of operations.

We have investments in associates, and our financial condition and results of operations may be affected by the fluctuation of share of results of such investments.

During the Track Record Period, we invested in certain associates, which were accounted for using the equity method. As of December 31, 2023, 2024 and 2025, the balances of our investments in associates were RMB513.3 million, RMB549.7 million and RMB797.9 million, respectively. See “Financial Information—Discussion of Selected Items from the Consolidated Statements of Financial Position—Investments in Associates.” Our equity investments may be subject to a variety of risks that are beyond our control, including but not limited to the risks that (i) the investee company incurs liabilities and expenses in excess of expectations and relevant negative matters that we fail to identify in our due diligence; (ii) the investee company is making a loss; (iii) the investee company fails to meet the conditions under which it may declare and pay dividends; or (iv) other shareholders of these associates have economic or business objectives that are inconsistent with ours, suffer financial difficulties, or are unable or unwilling to fulfill their obligations under the investment contract. If any of these events occur, our business, financial condition and results of operations may be adversely affected.

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

Our operations depend on the continuous maintenance, upgrades and expansion of production capacity to meet evolving customer demands and market trends. As a construction machinery company, we require significant capital expenditure to ensure the quality, efficiency and competitiveness of our products. During the Track Record Period, we primarily funded our cash requirements principally from cash generated from operations, bank borrowings and equity financing.

During the Track Record Period, our capital expenditures are primarily used for property, plant and equipment. In 2023, 2024 and 2025, our capital expenditures were RMB321.4 million, RMB309.6 million and RMB341.5 million, respectively. See “Financial Information—Capital Expenditures.” There can be no assurance that we will be able to generate sufficient cash from operations, or obtain equity financing in a timely manner, to fund our planned capital expenditures. Any delays or failures in securing necessary funding and any unforeseen increases in costs or delays in the implementation of our capital expenditure plans could adversely affect our operations and financial results. Moreover, the development in industries where we operate may require us to make additional, unforeseen investments to remain competitive. If we fail to allocate sufficient resources toward adapting to these technological changes or if our investments do not yield the expected benefits, our market position and profitability may be adversely impacted.

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

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

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

We may need additional capital, but we may not be able to obtain financing on favorable terms or at all.

We primarily relied on cash flow generated from operating activities and financing activities to fund our business operations during the Track Record Period. Taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including our cash and cash equivalents, our available banking facilities and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document. We may, however, require additional cash resources due to changed business conditions or other future developments,

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including any launch of new products and solutions, exploration of new businesses, expansion into new countries and regions, various R&D activities and marketing initiatives or investments we may decide to pursue. If we fail to obtain sufficient cash flow from operating activities, we may need to obtain additional equity or debt financing. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to operate and expand our business or to respond to competition could be adversely affected. Moreover, if we raise additional capital by issuing shares or securities convertible into equity securities, the ownership of our existing Shareholders may be diluted. In addition, our indebtedness may subject us to relevant covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business and will require interest and principal payments for relevant indebtedness that could create additional cash demands and financial risk for us.

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

We had lease liabilities of RMB1.1 million, RMB8.9 million and RMB9.5 million as of December 31, 2023, 2024 and 2025, respectively, and had interest-bearing bank and other borrowings of RMB1,112.7 million, RMB2,307.8 million and RMB2,273.3 million as of the same dates, respectively. See “Financial Information—Indebtedness.” We may incur additional indebtedness in the future and may not be able to generate sufficient cash to satisfy our existing and future debt obligations. Our indebtedness could materially and adversely affect our business, for example, by (i) increasing our vulnerability to downturns of general economic or industry conditions; (ii) limiting our flexibility in planning for, reacting to, changes in our business or the industry in which we operate; (iii) placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness; (iv) limiting our ability to borrow additional funds; and (v) increasing our cost of additional financing.

Specifically, we entered into lease contracts for leasehold land, office equipment and vehicles for our business operations. If we fail to comply with lease covenants or payment obligations, we may be obliged to pay overdue interests, and the landlord may recover, in addition and without prejudice to any other remedy available to the landlord, any sum payable by us. If any of the foregoing events occur, there can be no assurance that our assets and cash flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on commercially reasonable terms or at all. As a result, our cash flow, available funds, financial condition and results of operations may be materially and adversely affected.

