***An* [REDACTED] *in our H Shares involves risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [REDACTED] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In any such case, the* [REDACTED] *price 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

The industries in which we operate are highly competitive. If we fail to compete effectively and successfully, our business, results of operations and financial condition may be materially and adversely affected.

The precision manufacturing industry is highly competitive. See "Industry Overview." Many of our competitors offer products comparable to ours and may continue to enhance their offerings and improve their services. As a result, competitors may be better positioned to respond more quickly and effectively to evolving market opportunities, technological developments, industry standards or customer demands, as well as to initiate significant industry changes or withstand regulatory changes. In addition, our competitors may possess more advanced facilities or equipment, develop more efficient or sophisticated technologies, attract a larger customer base, employ more experienced personnel or offer more competitive pricing. Furthermore, ongoing changes and developments in the industries in which we operate may require us to reassess our business model and make significant adjustments to our long-term strategies and business plans. Failure to innovate and adapt to such changes could materially and adversely affect our business, financial condition and results of operations. Even if we successfully adapt, there can be no assurance that we will realize the expected benefits of our long-term strategies and plans, and such changes may negatively impact our profitability. If we are unable to maintain our competitive position or compete effectively, we may experience a decline in market share and sales volumes and may be forced to lower prices or offer other concessions, which could materially and adversely affect our business, results of operations and financial condition.

Our business depends on global economic conditions, demand in our customers' sectors and the effective adoption and customization by customers. Any deterioration in macroeconomic conditions, demand fluctuations in these sectors and delays in product iteration of these sectors may materially and adversely affect our financial condition and results of operations.

Our business success is dependent on the growth and expansion of the sectors that adopt our products, as well as the effective integration and adoption of our products by our customers. We primarily provide products to customers operating across smart devices and electronic products, new energy battery and emerging technologies sectors. As such, the demand for our products is closely linked to market developments within these sectors, which are influenced by factors such as global economic conditions, regulatory changes, technological advances and shifts in customer preferences. For instance, the growth of the smart devices and electronic products sector is subject to various uncertainties, including fluctuations in consumer demand, extended product upgrade cycles, adjustments in downstream consumers' product launch plans and heightened competition and pricing pressure. The new energy battery and emerging technologies sector is influenced by industry entry barriers, stringent automotive-grade quality certification requirements and potential delays in customers' vehicle model launch, any of which may adversely affect the growth of the relevant business segments. Any significant downturn in these sectors, or failure to sustain their growth, could materially and adversely affect our customers' demand for our products, which, in turn, could materially and adversely affect our financial condition and results of operations.

Our products are frequently integrated into the machinery and the products of our customers. Accordingly, customer investment cycles and delays in product iteration, equipment renewal or expansion may reduce demand for our products. Our products also require effective adoption, customization and system integration by customers to achieve intended performance. Any failure by customers to adopt or customize our products effectively, or any performance or customer experience that falls below expectations, could materially and adversely affect our financial condition and results of operations.

We rely on a limited number of customers for a substantial portion of our revenue.

Our ability to maintain our current level of revenue depends on our continued success in retaining existing customers and attracting new customers. In addition, we rely on a limited number of customers for a substantial portion of our revenue. In 2023, 2024 and 2025, our revenue from our five largest customers in each year during the Track Record Period was approximately RMB7,989.0 million, RMB10,531.2 million and RMB12,157.0 million, respectively, accounting for 58.2%, 62.2% and 64.6% of our total revenue for the same years. There can be no assurance that our key customers will continue to purchase our products at volumes, prices or on terms comparable to historical levels. Customers may also change vendor qualification requirements. If we fail to meet evolving specifications, qualify new products on time or if we are excluded from a key product development cycle, we could lose programs or experience a significant reduction in orders. Furthermore, there can be no assurance that these customers will not decrease their purchase order from us due to transportation cost or other considerations against the backdrop of geopolitical tension and the uncertainties surrounding the international trade. If one or more of our key customers reduce, delay or cancel orders for any reason, including weaker sales of their end products, select competitors' products, fail to make timely payment as agreed or if we lose such customers and are unable to secure alternative customers to replace lost sales volume and profit, our sales may decline and our business, financial condition and results of operations may be subject to material fluctuations.

Failure to effectively maintain and upgrade our manufacturing equipment, implement capacity expansion plans, efficiently utilize our manufacturing bases or manage unanticipated interruptions to our manufacturing facilities or operational processes could materially and adversely affect our business, financial condition and results of operations.

Our growth prospects and future profitability depend on our ability to appropriately plan and adjust our production capacity and capabilities in response to changes in market demand in a timely and cost-effective manner, particularly during periods of rising demand. This requires, among other things, accurately assessing future demand, formulating appropriate manufacturing and capacity expansion plans and making prudent investment decisions relating to new manufacturing facilities and equipment procurement and personnel recruitment. Our demand for manufacturing personnel may increase as we expand our production capacity and increase our production volume, and there is no assurance that we will be able to retain existing personnel, recruit sufficient labor in a timely manner or control labor costs. Any labor shortages or increases in labor costs, which we may be unable to pass on to customers due to competitive pricing pressures, could increase our manufacturing costs or constrain our capacity. If we misjudge market demand or fail to implement our expansion plans in an efficient or timely manner, we may incur excessive capital expenditures or face capacity constraints, either of which could materially and adversely affect our business, financial condition and results of operations.

