
RISK FACTORS

An [REDACTED] in the H Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an [REDACTED] decision in relation to the H Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. The market price of the H Shares could decline due to any of these events, 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. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRIES

Our business is affected by the conditions and development of the electric drive solution industry. If we are unable to timely adapt to changes, our business, results of operations and financial condition will be materially and adversely affected.

We primarily focus on the R&D, manufacturing and sales of electric drive systems and solutions which serve as an essential element of energy conversion and motion control in machines. Our products and solutions are therefore widely applied across various sectors and industries. Changes in general economic conditions, macroeconomic trends and the resulting impact of such changes, as well as end-market preferences can adversely affect the price and market demand of our products and solutions, which will in turn adversely affect our results of operations.

The electric drive solution industry has been developing rapidly. The future market size of the industry and the demands and conditions for electric drive solutions may be difficult to predict as they are affected by various factors, including but not limited to the macroeconomic environment, trends and policies affecting the end-market, end-market preferences, ability to achieve cost efficiencies, most of which are beyond our control. Our future growth depends in part on the continued growth of the electric drive solution industry. If the growth rate of the electric drive solution industry slows down or becomes stagnant, our business may not be able to further penetrate into existing or new markets. Any decline or lower than expected growth in the markets we serve could reduce demand for our products and solutions, which would adversely affect our business, results of operations and financial condition.

In addition, the market acceptance of electric drive products and solutions may vary across different industry sectors. As we reach out to customers across different industry sectors, we may face challenges brought by more diverse and complex needs. We cannot assure you that the trend of adopting and utilizing electric drive products and solutions by potential customers will develop or continue in the future in any given industry sector or that we will be able to accommodate in full the changing needs of existing or potential customers, which in turn would hinder our ability to achieve the desired level of adoption of our products and solutions.

Our products and solutions are used by end customers across various downstream industries and sectors and demand for our products and solutions depends on trends and developments in their corresponding end products and end markets. Factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations.

Our products and solutions are widely used in a range of industries and sectors. Factors that adversely affect these industries and sectors could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others, a decline in industry demand, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting applications of our products and solutions, or a downturn in general economic conditions, all of which are beyond our control.

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Any decrease in the demand for our products and solutions in the downstream industries and sectors would result in a decrease in customer orders for our products and solutions. Even if the downstream demand increases, we may not be able to identify and capitalize on the market opportunities. Additionally, shifts in industry standards or technological advancement in these downstream industries and sectors may also reduce the application of our products and solutions, or even render them obsolete. As a result, if we fail to adjust to changes in the market condition of our downstream industries and sectors, our business, financial condition, results of operations and prospects will be adversely affected.

We face competition in the industry in which we operate, and if we are unable to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.

We face competition in the electric drive solution industry. For example, for our NEV solutions business, we compete with third party electric drive solution providers like us, as well as the NEV OEMs who are capable of developing and producing in-house electric drive solutions. We compete with our competitors in various aspects including market experience, brand recognition, product and solution portfolio, manufacturing scale, cost efficiencies, and financial, sales and marketing, manufacturing, R&D or technological resources. We may not be able to grow or maintain our market share if we are not able to keep pace with our competitors’ development of new products and solutions as well as technologies.

Our existing competitors may seek to increase their market shares through various measures, such as continued R&D efforts, increased manufacturing capacity, optimized manufacturing process, active marketing campaigns and the reduction of price. Some of our competitors may have closer relationships or may enter into exclusive relationships with some of the key players in the market. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements than us and may have the ability to initiate or withstand significant industry evolution or regulatory changes. In addition, we expect to face competition from both existing and new competitors as we expand our business into new geographic regions and new application scenarios. If we are unable to stay competitive, we may experience decreases in market share, sales volume and revenue, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

Our business, financial condition and results of operations may be adversely affected if we fail to timely respond to changes in technology and introduce products and solutions adapting to customers’ needs and advancements in technology, or if our R&D investments do not yield the expected results.