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

Our financial performance is subject to the risks associated with fluctuations in foreign exchange rates. As we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. During the Track Record Period, most of our revenue is dominated in Renminbi, but there are also operations overseas that are generally settled in local functional currencies such as US dollars, Euros, United Arab Emirates Dirham, Saudi Riyal and South African Rand, then translated to Renminbi when preparing our consolidated financial statement. In 2023 and 2024, we recorded net foreign exchange gains of RMB1.6 million and RMB39.1 million, respectively. In 2025, we recorded a net foreign exchange loss of RMB18.3 million.

Because (i) we conduct some of our business in currencies other than Renminbi but report our operating results in Renminbi, and (ii) our [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars, we will continuously be exposed to currency exchange rate volatility, which can affect the value of our non-Renminbi denominated assets and liabilities, and could hinder our ability to accurately forecast and manage our financial results. Additionally, unfavorable exchange rate movements can increase the cost of exported goods and services, affecting the competitiveness of our products in international markets. We are not able to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future, nor guarantee that will not incur any net foreign exchange loss. Consequently, any fluctuation in the value of Renminbi relative to other currencies could affect our reported profitability and our financial condition and could obscure the trends of our operating results in a particular year.

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Failure to comply with the PRC regulations regarding labor protection may subject us to fines and other legal or administrative sanctions.

We are subject to a broad range of labor protection laws and regulations in the PRC, including various laws, regulations and administrative measures governing working conditions, social insurance contributions and housing provident funds, occupational safety and employee rights. See “Regulatory Overview—Laws and Regulations related to Labor Protection and Social Insurance.” Any failure to comply with these legal requirements, as failing to provide sufficient mandatory social insurance contributions and housing provident funds, violating working hour limits, not ensuring workplace safety or engaging dispatched workers in positions that are not temporary, ancillary, or substitutive or exceeding the permitted proportion, may result in administrative penalties, fines, labor disputes, or reputational damage.

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

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

On July 31, 2025, the Supreme People’s Court of the PRC has issued the Interpretation (II) by the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (the “**Interpretation**”), which takes effect from September 1, 2025. Pursuant to the Interpretation, participation in social insurance by both employers and employees is mandated, and any waiver or arrangement to avoid participation—whether unilateral or consensual—shall be invalid. The Interpretation further stipulates that, where an employer fails to make social insurance contributions as required by law and the employee terminates the labor contract on that basis and seeks economic compensation, the claim shall be upheld by the People’s Courts of the PRC. Our PRC Legal Advisor is of the view that the Interpretation does not impose additional shortfalls on our Group relating to social insurance and, as such, the foregoing Interpretation will not have any material adverse effect on our business, financial condition or results of operations.

As of the Latest Practicable Date, we had not received any notice from the relevant authority in Chinese Mainland requiring us to pay shortfalls or imposing penalties related to social insurance and housing provident fund contributions. Our PRC Legal Advisor have advised us that the risk of us being fined for failing to make social insurance and the housing provident fund contributions in full amount on time is relatively low. However, we cannot assure you that such relevant authorities in Chinese Mainland would not notify and require us in the future to complete relevant registration and/or settle outstanding contributions within a prescribed timeframe. Should we fail to pay the outstanding contributions, or to complete the housing fund registration in accordance with relevant laws and regulations, we may be subject to a fine and/or an order from the relevant people’s court to enforce such payment.

According to the Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the “**Interim Provisions**”), the number of dispatched contract

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workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers), and the dispatched contract workers may only engage in temporary, auxiliary or substitute work. The employers who fail to comply with the relevant requirements on labor dispatch shall be ordered by the labor administrative authorities to make correction within a stipulated period. Where correction is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold. During the Track Record Period and as of the Latest Practicable Date, one of our subsidiaries engaged some dispatched contract workers in positions that did not comply with the job nature requirements for “temporary” and “auxiliary” roles as stipulated under the Interim Provisions, and as of December 31, 2025, the number of the dispatched contract workers hired by our certain subsidiaries exceeded the limit of 10% of total number of their respective employees stipulated by the Interim Provisions, which may result in us being subject to administrative penalties if we cannot rectify them within the required period of time. As advised by our PRC Legal Advisor, the above-mentioned hiring of dispatched contract workers do not constitute material violations, such circumstances are not expected to impose material adverse impact on our production operation, and the likelihood of us being imposed administrative penalties or fines with respect to the above-mentioned hiring of dispatched contract workers is relatively low, considering (i) the active rectification measures we adopted, including converting dispatched workers to formal employees, (ii) our commitment to promptly rectifying any issues upon receiving a notice from the relevant authorities, and (iii) regulatory confirmations which state that there was no records of administrative penalties for violations of labor and social security laws, regulations, or rules during the Track Record Period and up to the Latest Practicable Date. However, even though we have not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from relevant governmental authorities, we cannot assure you that they will not take actions against us for our past practice, which may adversely affect our reputation and brand image.