In addition, our business operations rely on the continuous, stable and efficient day-to-day operation of our manufacturing bases, including our ability to maintain existing production capacity. This involves the ongoing stable operation, maintenance and timely repair and replacement of manufacturing facilities and equipment, as well as the recruitment and retention of suitably qualified personnel. Our manufacturing bases are exposed to various operational risks, including equipment failures, power supply disruptions, industrial accidents, labor shortages or disputes, fires and natural disasters. Any unexpected or prolonged interruption to our daily manufacturing operations could disrupt manufacturing and delivery schedules, result in underutilization or suspension of production capacity, adversely affect customer relationships and expose us to contractual claims. Moreover, the increasing use of advanced and complex technologies and equipment may further increase the difficulty of maintaining stable operations and timely repairs. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Unexpected shortages, quality deficiencies or price fluctuations in the supply of certain raw materials and key components may delay or prevent order fulfillment and could adversely affect our cost of sales, business operations and profitability.

We procure (i) raw materials, such as copper, aluminum and plastic, (ii) equipment and (iii) auxiliary materials and packaging materials. See "Business – Our Supply Chain – Raw Materials and Procurement." There is typically a gap between the timing of our quotations and the placing of orders for these raw materials and components. Unexpected shortages, delays, quality issues or price fluctuations in the supply of such materials and components could delay or impact order fulfillment. If the supply of certain materials or components is disrupted or becomes unstable, we may be required to identify alternative suppliers or modify product specifications, which could be difficult to implement, result in increased costs, be time consuming and may require investments of additional R&D resources. We cannot assure you that we will be able to source sufficient quantities of high-quality materials and components at reasonable costs, and any disruption in supply may result in delivery delays, customer requests for discounts or damages, reduced profitability, and harm to our reputation. In addition, raw materials constitute the major part of our cost of sales. In 2023, 2024 and 2025, our costs in relation to raw materials consumed amounted to RMB5,103.8 million, RMB7,242.5 million and RMB7,808.3 million, accounting for 45.5%, 52.0% and 50.5% of our total cost of sales. We are exposed to fluctuations in costs of raw material and components and may not be able to pass such increases on to customers in a timely manner, particularly if market prices or demand for raw materials or components rise. Any failure to accurately estimate material costs or hedge against price increases could directly and adversely affect our cost of sales, business operations and profitability.

Any deficiencies in our product delivery and return policies, any quality issues with our products or the occurrence of product liability claims may have an adverse effect on our results of operations.

Our commercial success depends on consistently delivering quality and reliable products. If the quality of any of our products deteriorates or fails to meet customers' expectations, we may face customer complaints, return requests or order cancellations. Our products may have quality issues or potential defects or errors due to product design, raw materials used, manufacturing processes or improper customer installation. If our customers return products to us, we will incur additional labor costs and raw material costs to fix products with quality issues, which may adversely affect our profitability and our brand and reputation. Further, if our products fail to meet the required standards for end users, our customers may need to recall these products. We may also be subject to product liability claims. If any product liability claims are brought against us, regardless of whether they have merit, we would need to spend a significant amount of money defending these claims. As a result, we may need to bear significant legal costs and pay substantial damages. In addition, deficiencies in our delivery and return policies, including weaknesses in their clarity, consistency or implementation, such as delays in delivery, inconsistent fulfillment practices or ineffective handling of returns and refunds, may result in customer dissatisfaction, disputes or reputational harm, and could in turn adversely affect our results of operations.

Our business performance and growth are highly dependent on our R&D capabilities. The outcomes of our technological innovation and R&D initiatives may affect our competitive position and profitability.

Our R&D capabilities are fundamental to our success. The industry in which we operate is characterized by rapid technological advancement and continuous innovation. In 2023, 2024 and 2025, our research and development expenses amounted to RMB1,238.5 million, RMB1,224.3 million and RMB1,393.7 million, respectively, representing 9.0%, 7.2% and 7.4% of our total revenue for the same years. We expect to continue to devote substantial resources to R&D in order to develop products that meet customer needs and maintain our competitiveness in this fast-evolving industry. However, R&D activities involve significant uncertainty, typically require extended development periods and substantial investment, and may not result in expected revenue generation or full cost recovery. We cannot assure you that our R&D initiatives will be successfully completed within expected timelines or budgets, that technological innovations will achieve anticipated results, that our R&D investments will meet expectations or that we will be able to keep pace with rapid industry-wide technological iterations, including advancements in new materials and iterative upgrading of precision manufacturing processes, or successfully apply such R&D achievements in our products. Any of the foregoing failures could materially and adversely affect our competitive position and profitability.

We are exposed to risks associated with our global operations and will continue to be subject to such risks as we continue to expand our business overseas.

We have established a global manufacturing and sales network. During the Track Record Period, we also sold our products to overseas market. In 2023, 2024 and 2025, our revenue from overseas markets amounted to RMB6,451.6 million, RMB8,309,9 million and RMB7,983.4 million, respectively, accounting for 47.0%, 49.1% and 42.4% of our total revenue for the same years. We have sales forces in Hong Kong, Korea and the United States. We have established and are further ramping up as well as expanding our overseas manufacturing primarily in Vietnam, Hungary and Mexico. Demand for and acceptance of our products marketed and sold abroad are uncertain and may be significantly affected by local market conditions, customs tariff policies and regulatory requirements. In addition, our global operations involve substantial risks, including exchange rate fluctuations, foreign exchange controls, compliance with local foreign regulatory approval and filing procedures, higher costs related to market entry, customer support and legal compliance, as well as exposure to adverse economic conditions, political instability, trade barriers, logistical disruptions and rising transportation costs. Furthermore, global or regional economic growth may vary from year to year, and such growth may be uneven. If the business environment in the overseas markets where we operate changes, our business and financial condition may be materially and adversely affected.