The industry in which we operate is characterized by rapid technological advancement, frequent introductions of new products and solutions, continual improvements in performance characteristics and product features, and expansions into new application scenarios. The success of our business is dependent upon our ability to develop and integrate our core technologies and, on a timely and consistent basis, to design, develop and introduce new and improved products, as well as enhanced solutions offerings that meet evolving customer demands. If we fail to improve existing offerings, launch new products and solutions, or advance manufacturing technologies in a timely and effective manner, we may not be able to retain our existing customers, enhance our competitiveness or maintain our market position. Additionally, developing and commercializing new or upgraded products or solutions require substantial R&D investment. Our total research and development costs amounted to RMB120.2 million, RMB121.2 million and RMB134.9 million in 2023, 2024 and 2025, respectively.

However, as R&D activities are inherently uncertain, we cannot guarantee that all our efforts on R&D can deliver benefits that we anticipate. We may also not be able to obtain and retain sufficient resources, including qualified R&D personnel. Even if we succeed in our research and development efforts and generate the results we expect, such results may not arrive in a timely

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manner as anticipated, and we may still encounter practical difficulties in commercializing our R&D efforts. Despite our R&D expenditures, new technologies in electric drive solutions industry could render the products and solutions that we develop or expect to develop in the future obsolete or commercially nonviable, thereby limiting our ability to recover related R&D costs, which could result in a decline in our revenue, profitability and market share.

If we fail to retain our existing customers or attract new customers, our business, financial condition and results of operations may be materially and adversely affected.

Our success has been depending and will continue to significantly depend on our customers and their loyalty to our products and solutions. This in turn would depend on a number of factors, including our ability to offer products and solutions that address the needs of our customers at competitive prices, roll out new and enhanced features and functionalities of our products and solutions, strengthen our technological capabilities and adapt to the evolving industry trends and competitive landscape.

If customers no longer view our products and solutions as attractive as compared to competing offerings, we may not be able to grow or retain our customer base, which could negatively impact our business and financial situation. In addition, securing the loyalty of our existing customer base is not guaranteed. We cannot assure that any of our existing customers will not cease purchasing products and solutions from us. Should our existing customers significantly reduce orders, or seek price reductions in the future, or we are unable to attract new customers, any such event could have a material adverse effect on our business, financial condition and results of operations.

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

During the Track Record Period, our revenue increased from RMB1,242.8 million in 2023 to RMB1,624.5 million in 2025, with a CAGR of 14.3%. Our gross profit increased at a CAGR of 23.9% from RMB177.2 million in 2023 to RMB272.1 million in 2025. Managing our growth requires significant attention from our management team and allocation of financial, production, sales and other resources as we expand our product and solution portfolio, customer base and geographical markets. To manage growth effectively, we will need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management aspects, strengthen our supplier and sales network management, refine our reporting systems and procedures, as well as expand, train and manage our employee base. We may not be able to achieve enhancements in any one or more of these areas. Moreover, as we enter into new markets, we may face unfamiliar markets and operational risks and challenges which we may fail to successfully address. Therefore, we cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. In addition, changes and developments taking place in the electric drive solution industry that we operate in may also require us to adopt material changes to our long-term strategies and business plans. Failure to innovate and adapt to these changes and developments may have a material adverse effect on our business, financial condition and results of operations. Even if we innovate and adapt to these changes and developments, we may nevertheless fail to realize the anticipated benefits of changes adopted to our long-term strategies and business plans or even harm our profitability as a result.

We are exposed to risks relating to operating our overseas business and subsidiaries and may face challenges and inherent risks in expanding our overseas business and operations.

As part of our growth strategy, we have acquired overseas subsidiaries to expand our business. As of the Latest Practicable Date, we have overseas subsidiaries in Italy, the United States and the United Kingdom. During the Track Record Period, our products and solutions were sold in more than 40 countries and regions. In 2023, 2024 and 2025, we generated RMB308.2 million, RMB282.5 million and RMB283.5 million, respectively, representing 24.8%, 18.8%, and 17.4% of

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our total revenue from sales outside China, respectively. The overseas operating environment differs from that of China in many respects, including legal and regulatory system, political environment, government involvement and tax and accounting policies. We are exposed to various risks and uncertainties associated with operating subsidiaries and conducting business in foreign countries that include, among others, political and economic instabilities, changes in foreign laws and regulations, restrictive local industry standards, tax increases or confiscatory taxation or other adverse tax policies, and government activities affecting required licenses.