We may face regulatory and operational challenges arising from various land- and property-related issues, including defects in building ownership certificates, prolonged land idleness and non-registration of lease contracts in China, which could adversely affect our business operations.

We may face regulatory and operational challenges arising from various land- and property-related issues, including defects in building ownership certificates, prolonged land idleness and non-registration of lease contracts in China. Such uncertainties may delay project timelines, increase compliance costs and adversely affect our ability to expand or operate on affected sites.

In addition, we may encounter difficulties in securing complete and valid land use rights or building ownership certificates due to the temporary nature of certain buildings, legacy issues from past acquisitions, the absence of relevant construction land use permits, planning permits, and/or construction permits for certain buildings used for manufacturing and operational purposes, or difficulties in completing the acceptance procedures for certain buildings. Under PRC laws and regulations, construction projects must undergo safety facility design and completion acceptance before being put into operation or use. However, due to legacy issues, such as frequent company name changes, address relocations and evolving land policies, obtaining property ownership certificates for certain buildings may be challenging and infeasible. If corrective measures cannot be implemented to eliminate the impact, authorities may impose severe penalties, including mandatory demolition, confiscation of physical assets or unlawful gains, and fines of up to 10% of the construction cost. Evolving policies and interpretations may further complicate the process of obtaining necessary certificates. Such defects may result in increased legal and administrative costs, delays in project development, or even the inability to use or develop affected properties, thereby impacting our continued use of the affected sites and our overall financial performance. Furthermore, if any land parcels remain idle or underutilized for extended periods, we may be subject to regulatory scrutiny, idle land fees, or compulsory land recovery measures.

In addition, pursuant to the applicable laws and regulations in China, property lease agreements for leased buildings must be registered with the relevant real estate authorities. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its legality, validity or enforceability. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. During the Track Record Period and up to the Latest Practicable Date, we were not required by the relevant local housing administrative authorities to complete the registrations, nor were we

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penalized or fined by the relevant authorities. As advised by our PRC Legal Advisor, the likelihood of us being fined by the competent authorities due to unregistered lease agreements during the Track Record Period and up to the Latest Practicable Date is relatively low; we are entitled to continue using the relevant properties under the lease agreements, despite the lack of registration; and the absence of lease registration does not affect the validity or enforceability of the lease contracts. However, the registration of such leases will require the cooperation of our lessors. We cannot assure you that our lessor will cooperate with us to register such leases due to factors beyond our control or our use of the relevant properties will not be further challenged in the future.

Our transfer pricing arrangements may be subject to scrutiny by relevant tax authorities in the countries and regions where we operate.

During the Track Record Period, our sales and exporting activities involved the intra-Group transactions (the “**Intra-Group Transactions**”). See “Business—Intra-Group Transactions.” Our transfer pricing advisor conducted independent analysis and confirmed that, during the Track Record Period, the weighted average price and/or profit levels of the Intra-Group Transactions conducted by our Group from 2023 to 2025 is generally within the range of the respective arm’s length price and/or profit margin. Therefore, as advised by the transfer pricing advisor, our Company believes that our pricing arrangements have been in compliance with the transfer pricing guidelines for multinational enterprises and tax administrations promulgated by Organization for Economic Co-operation and Development (the “**OECD**”) (the “**OECD Transfer Pricing Guidelines**”), and there is no material transfer pricing risk identified on the Intra-Group Transactions of our Group during the Track Record Period. However, the tax treatments of these transaction arrangements may be subject to interpretation by the respective tax authorities in the PRC and overseas. There is no assurance that the tax authorities will not subsequently challenge the appropriateness of our transfer pricing arrangements or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If any competent tax authority in the PRC or overseas later considers that our transfer pricing arrangements do not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences including additional taxes, interests or penalties, which may result in a higher overall tax liability for us and may adversely affect our business, financial condition and operating results.