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

A large portion of our transactions as well as our assets and liabilities are denominated in foreign currencies. As a result, we face risks resulting from currency exchange rate fluctuations. We recorded net foreign exchange gains of RMB48.6 million and RMB135.5 million in 2023 and 2024, respectively, and a net foreign exchange loss of RMB35.8 million in 2025. Our exchange rate risks mainly arise from financial assets and financial liabilities denominated in the U.S. dollar, Euro, Vietnamese dong and Indian rupee. If the RMB appreciates against the U.S. dollar, Euro, Vietnamese dong and Indian rupee and other factors remain unchanged, our profit before taxation would decrease, and vice versa. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future. Our results of operations and financial condition will also be affected by U.S. monetary policies and other macroeconomic conditions, which are out of our control and unpredictable.

Changes in regulations, international trade policies, tariffs, outbound investment restrictions and rising political tensions may adversely impact our business and results of operations.

Our business operations and supply chain may be affected by changes in international trade policies, export control regulations, economic sanctions, geopolitical tensions and trade protection measures. Due to the interconnectedness of the global economy, policy changes in one area of the world can have an immediate and material adverse impact on markets around the world. For example, the U.S. has imposed a series of tariff measures on goods imported from China, Mexico and Vietnam, including 25% Section 301 tariffs applicable to our China-origin products, Section 232 tariffs on all automobile parts and steel/aluminum derivative articles imported to the U.S. at rates between 25% and 50%, IEEPA trafficking tariffs from our China and Mexico-origin products at rates between 10% and 25% that were in effect from February 2025 until February 2026 and 10% tariffs imposed on nearly all U.S. imports under Section 122 of the Trade Act of 1974 from February 2026. Our Directors are of the view that existing U.S. and non-U.S. tariffs have no direct material adverse impact on the Group, because: (i) we made limited direct exports to the U.S. and U.S. revenue contributions to our Group were immaterial during the Track Record Period; (ii) because our foreign trade contracts are typically governed by "Free on Board" terms, we were not liable to pay any customs duties for our U.S. exports to the relevant U.S. authorities during the Track Record Period; and (iii) across our key non-U.S. export markets, most tariff lines attract low or zero-duty treatment under applicable MFN rates or preferential arrangements under free trade agreements. As for indirect material adverse impacts, tariffs levied on our downstream customers could reduce demand for upstream products, including our products, and ongoing U.S. trade policy uncertainty could lead to further measures affecting our customers or our Group itself. We cannot predict the direction or pace of future changes in trade policy, and any prolonged economic downturn or escalation in trade tensions could materially and adversely affect our business, financial condition, results of operations and prospects.

The U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based companies, notably through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"). These regulations impose extraterritorial restrictions and may affect non-U.S. entities if such activities involve a U.S.-nexus. The U.S. has also, through executive orders, passing of legislation or other governmental means, implemented economic sanctions targeting specific countries, sectors, entities or individuals. Such laws and regulations are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. While our Directors are of the view that our current business activities should not give rise to material risks under applicable international sanctions and export controls, and that our products are not subject to the EAR's jurisdiction, the aforementioned trade restrictions are subject to frequent changes and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. We cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Such trade regulations could impact our ability to supply customers in affected countries, territories and entities, and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products and solutions.

On October 28, 2024, the U.S. government issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern, 31 C.F.R. Part 850 (the "**Outbound Investment Security Program**" or "**OISP**"). Pursuant to the OISP, unless an exception applies, U.S. persons are prohibited from engaging in, or are required to notify the U.S. Department of the Treasury of, certain transactions involving a "covered foreign person." A "covered foreign person" is defined as an entity with connections to China (including the Special Administrative Regions of Hong Kong and Macau), which is engaged in a "covered activity" involving sensitive technologies and products in the (i) semiconductor and microelectronics, (ii) quantum information technology and (iii) artificial intelligence sectors. Our Directors are of the view that we are likely not a "covered foreign person" under the OISP, because although we hold equity interests in one subsidiary that designs integrated circuits, which is a "notifiable" covered activity, we do not derive or incur more than 50 percent of its revenue, net income, capital expenditure or operating expenses from the subsidiary on an annual basis, and none of our other Group entities are engaged in any covered activities under the OISP. U.S. persons who acquire our H Shares on the Stock Exchange following the **[REDACTED]** are also expected to benefit from the OISP's "publicly traded securities" exception, provided that the acquisition is completed after our H Shares become publicly traded (expected to be at or after 9:00 a.m. on the **[REDACTED]**) and does not afford rights to the U.S. person beyond standard minority shareholder protections. The OISP may be subject to future changes due to recent regulatory developments such as the enactment of the Comprehensive Outbound Investment National Security Act of 2025, and we cannot predict how the OISP will be enforced, nor can we guarantee that there will not be a change in interpretation to broaden its application or an enactment of similar laws or regulations that impinge upon our business activities in the future. In addition, changes in our business operations or corporate structure, including any expansion of the business activities of our subsidiaries, acquisitions, disposals, restructurings, joint ventures or other strategic transactions, may cause certain activities of our Group to constitute or be deemed to constitute covered activities under the OISP or similar laws or regulations. In such a case, the **[REDACTED]**, the future prevailing market price and the liquidity of our H Shares may be adversely affected. It could also be detrimental to our business and results of operations.

Failure to effectively manage growth and strategic changes could adversely affect our business.

Our ability to sustain growth and achieve our strategic objectives depends on our effectiveness in managing the expansion of our business. In recent years, both our operations and business network have continued to grow. As we further broaden our product offerings, customer base and geographic reach, we will need to efficiently coordinate with an increasing number of suppliers and customers while maintaining and developing mutually beneficial relationships with both existing and new partners. At the same time, we continuously upgrade our infrastructure and technology, strengthen our operational, financial and management controls, enhance supplier and sales network management, improve our reporting systems and procedures, and recruit, train and manage an expanding workforce. These initiatives require substantial management attention, financial investment and human resources, and there is no assurance that they will achieve the intended results. We cannot assure you that we will be able to effectively manage our growth, that our existing or enhanced infrastructure, systems, procedures and controls will be sufficient to support our expanding operations, or that our strategies and new business initiatives will be successfully implemented.