Failure to adapt to the operating environment differences in multiple countries and regions or establish an effective management system in a targeted manner may adversely affect our business operations, financial condition and results of operations. Further, we intend to seize emerging business opportunities in the overseas markets outside of China to further expand our global footprints. New markets can present many risks including the actions and decisions of local and national authorities and regulators, the imposition of limits on foreign ownership of local companies, changes in laws and their application or interpretation, as well as other adverse actions by governmental authorities and regulators. As we grow our overseas operations in the future, we need to deal with regulatory regimes, regulatory bodies and government policies which may differ materially from those in China or with which we may be unfamiliar. Our ability to implement our business strategies and expand overseas operations may be compromised if we are unable to manage the foregoing risks and other international risks successfully.

We are exposed to customer concentration risk in respect of our NEV solutions business.

Revenue from our NEV solutions business amounted to RMB374.7 million, RMB731.7 million and RMB823.4 million in 2023, 2024 and 2025, respectively, accounting for 30.1%, 48.8% and 50.7% of our total revenue during the same periods, respectively. A significant portion of such revenue was derived from a small number of customers, being the major players of China’s NEV industry. See “Business — Our Customers.” In 2023, 2024 and 2025, our revenue from the largest NEV customer amounted to RMB293.4 million, RMB325.0 million and RMB385.0 million, respectively, accounting for 23.6%, 21.7% and 23.7% of our total revenue for the same periods, respectively. The stable relationship and consistent demands from major NEV customers are important for our NEV solutions business. In addition, their business conditions, liquidity and solvency may have a significant adverse impact on our business, financial results and management of supply chain. Historically, our results of operations and financial condition during the Track Record Period were negatively affected by the deterioration of financial conditions of a key NEV customer. See “Financial Information — Key Factors Affecting Our Results of Operations — Our Ability to Grow Customer Base” for further details. Any disruption in our business relationship with major customers could have a material adverse effect on our business, financial condition and results of operations. In the event that the existing major customers reduce or cease to purchase our products and solutions and we are unable to find new customers with similar level of demands at comparable terms within a reasonable period of time or at all, our business and profitability may be adversely affected.

Price fluctuation and inadequate supply of raw materials for our production could adversely affect our business, financial condition and results of operations. Our profits may decline if the price of raw materials increase.

We use various raw materials for the production of electric drive products and are susceptible to their price fluctuations. The prices of these raw materials have been and may continue to be subject to volatility caused by external conditions, such as market supply and demand, commodity price fluctuations, government control, business performance and operational needs (such as scheduled maintenance shutdowns) of the suppliers, which are beyond our control. Further, increases in raw materials prices or production costs may also be shifted to us by our suppliers and result in our pressure to increase prices. There can be no assurance that we can fully pass on price increases to customers without suffering reductions in product volume, revenue and profits.

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Therefore, any significant fluctuation in raw materials prices may affect our revenue, profitability and cashflow, and significant price increase may have an adverse impact on customers’ demand and lead to a decline in our profits, potentially adversely affecting our financial condition and operational results.

The timely and stable supply of the raw materials is critical to our production. In 2023, 2024 and 2025, the purchases from our five largest suppliers accounted for 20.3%, 21.8% and 22.4% of our total purchases for the same periods, respectively. We cannot assure you that our current suppliers will continue to supply products to us on terms acceptable to us, or that we will be able to establish new or extend current supplier relationships to ensure a steady supply in a timely and cost-efficient manner. Although we have stable relationships with most of our suppliers and believe that we are able to purchase the required raw materials on reasonable commercial terms from other qualified suppliers if necessary, we cannot assure you that the suppliers can meet all of our required product standards and technical specifications for increasing quantities in a timely manner and at acceptable prices. In case of special circumstances such as a reduction in raw material production caused by uncontrollable factors such as natural disasters, resulting in large fluctuations in the market supply, it may directly affect us. If our existing suppliers materially reduce or cease their supply of raw materials to us as a result of any disruption, delay, or inability of these suppliers to deliver our supplies timely, we might not be able to source the raw materials that satisfy our quality standards and requirements from other suppliers, if at all. This could lead to delays in product deliveries, increased costs, and difficulties in fulfilling customer orders promptly. Consequently, our business operation, financial condition and results of operation may be materially and adversely affected.