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

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

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

Our business, financial condition and prospects may be influenced by the general political, economic, social and legal conditions in the country where we operate. Given that the majority of our business, assets and operations are located in China, we remain particularly exposed to the evolving macroeconomic conditions and possibly promulgated new regulations within the PRC. The PRC government regulates the economy and industries by imposing industrial policies and regulating the PRC’s macro economy through fiscal and monetary policies. During the past decades, the PRC government has taken various actions to promote the market economy and the establishment of sound corporate governance in business entities. Through strategically allocating

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resources, controlling the payment of foreign currency denominated obligations, setting monetary policy and providing governmental policy support to particular industries or companies, it also exerts significant influence over China’s economic growth.

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

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

We are a company incorporated under the laws of the PRC, with substantially all of our business, assets and operations located in China. Additionally, all of our Directors and senior management reside in China, and most of their assets are also located in China. Consequently, you may face challenges in effecting service of process upon us or our Directors or senior management residing in China, particularly in matters arising under U.S. federal securities laws or applicable state securities laws. According to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**Arrangements**”), effective January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court in civil and commercial cases, excluding certain types, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforceable in the PRC, as such specific judgment will still be subject to a case-by-case examination by the relevant court in accordance with the Arrangements to decide whether it is enforceable.

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

Our payment of dividends is subject to restrictions under applicable laws and regulations.

Under PRC law, dividends can only be paid from distributable profit, which is the lower of our profit as determined under PRC GAAP or IFRS, after accounting for any recovery of accumulated losses and required appropriations to statutory and other reserves. Consequently, we may not have sufficient distributable profit to make dividend distributions to our Shareholders, even in profitable years. Any undistributed profit in a given year is retained and available for distribution in subsequent years.

Additionally, we must adhere to the dividend distribution rules set by PRC regulatory authorities when determining our dividend payout ratios. We cannot guarantee that our dividend distribution amounts and capital available for business development and growth will remain unaffected in the future. Furthermore, since the calculation of distributable profits under PRC GAAP differs from that under IFRS, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or

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vice versa. As a result, we may not receive sufficient distributions from our subsidiaries. Failure of our subsidiaries to pay dividends to us could negatively impact our cash flows and our ability to distribute dividends to our Shareholders in the future, even during periods when our financial statements show profitability.

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

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

We also need to make certain dividend payments to holders of our Shares following the [REDACTED]. Under the Chinese existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from SAFE or its local branches by complying with certain procedural requirements. However, the Chinese government may take measures at its discretion in the future to restrict access to foreign currencies for current account transaction if foreign currencies become scarce in China. We may not be able to pay dividends in foreign currencies to our Shareholders if the Chinese government restricts access to foreign currencies for current account transactions. Foreign exchange transactions under our capital account continue to be subject to significant foreign exchange controls and require the approval of the SAFE or its local branches. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

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

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

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

For non-Chinese resident individuals, according to the PRC Individual Income Tax law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are subject to a PRC withholding tax at a rate of 20%. Additionally, gains from PRC sources realized by such investors on the transfer of shares are typically subject to PRC income tax at a rate of 20% for individuals, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese Mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後

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有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese Mainland resident individual holders of H Shares are generally subject to individual income tax of Chinese Mainland at the withholding tax rate of 10%, in which the non-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese Mainland are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of Chinese Mainland and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) (財稅[2009]167號) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限購所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) (財稅[2010]70號). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese Mainland resident individuals on the sale of shares of Chinese Mainland resident enterprises listed on overseas stock exchanges.

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

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

Foreign investment activities in China are governed by specific regulatory frameworks that impose restrictions on the industry participated and additional verification procedures by certain authorities. The Special Management Measure (Negative List) for Foreign Investment Access (2024 Edition) (the “**Negative List**”), jointly issued by the NDRC and the MOFCOM, outlines prohibited sectors and restrictive conditions for foreign investors, including equity and management participation. The Negative List covers 11 industries, while sectors not included in the Negative List shall be administered under the principle of equal treatment for both domestic and foreign entities. As of the Latest Practicable Date, our operations in China do not fall within the scope of the Negative List. Nevertheless, the prohibition of foreign investment in designated industries under this framework may constrain our ability to enter into these restricted sectors in the future.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