Modifications to our product portfolio and diversification into new products and solutions may divert resources and cause volatility in our profitability, impacting our financial condition and results of operations.

Our results of operations are affected by changes in our product mix and our ability to achieve diversified product specifications. During the Track Record Period, we offered products for a variety of end applications, including smart devices and electronic products, new energy batteries and emerging technologies such as humanoid robots, AI data center infrastructure and commercial satellite communication to capture broader market opportunities, diversify our revenue base and enhance profitability. In 2023, 2024 and 2025, revenue from sales of consumer electronics products and solutions accounted for a significant portion of our total revenue. As we continue to expand our product mix, we expect revenue contributions from other business lines to increase. Different products and solutions have varying pricing mechanisms and margin profiles. As a result, changes in our product mix may lead to fluctuations in our overall gross profit margin and profitability. We cannot assure you that adjustments to our product mix, business focus or resource allocation will be successful or that we will be able to sustain our historical profit margins.

In addition, our growth strategy involves both horizontal business expansion into new end applications, such as humanoid robots, AI data center infrastructure and commercial satellite communication, and vertical integration along the value chain from parts to full assembly. If we fail to effectively manage such expansion or integration, we may experience resource dispersion, increased operational complexity or lower-than-expected synergies, which could adversely affect our operational efficiency and financial performance. Our industry is characterized by rapid changes in customer demand and market trends, and our success depends on our ability to timely develop and commercialize new products and solutions at acceptable margins. The commercial success of new offerings is subject to many factors, including technology development and manufacturing capabilities, demand forecasting, execution of delivery and after-sales support. If new products, solutions or newly entered markets fail to achieve commercial success, we may be unable to generate expected returns or recover our initial investments. Certain markets may also have high entry barriers, and there can be no assurance that our expansion efforts will result in sustainable or profitable growth.

Our historical financial performance and results of operations during the Track Record Period are not indicative of future performance, and we may not be able to achieve and sustain our historical level of revenue and profitability.

In 2023, 2024 and 2025, our revenue amounted to RMB13,722.5 million, RMB16,934.2 million and RMB18,818.7 million, respectively. In 2023, 2024 and 2025, our net profit amounted to RMB151.2 million, RMB840.2 million and RMB669.5 million, respectively. However, our historical revenue and net profit may not be indicative of our future growth, and you should not rely on our historical results to predict our future financial performance. There are inherent risks in using such historical financial information of ours to project or estimate our financial performance in the future, as it only reflects our past performance. There is no assurance that we will be able to maintain our historical growth in the future. Our operating expenses may increase at a rate faster than our revenue growth, which would adversely affect our profitability. Accordingly, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in emerging markets and dynamic industries, including, among other factors, our ability to successfully navigate macroeconomic and other factors that affect the markets in the countries and regions where we operate, expand our customer base and retain and expand business with our existing customers, maintain and expand our production capabilities, manage and further improve operational efficiency and execute acquisitions and investments, as well as successfully integrate any such acquisitions. We may not be able to successfully address these or other challenges, which could adversely impact our financial condition.

If we are unable to manage our inventory risks efficiently or the proportions and amount of the write-down of our inventories further increase, our financial condition and results of operations may be adversely affected.

Effective inventory management is critical to supporting our business expansion and ensuring timely deliveries. Our inventory primarily consists of raw materials, work in progress, finished goods, goods in transit, packaging materials and materials for consigned processing. We had inventories of RMB3,511.8 million, RMB3,698.7 million and RMB4,682.7 million as of December 31, 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, our inventory turnover days were 121.0 days, 99.1 days and 104.8 days, respectively. In the same years, we had provision for impairment of inventories of RMB154.9 million, RMB202.3 million and RMB301.0 million, respectively. Our ability to accurately forecast customer demand and manage inventory levels effectively could be impacted by a variety of factors, including the rapidly evolving nature of the markets in which we operate, shifts in customer demand for our products, unanticipated changes in general market conditions and disruptions caused by unforeseen events. If we maintain inventory levels in excess of actual demand, we may face risks of material inventory write-downs or write-offs, as well as the possibility of selling excess inventory at discounted prices, which could negatively affect our profitability and financial condition. Conversely, if we fail to maintain adequate inventory levels to meet customer demand, we may be unable to deliver products in a timely manner, leading to strained customer relationships, reputational harm and missed business opportunities. Accordingly, failure to accurately forecast market demand and maintain an optimal inventory level may materially and adversely affect our financial condition and results of operations.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our financial performance and results of operations.

We received government grants and preferential tax treatment under relevant preferential tax policies during the Track Record Period. In 2023, 2024 and 2025, our Company and several of our subsidiaries were entitled to preferential corporate income tax rates. Certain of these accreditations will expire in the fourth quarter of 2026, upon which we may be required to renew these accreditations in order to continue to enjoy the preferential tax treatments. In 2023, 2024 and 2025, we recorded government grants as other income of RMB118.1 million, RMB97.0 million and RMB62.6 million, respectively. We may not be able to continue to enjoy similar government grants and preferential tax treatments in the future as they are non-recurring in nature. The discontinuation of any of our government grants or current tax treatments could adversely affect our tax obligations and net income. Government grants and preferential tax treatments are subject to review by authorities, and may be adjusted or revoked at any time in the future. We cannot guarantee that government grants and preferential tax treatments to which we and certain of our subsidiaries are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments, potentially with retrospective effect.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade and notes receivables in a timely manner may adversely affect our liquidity.