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

Our business is subjects to various applicable economic sanctions and import and export controls laws and regulations in China and strategic markets. We have exported our products, and derived sales from exporting, to a large number of countries and regions. During the Track Record Period, our products and solutions were sold in more than 40 countries and regions, primarily in the Europe, North America and Southeast Asia.

Exports of our products must be made in compliance with various economic sanctions and import and export controls laws in different jurisdictions. Certain countries or organizations, including the U.S., the EU, the UK, the UN, and Australia, have implemented measures that impose economic sanctions and export controls targeting certain countries, territories, and industry sectors, companies, entities, organization and/or individuals within or with such countries or territories. During the Track Record Period, we had transactions with (i) certain countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place, including the Balkans (including Albania, Bosnia and Herzegovina, Northern Macedonia, and Serbia), Egypt, Hong Kong SAR, Turkey, Tunisia, and Ukraine (excluding the Crimea, LPR, DPR, Zaporizhzhia and Kherson regions) (the “**Relevant Regions**”); and (ii) 11 PRC entities on the SDN List, the BIS List and/or the NS-CMIC List (the “**Relevant Entities**”).

As advised by our International Sanction Legal Advisor, during the Track Record Period, (i) we did not engage in Primary Sanctioned Activity; (ii) we will not be viewed as having engaged in Secondary Sanctioned Activity and the risk is fairly low that our activities would result in the imposition of sanctions on the Relevant Persons; (iii) none of the Group members has been designated as a Sanctioned Target, nor is it located, incorporated, organized or resident in a Comprehensively Sanctioned Country; and (iv) our Company is not a Sanctioned Trader. See “Business — International Trades, Tariffs, Sanctions, Export Control and Outbound Investment Rules” for more details.

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International sanctions are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Targets. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to be sanctionable. We cannot provide any assurance that our past or future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of the U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the UN, the UK, Australia or any other jurisdictions were to determine that any of our past or future activities constitutes a violation of the relevant sanctions or provide a basis for a sanctions designation of our Group.

We may, as necessary, import a limited amount of raw materials and equipment for our production facilities. There have been significant changes and proposed changes in recent years to international trade policies, tariffs and treaties that resulted in uncertainties to global trade. Furthermore, rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between economies. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the equipment supplied to us, or if any of our suppliers fail to comply with export control regulations or similar laws, we may not be able to obtain the desirable equipment at competitive prices or in a timely manner, and our business and operations may be adversely affected. We primarily conduct export sales from China and Italy. Changes in trade policies, including export controls, rules of origin, or tariff rates in China, Italy or the EU could adversely affect our optimal shipping routes, cost structure, and delivery schedules. Furthermore, the imposition of additional tariffs or trade barriers on goods of Chinese or Italian origin in markets like the U.S. could materially diminish the price competitiveness of our products.

We have incurred net losses, net operating cash outflow and net current liabilities in the past and may not be able to achieve or maintain profitability, net operating cash inflow or net current assets in the foreseeable future.

We incurred net losses during the Track Record Period, being RMB112.2 million, RMB177.0 million and RMB61.9 million in 2023, 2024 and 2025, respectively. See “Financial Information — Path to Net Profitability — Reasons for Historical Loss” for detailed analysis. The financial performance of our NEV solutions business had and will continue to affect our overall profitability. Despite the gross profit turnaround achieved in 2025, the continued growth in revenue and improvement in margins and profitability of our NEV solutions business, will depend upon, among other factors, the development of NEV industry. China’s NEV industry is large yet competitive, and such competition is expected to persist according to CIC. In the event of unfavorable changes in the market environment in the future, a decrease in the selling price of our NEV electric drive products and solutions or an increase in the cost of our NEV electric drive products and solutions, gross profit margin of our NEV electric drive products and solutions may remain to be thin or negative, and our performance in the NEV business may not improve as expected, which in turn will have an adverse impact on our operating results.