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

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

Our A Shares are listed on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [REDACTED] or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED], liquidity and investor bases, as well as different levels of retail and

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institutional investor participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

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

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

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

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world the valuation of publicly traded companies that are engaged in business activities similar to ours, general market sentiment regarding the industry we operate in, changes in laws and regulations of China and other countries and regions where we operate in, and political, economic, financial and social conditions. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments or expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, changes in securities analysts' estimates, if any, of our financial performance, the history of, and the prospects for, ourselves and the industry in which we operate, an assessment on the prospects for, and timing of, our future revenue and cost structures that independent research analysts may publish, if any, the present state of our development, our actual or perceived failure to compete effectively in the market, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange experienced price volatility in the past, and our H Shares may be subject to changes in [REDACTED] not directly related to our performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders is subject to certain [REDACTED] periods beginning on the date on which [REDACTED] in our H Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the [REDACTED] periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of H Shares by such Shareholders and the availability of these H Shares for future sale may have a negative impact on the market price of our H Shares.

In addition, while [REDACTED] shares in the [REDACTED] are generally not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the

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[REDACTED]. Any sale of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

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

The [REDACTED] of the [REDACTED] may be higher than the net tangible book value per H Share immediately prior to the [REDACTED]. As a result, you and other purchasers of the [REDACTED] in the [REDACTED] may experience an immediate dilution in [REDACTED] net tangible asset value. In order to expand our business, we may consider [REDACTED] and [REDACTED] additional [REDACTED] in the future. Purchasers of the H Shares may experience dilution in the net tangible asset value per share of their [REDACTED] if we [REDACTED] additional [REDACTED] in the future at a price which is lower than the net tangible asset value per [REDACTED] at that time. Furthermore, we may [REDACTED] additional H Shares pursuant to any existing or future share incentive schemes, which would further dilute Shareholders’ interests in our Company.

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

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

Our Controlling Shareholders have significant influence over us, and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will be entitled to control the exercise of [REDACTED]% voting rights of the [REDACTED] share capital of our Company. This concentration of ownership may discourage, delay, or prevent a change in control of our Company, potentially depriving other Shareholders of the opportunity to receive a premium for their Shares in the event of a sale. It could also potentially lower the price of our Shares. These circumstances may occur even if opposed by other shareholders. Additionally, the interests of our Controlling Shareholders may differ from those of our other shareholders. It is possible that our Controlling Shareholders may use their significant influence to engage in transactions or make decisions that conflict with the best interests of other shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on [REDACTED] of our Shares for a return on your [REDACTED].

We have declared dividends in the past. We protect our Shareholders’ interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of China, the payment of dividends may be subject to certain limitations. Moreover, the calculation of our profit under the China Accounting Standards for Business Enterprises (“PRC GAAP”) may differ in certain respects from the calculation under the International Financial Reporting Standards (“IFRS”). As a result, even if we report a profit for the year or period under IFRS, we may not have distributable profits as determined by PRC GAAP. Additionally, the declaration, payment and amount of any future dividends are subject to the discretion of our Directors after taking into

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account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at a Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of China. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

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

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

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

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this Document. As a result, prospective [REDACTED] in our H Shares are reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] our H Shares, they should rely only on the financial, operating and other information included in this Document. By applying to [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 and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent non-governmental third-party sources, including the industry report, contained in this Document may not be fully reliable.

Certain facts, forecasts and statistics in this Document, particularly in the section titled “Industry Overview,” related to the PRC and global economy and the industry in which we operate, are sourced from publicly available sources that we believe to be reliable. However, we cannot guarantee the quality or reliability of these sources. We believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. We do not believe that such information is false or misleading or that any material fact has been omitted

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that would render such information false or misleading. The information from official government sources has been extracted with due care and is believed to be accurate, reliable, and complete by our Directors and the Sole Sponsor to the extent required under applicable regulatory guidance. However, information from non-governmental third-party sources has not been independently verified by our Group, the Sole Sponsor, or any other party involved in the [REDACTED], and no representation is made as to its accuracy or completeness. Due to potentially flawed or ineffective sampling, discrepancies between published information and market practice and other issues, the statistics in this Document related to the PRC and global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risks and uncertainties and are subject to change based on various factors. You should consider the weight and importance of such facts or statistics and should not place undue reliance.

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

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