We may not be able to collect our trade and notes receivables in a timely manner, and we may face difficulty in collecting receivables for reasons beyond our control, such as customers' operational issues resulting in delayed payment beyond the relevant credit periods granted or customers being unable to pay us when payments are due. We had total trade and notes receivables of RMB2,928.4 million, RMB3,143.4 million and RMB4,549.9 million as of December 31, 2023, 2024 and 2025, respectively. Our trade and notes receivables turnover days were 85.0 days, 68.8 days and 77.1 days in 2023, 2024 and 2025, respectively. Any significant delay or default in our collection of trade and notes receivables may impose pressure on our cash flow and working capital, and reduce the pool of available financial resources relative to our expectations and expenditure plans, which in turn may adversely affect our liquidity.

We are exposed to fair value changes for financial assets at fair value through profit or loss.

As part of our investment strategies, we invested in various financial assets to enhance our income without interfering with our normal business operations and capital expenditures. As of December 31, 2025, our financial assets at fair value through profit or loss amounted to RMB281.7 million. See Note 15 of the Accountants' Report in Appendix I to this document. During the Track Record Period, we held wealth management products, equity investments and derivative financial assets, which are classified as financial assets at fair value through profit or loss. Factors beyond our control can significantly influence and cause adverse changes to estimates and thereby affect fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates, credit risks and stability of the capital markets. Valuations may involve a significant degree of judgment and assumptions which are inherently uncertain, and may result in material adjustments, which in turn may adversely affect our financial condition.

Our deferred tax assets may not be recoverable, which may affect our financial performance in the future.

As of December 31, 2023, 2024 and 2025, our deferred tax assets amounted to RMB312.1 million, RMB247.7 million and RMB270.7 million, respectively. Deferred tax assets arise from the deductible temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base, as well as unused tax losses and unused tax credits. Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilized. This requires significant judgment on the tax treatment of certain transactions and also assessment of the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee the recoverability of our deferred tax assets and to what extent they may affect our financial condition in the future.

Our net current liabilities may expose us to certain liquidity risks and could restrain our operational flexibility as well as affect our ability to expand our business.

We recorded net current liabilities of RMB881.1 million as of December 31, 2025. As of March 31, 2026, we had net current liabilities of RMB1,457.5 million. Net current liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. Our future liquidity and the payment of trade and notes payables when they become due will primarily depend on our ability to generate adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future operating and financial performance, the performance of the industry in which we operate and prevailing economic and capital market conditions, among other factors, many of which are beyond our control.

We recorded a significant amount of goodwill, which may not be fully realizable and may be reduced by future impairment charges.

Our goodwill amounted to RMB147.2 million, RMB147.2 million and RMB224.3 million as of December 31, 2023, 2024 and 2025, respectively, primarily as a result of our acquisitions. See Note 39 of the Accountants' Report in Appendix I to this document. The value of any goodwill recorded on our financial statements may not be fully realizable upon a sale of all or part of the business or any other liquidity event. We test the goodwill for impairment on an annual basis or more frequently if events occur or circumstances change that indicate the carrying amount of assets of the cash generating unit may exceed its recoverable amount. Recoverable amounts are determined as value-in-use, which requires considerable judgment and are sensitive to inherent uncertainties and changes in estimates and assumptions regarding revenue growth rates, operating profit margin, pre-tax discount rates, capital expenditures, working capital requirements, tax rates, benefits associated with a taxable transaction and synergies available to market participants. Declines in market conditions, a trend of weaker than anticipated financial performance of our cash generating units, a decline in our share price for a sustained period of time or an increase in the market-based weighted average cost of capital, among other factors, are indicators that the carrying value of our goodwill may be impaired. We can give no assurance that we will not record any goodwill impairments in the future. Any future impairment of goodwill may result in material reductions of our income and equity under IFRS Accounting Standards.

We require a significant amount of capital to fund our operations and growth. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition and prospects may be materially and adversely affected.

We operate under a capital-intensive business model. Our future capital requirements may exceed our available cash and operating cash flows. Our ability to obtain additional financing will depend on a number of factors, including market conditions, investor sentiment, our financial performance, regulatory developments and general economic conditions. There can be no assurance that additional financing will be available to us on acceptable terms, or at all, when required. If we are unable to obtain sufficient financing when needed, we may be required to delay or reduce investments in R&D, production capacity, sales and marketing or other strategic initiatives. In addition, any future equity or equity-linked financing may dilute the shareholding of existing shareholders, while debt financing may impose restrictive covenants or increase our interest burden. Any of the foregoing could materially and adversely affect our business, financial condition and prospects.

We are exposed to the risk of production safety accidents, environmental matters and occupational health hazards.

Our operations are subject to risks related to workplace safety, environmental protection and occupational health. Our manufacturing activities involve the use of equipment and facilities that may be damaged or disrupted by operational accidents, potentially resulting in personal injury or loss of life, production delays, business interruptions, financial losses and legal liabilities. We are required to comply with applicable laws and regulations relating to production safety, environmental protection and occupational health in the jurisdictions where we operate, and there can be no assurance that serious accidents, worker injuries or fatalities will not occur or that our risk management measures will be sufficient to mitigate such risks. If an accident occurs, we may be subject to compensation claims, fines, penalties or other liabilities, and our operations may be suspended or restricted due to regulatory investigations or the implementation of additional safety measures. In addition, our manufacturing processes generate hazardous waste, waste gas and wastewater pollutants, the disposal or discharge of which may give rise to environmental liabilities and remediation costs. We cannot assure you that all potential environmental liabilities will be identified or that changes in future environmental regulations will not materially increase our operating costs. If more stringent environmental standards are imposed, we may be unable to comply at reasonable cost, which could materially and adversely affect our business, financial condition and results of operations.

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

During the Track Record Period, we relied on third party service providers for services in connection with our business, such as warehousing, logistics and outsourced manufacturing services. Disruptions to their operations, failure to perform satisfactorily, changes in pricing or service scope or termination of their services may require us to replace such third party service providers or take other remedial actions, which could increase our cost of operations.