We expect to continue to make significant future expenditures related to the continuous development and expansion of our business, including continual R&D investment to further improve our R&D capability and technological advancement, as well as incurring costs associated with sales and marketing activities as well as general administration, including legal, accounting and other expenses related to being a public company. As a result of these significant expenses, we will have to generate sufficient revenue to be profitable in the future. Even if we achieve profitability in the future, we may not be able to sustain or increase profitability in subsequent periods. If we fail to achieve, sustain or increase profitability, our business and results of operations could be adversely affected.

We had net cash outflow from operating activities of RMB130.1 million in 2024. Furthermore, we had net current liabilities of RMB441.4 million, RMB367.1 million and RMB459.0 million as of December 31, 2023, 2024 and 2025, respectively. We also recorded net current liabilities of RMB479.7 million as of March 31, 2026. See “Financial Information — Liquidity and Capital Resources” for a detailed discussion. There can be no assurance that we will not experience net cash

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outflow from operating activities or liquidity problems in the future. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

We face the challenge of accurately aligning our capacity with our demand.

We are exposed to dynamic market conditions and fluctuating customer demand, which make accurate forecasting and capacity management critical to our results of operations. We manage our capacity by adjusting our production workforce, capital expenditures and purchases from suppliers in response to the challenging end-markets, with the intention of improving utilization and realizing cost savings. Such measures might not be effective or achieve intended effect. We can experience idle capacity as economies slow or demand for certain products decline. However, if we overestimate our demand and overbuild our capacity, we may have significantly underutilized assets and we may experience reduced margins. Further, we cannot guarantee that we will be able to increase manufacturing capacity, and with the support of sufficiently skilled and cost-effective labor, to a level that meets demand for our products, which could prevent us from meeting increased customer demand and could harm our business. Failure to accurately align our production capabilities with demand could have a material adverse effect on our results of operations.

We cannot assure you that we can implement our pricing strategies successfully.

In determining our product and solution pricing, we consider a comprehensive range of factors. See “Business — Sales and Marketing” for details. However, our pricing strategies may not always be effective and competitive, which may impact our ability to capture market demand and generate revenue. The effectiveness of these pricing strategies may be influenced by various factors, including market conditions, competitive dynamics and customer needs. Any failure or disruption in the execution of the above-mentioned pricing strategies could have a material adverse effect on our prospects, financial condition, and results of operations. Furthermore, as customer bargaining power increases and market competition intensifies driven by frequent new product launches and price reduction strategies, we may be forced to lower the prices for our products and solutions, which would reduce our profitability. If our products and solutions experience downward pricing pressures, we cannot guarantee that we can sustain our gross profit margin levels. Any decrease in our product and solution prices or decline in our gross profit margins in the future could materially and adversely affect our business, profitability, financial condition, and results of operations.

Failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales. We may need to provide impairment losses for inventories, which could negatively affect our results of operations and financial condition.

Our business and financial conditions depend on our ability to manage and maintain a reasonable level of inventories. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB274.5 million, RMB329.4 million and RMB265.6 million, respectively. We may not be able to accurately track our inventory level or to identify any excessive build-up or insufficient stock of inventory. We may misjudge market demand. Failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, which could adversely impact our business, financial condition and results of operations.

Further, the turnover rate of our inventories is susceptible to overall demand of customers that is beyond our control, which exposes us to the risk of slow-moving inventories. If we are not able to manage our inventory efficiently, we could be subject to the risk of inventory obsolescence, decline in the realizable value, and significant write-down of the value of our inventory of finished products. Any of these events could adversely affect our business and financial condition and operating results. During the Track Record Period, our inventory turnover days were 100.7 days, 87.6 days and 80.3 days in 2023, 2024 and 2025, respectively. During the same periods, we recorded inventory write-downs of RMB17.2 million, RMB23.6 million and a reversal of inventory write-downs of RMB0.5 million. We cannot assure you that our average turnover days of inventories will not increase in the future, and we may need to write off or sell our slow-moving inventories at lower prices, any of which could adversely affect our results of operations and financial condition.