Furthermore, as we do not have direct control over the third party service providers, if they become involved in the unauthorized provision of services not complying with our requirements or those of our customers, including providing services beyond their approved scope, failing to adhere to agreed service standards, quality control procedures or compliance requirements, or engaging subcontractors without our consent, our reputation in the industry will be affected. We cannot assure you that we will be able to identify breaches of law, fraud, breaches of confidentiality obligations towards our customers or other misconduct by third party service providers or other suspicious transactions promptly or at all. Any of the above circumstances may subject us to liabilities, financial loss and government investigations, which may not only harm our reputation and corporate image, but also have a material and adverse impact on our business and results of operations.

Adverse publicity or allegations involving us, our shareholders, directors, officers, employees, business partners or peers in our industry could harm our reputation and negatively affect our business, financial condition and results of operations.

Negative publicity and allegations involving us, our shareholders, directors, officers, employees, business partners and our products and solutions may arise from time to time. Negative comments on the products and solutions offered by us, our business operations and management may appear in internet postings and other media sources, and may lead to legal proceedings from time to time. Historically, we and our management have been the subject of negative publicity and allegations, and we cannot assure you that other types of negative publicity will not arise in the future. Moreover, negative publicity about other companies providing products and solutions similar to ours may arise from time to time and cause customers to lose confidence in the products and solutions offered by us. Any such negative publicity, regardless of veracity, may harm our reputation and therefore have a material adverse effect on our business, financial condition and results of operations.

We may be unable to successfully complete or integrate acquisitions, which could disrupt our existing business operations.

From time to time, we may pursue acquisitions or strategic partnerships to support our growth and strengthen our product development, technological capabilities or sales network. We may be unable to identify suitable acquisition targets or to successfully complete acquisitions despite significant investments of time and resources. In addition, such transactions, whether completed, ongoing or contemplated, involve significant risks. These risks include (i) substantial time and costs incurred during negotiations, (ii) demanding cash requirements, (iii) potential assumption of additional debt, contingent obligations or unforeseen liabilities, (iv) possible issuance of dilutive equity securities, (v) challenges associated with integrating the operations, intellectual property, technologies and products of an acquired business, (vi) diversion of management attention from existing programs, (vii) difficulties in retaining key customers and personnel, (viii) uncertainties related to the counterparty and (ix) the risk that acquired technologies or products may fail to generate sufficient revenue to meet our objectives. These challenges may be further exacerbated by geographic separation, technological and operational complexity, differing corporate cultures, potential deficiencies in product quality, regulatory compliance or product liability, any of which could adversely affect our business operations.

Any misuse of or flaws in robotic and AI technologies, whether actual or perceived, intended or inadvertent, committed by end users of our customers or by other third parties, as well as any failure of such technologies to be effectively implemented as expected, could adversely affect our reputation, business, financial condition, results of operations and prospects.

Robotic and AI technologies are still developing and continue to evolve. Similar to many innovations, robotic and AI technologies present risks and challenges, such as potential misuse by third parties for inappropriate purposes or biased applications which compromise public confidence or violate applicable laws and regulations in relevant jurisdictions, or litigation or other proceedings initiated by certain individuals claiming for infringement of legitimate rights, including privacy or personality rights. Such misuse could affect customer perception, public opinion, views of policymakers and regulators and result in decreased adoption of robotic and AI technologies.

In addition, flaws or deficiencies in robotic and AI technologies, or any failure of such technologies to be effectively implemented as expected, could undermine the effectiveness of our products and services. There can be no assurance that we or our customers adopting our components for humanoid robots will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. Any flaws or deficiencies in robotic and AI technologies and the related products and services, whether actual or perceived, could adversely affect our reputation, business, financial condition, results of operations and prospects.

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

Under the applicable laws and regulations in the jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. See "Business – Transfer Pricing." We could face material and adverse tax consequences if the relevant tax authorities determine that certain of our intra-group transactions do not represent arm's-length negotiations and consequently adjust any of our entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharges and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our financial condition may therefore be materially and adversely affected.

We may be involved in intellectual property disputes and claims, may not be able to protect our trademarks and other intellectual property rights, which our business depends on, and our ability to compete effectively may be harmed if our trademarks and other intellectual property rights are infringed by third parties.

We regard our intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete agreements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological changes in our industry, we may not be able to obtain or continue to obtain technologies from these third parties on reasonable terms, or at all. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and, even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may not have sufficient intellectual property rights in all countries and regions where unauthorized third party copying or use of our proprietary technology may occur, and the scope of our intellectual property might be more limited in certain countries and regions. Our existing and future patents may not be sufficient to protect our products, solutions or technologies and/or may not prevent others from developing competing products, solutions or technologies. In addition, we may encounter claims by third parties that our technologies, processes or products infringe the intellectual property rights of others or that we have misappropriated the trade secrets of others, which may subject us to future litigation. We may also initiate lawsuits to defend the ownership of our intellectual property rights. It is difficult to predict how such disputes would be resolved. Litigation relating to intellectual property rights is costly and diverts technical and management personnel from their normal responsibilities. Furthermore, we may not be able to prevail in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of non-infringement by others of our intellectual property or an invalidation of our patents may result in the use by competitors of our technologies or processes and sale by competitors of products that resemble our products.

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

We may be involved in legal proceedings and commercial or contractual disputes from time to time in the ordinary course of our business. We cannot assure you that we will not be involved in legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgments, arbitration and legal proceedings against us or adverse adjudications in proceedings against us may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

We may be required to make additional social insurance fund and/or housing provident fund contributions and late payments and fines under PRC laws and regulations.

We are required by PRC laws and regulations to make contributions for mandatory social insurance and/or housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and/or housing provident funds for some of our employees. In the event of such non-compliance, we may be required to pay any shortfall in the contribution of social insurance and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. See "Regulatory Overview – Laws and Regulations on Social Insurance and Housing Provident Fund."

According to our PRC Legal Advisor, the likelihood that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote, provided that there are no significant changes in current policies, regulations, local government supervision and law enforcement requirements related to social insurance and housing provident fund and based on the following reasons: (i) we had not been subject to any administrative penalties with respect to social insurance or housing provident funds; (ii) we and our PRC subsidiaries have obtained confirmations through interviews from competent local government authorities which confirmed that no administrative penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; and (iii) we will make full contributions or pay any shortfall within a prescribed period if demanded by the relevant government authorities. We cannot assure you that we will not be subject to any order to rectify such noncompliance in the future. Any such order may adversely affect our business, financial condition and results of operations.

We engage outsourcing firms to provide outsourced personnel for a portion of our operations. We have limited control over these personnel.

We engage outsourcing firms who send their employees to work at our manufacturing bases. We enter into agreements with the outsourcing firms and do not have any direct contractual relationship with these outsourced personnel. Since these outsourced personnel are not directly employed by us, our control over them is more limited as compared to our own employees. If any outsourced personnel fail to operate or perform their duties in accordance with our protocols, policies and business guidelines, our market reputation, brand image and results of operations could be adversely affected. Our agreements with the outsourcing firms provide that we are not liable to the outsourced personnel if the outsourcing firms fail to fulfill their duties to these personnel. However, if the outsourcing firms violate any relevant requirements under the applicable PRC labor laws, regulations or their employment agreements with the personnel, such personnel may claim compensation from us as they provide their services at our manufacturing bases. As a result, we may incur legal or financial liability, and our market reputation, brand image as well as our business, financial condition and results of operations could be adversely affected.

Any non-renewal of leases, substantial increases in rent or any third party challenges to our leasehold interest may affect our business and financial performance.

As we lease properties in various places primarily for office premises, manufacturing, R&D and employee dormitories, our operations are susceptible to fluctuations in the property rental market. There can be no assurance that our existing leases would be renewed on similar or favorable terms, or at all. Any substantial increase in the rents of our leased properties may increase our property rental and related expenses. There also can be no assurance that our existing leases will not be terminated early by the lessors before the expiry of the relevant term.

Under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. We may be subject to fines if we fail to rectify such non-compliance within the prescribed timeframe after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, we had not registered lease agreements for 90 of our leased properties in the PRC. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. In addition, as of the Latest Practicable Date, we had not received real estate ownership certificates or proof of authorization from lessors of 39 leased premises, hence we cannot ensure that they have the right to lease such premises to us. Therefore, we may need to find alternative locations with similar functionalities to the original locations and at commercially reasonable terms in a timely manner, and failure to do so may incur extra costs for us. See "Business – Properties."

Our business performance relies in part on the retention of our senior management team and our ability to attract and retain qualified and experienced employees, and any failure to do so could adversely affect our results of operations.

Hiring and retaining key individuals, such as key management, technical staff, qualified executives, developers, engineers and sales representatives is critical for our business. Competition for experienced personnel in our industry is intense. Termination of the relationships with any of our key R&D employees or management may compromise our competitive edge, which may in turn materially and adversely affect our results of operations.

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

We face various risks in connection with our business, and maintain insurance policies to safeguard against these risks and unexpected events related to our operations. We maintain property insurance, business interruption insurance and group accident insurance. See "Business – Insurance." However, there can be no assurance that our insurance coverage will be sufficient to cover all our risk exposures and prevent us from incurring losses. In addition, there can be no guarantee that we will be able to successfully claim on our current insurance policies in a timely manner or at all, as the exclusions and limitations on coverage could prevent us from claiming against the insurers. If our insurance coverage is unavailable or insufficient to address any such exposures, we may face substantial costs and diversion of resources, which, in turn, could materially and adversely affect our financial condition.

Data protection and information security regulations continue to evolve, and any changes to such requirements, as well as failures of our IT systems or digital platforms, network disruptions or cybersecurity incidents, could adversely affect our business and results of operations.

In the ordinary course of our business, we collect, process and store various types of business, management and transaction data relating to our operations and our interactions with customers, suppliers and other counterparties. As a result, we are subject to evolving laws and regulations governing data protection and information security, the interpretation and application of which may change over time. Any unanticipated changes to applicable data protection or information security requirements, or any actual or alleged data breaches, improper handling of data or other cybersecurity incidents, such as unauthorized access to our or our third party service providers' systems, could expose us to reputational harm, significant legal, regulatory, financial and operational liabilities and adversely affect our business, results of operations and prospects. In addition, compliance with new or amended regulatory requirements may require us to incur substantial costs or modify our business practices in ways that could materially and adversely affect our business. We also rely heavily on information technology systems and digital platforms to support our operations. Any failure, disruption, security breach or malfunction of these systems, or the inability of such systems to deliver anticipated benefits, including as a result of cyberattacks, computer viruses, phishing attempts or other malicious activities, could impair our ability to effectively manage our operations. We cannot assure you that our security measures or business continuity and disaster recovery plans will be sufficient to prevent or timely address such incidents, any of which could have a material adverse effect on our business and results of operations.

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

Political crises, public health crises and other disruptions, may adversely affect international trade and the global economy, and thus could, directly or indirectly, have a material adverse impact on our business, as well as on our suppliers, logistics providers and customers. Our operations may also be disrupted by events beyond our control, including natural disasters related to climate change or otherwise, fires, power shortages, industrial accidents, terrorist or hostile acts, labor disputes, pandemics, demonstrations, strikes or similar occurrences. Such events could reduce demand for our products, hinder or prevent the manufacturing and delivery of our products to customers, disrupt the receipt of components or products from suppliers and cause delays or inefficiencies in our supply chain. Given the inherently unpredictable nature of these events, their frequency, timing and severity are difficult to anticipate. Any of these factors could negatively affect our operations, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

The legal systems of the jurisdictions in which we operate are evolving and may have uncertainties that could limit the legal protection available to us.

We operate across multiple countries and regions, each with distinct legal systems that vary significantly by jurisdiction. Some of the markets in which we operate follow civil law systems primarily based on written statutes, while others follow common law systems, where judicial precedents carry greater weight. In civil law jurisdictions, prior court decisions generally have limited precedential value, which may contribute to legal uncertainty. In addition, the legal frameworks in certain markets are continually evolving, and newly enacted laws and regulations may not comprehensively address all aspects of economic activity. The interpretation, application and enforcement of such laws and regulations may remain subject to further clarification and future implementation. As local administrative authorities and courts have broad discretion in interpreting statutory provisions and contractual terms, it may be difficult to assess the likely outcomes of administrative or judicial proceedings or the extent of legal protection available to us in certain jurisdictions. Moreover, courts in some markets may decline to recognize or enforce foreign judgments or arbitral awards, which could affect our ability to enforce contractual rights or claims. Many of the legal systems in the markets where we operate are also influenced by government policies and internal interpretations, some of which may be applied retroactively, potentially resulting in violations being identified only after the fact. Furthermore, administrative and judicial proceedings in certain jurisdictions may be lengthy and complex, leading to substantial costs and the diversion of management time and resources, which could adversely affect our business and results of operations.

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

We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of operating costs and expenses and payments of dividends declared in respect of our H Shares, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or otherwise satisfy our foreign currency-denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses, such as the repayment of loans denominated in foreign currencies. According to relevant foreign exchange rules, where any material imbalance in international receipts and payments occurs or may occur, the PRC government may implement necessary safeguards and other measures. We cannot assure you that regulations regarding the remittance of RMB into or out of the PRC will not change in the future.

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

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

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

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

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

We are a Chinese Mainland enterprise, and we are subject to the Chinese mainland tax on our global income. As such, any gains on the sales of H Shares and dividends on the H Shares may be subject to Chinese mainland income taxes.

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares. Non-Chinese resident individuals are required to pay individual income tax at a rate of 20% under the IIT law for the interest, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the SAT (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), domestic non foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable. For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the CIT Law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《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》) issued by the SAT, such tax rate has been reduced to 10%. If there is any development in the applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be materially affected.

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

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For details, see "Financial Information – Description of Major Components of Our Results of Operations – Income Tax Expenses." To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added and other taxes. Non-compliance with the tax laws and regulations in the Chinese mainland may also result in penalties or fines being imposed by the relevant tax authorities. Adjustments or changes to tax laws and regulations in the Chinese mainland and tax penalties or fines could affect our business, financial condition and results of operations. We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including corporate income tax, are complex, our overseas operations may expose us to risks associated with overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to invest more managerial and financial resources, which in turn could affect our results of operations. We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes payable is for an amount in excess of amounts previously accrued, our financial condition, results of operations and cash flows could be adversely affected.

RISKS RELATING TO THE [REDACTED]

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

Our A Shares are listed 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 trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading 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 price 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 your **[REDACTED]** decision regarding our H Shares.

We will be concurrently subject to PRC and Hong Kong listing and regulatory requirements.

As we are listed on the Shenzhen Stock Exchange and will be **[REDACTED]** on the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

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

There has been no prior public market for our H Shares, and an active trading market may not develop or be sustained.

Prior to the **[REDACTED]**, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of the **[REDACTED]**. The initial **[REDACTED]** for our H Shares to the public will be the result of negotiations, and the **[REDACTED]** may differ significantly from the **[REDACTED]** price of the H Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]** in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the **[REDACTED]**). However, the **[REDACTED]** on the Stock Exchange does not guarantee that an active and liquid trading market for the H Shares will develop, or, if it does develop, that it will be sustained following the **[REDACTED]**, or that the **[REDACTED]** price of the H Shares will not decline following the **[REDACTED]**. If an active public market for our H Shares does not develop following the completion of the **[REDACTED]**, the **[REDACTED]** price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses for investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that is 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 price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute dividends in the future.

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

Our Single Largest Group of Shareholders has significant influence over our Company, and their interests may not be aligned with the interests of other Shareholders.

Immediately upon the completion of the **[REDACTED]**, without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**, our Single Largest Group of Shareholders will control approximately **[REDACTED]**% of the voting power at our Shareholders' meetings. Our Single Largest Group of Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, the acquisition or disposition of assets, issuance of additional Shares or other equity securities, the timing and amount of dividend payments and our management. Our Single Largest Group of Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of our Single Largest Group of Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

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

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

Future sales or perceived sales of substantial amounts of our Shares in the public market, particularly sales by our directors, senior management and substantial shareholders, could negatively affect the price of our Shares and our ability to raise additional capital in the future.

The **[REDACTED]** price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]** market, particularly sales by our directors, senior management and substantial shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future **[REDACTED]**, could materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the **[REDACTED]**, any assets would be distributed to our Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt and making capital expenditures, limitations on our ability to acquire or license intellectual property rights or declare dividends, or other operating restrictions.

Certain statistics contained in this document are derived from publicly available official sources and they may not be reliable.

Certain facts, forecasts and other statistics in this document are derived from various government and official resources. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the **[REDACTED]** or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain **[REDACTED]** information and other matters. You can identify some of these forward-looking statements by words or phrases such as "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" or other similar expressions. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management, and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance, and investors should not place undue reliance.