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We are subject to credit risk due to delay in payment and defaults of customers and may recognize impairment loss.

We are exposed to credit risks related to delays and defaults of our trade and notes receivables due from our customers in the ordinary course of our business. We generally grant credit terms of 30 to 180 days to our major customers. There can be no assurance that the collection of amounts due from our customers will be timely or at all. As of December 31, 2023, 2024 and 2025, we had trade and notes receivables of RMB492.0 million, RMB636.5 million and RMB621.6 million, respectively. In 2023, 2024 and 2025, our average trade receivables turnover days were 157.1 days, 137.3 days and 141.3 days, respectively. We make periodic collective and individual assessment on the recoverability of trade and notes receivables based on historical settlement records and past experience as well as current external information, and may provide for impairment when there is no reasonable expectation of recovery. In 2024, we recorded full impairment losses of RMB104.1 million on trade receivables due from a distressed customer. See “Financial Information — Key Factors Affecting Our Results of Operations — Our Ability to Grow Customer Base.” As of December 31, 2023, 2024 and 2025, our impairment on trade and notes receivables amounted to RMB6.2 million, RMB107.6 million and RMB108.9 million, respectively.

There can be no assurance that our credit control policies and measures implemented will be adequate to protect us against material credit risks and enable us to avoid losses. If any of our customers refuses to settle the payment or delays its payment to us, our cash flow, as well as our business, results of operations, and financial position could be adversely affected. In addition, we are exposed to the credit risk of customers to which we have made credit sales in the event that any of such customers becomes insolvent or bankrupt or otherwise does not make timely payments. Any financial difficulties experienced by our customers may result in a reduction in their purchases of our products and solutions and expose us to higher credit risks, which could in turn materially and adversely affect our financial condition and results of operations.

The manufacture of many of our products is a highly exacting and complex process, and any direct or indirect problems in production or unexpected disruptions to our production facilities could harm our reputation, business and financial results.

The manufacture of many of our products is an exacting and complex process. Problems may arise during manufacturing process for a variety of reasons, including, but not limited to, equipment malfunction, failure to follow protocols and procedures, shortage of or defects in raw materials, human error, natural disasters and environmental factors, and if not discovered before the product is released to market could result in product liability exposure. Because of the time required to develop and maintain production facilities, we may not be able to replace such problematic products on a timely basis. Any of these problems that may arise during the manufacturing process, could, among other things, lead to significant additional costs and/or delays, lost revenue, damage to customer relationships, time and expense spent investigating the cause. As a result, our reputation, business and financial results could suffer.

As of the Latest Practicable Date, we operated three production facilities and had three additional production facilities under construction in China. Stable and efficient operations at our production facilities is key to our business, yet they are subject to operating risks resulting from various factors, such as utility supply disruptions, force majeure events, adverse weather conditions and accidents. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruptions to our production facilities. However, we cannot assure you that the events and factors aforementioned or any other events will not occur and result in a material disruption to the operations at our production facilities in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of such events or factors, or to effectively respond to such events or factors if they occur or materialize, our business, results of operations and financial condition may be materially and adversely affected. Additionally, planned shutdowns for routine maintenance, statutory inspections and testing, capacity expansions and equipment upgrades may temporarily suspend our production operations. Any such interruption could delay product deliveries to customers and have an adverse impact on our business, financial condition and results of operations.

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We may face risks associated with defective products and the unsatisfactory performance of our products.

Our products may expose us to potential quality claims if they fail to perform as expected, are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in project delays or damages or other adverse effects. If our products do not meet the specifications and requirements enforced by domestic or overseas regulators, or agreed with or requested by our customers, as the case may be, we may be subject to product quality claims or litigations. Any product quality claim, regardless of whether relating to project delays or damages, or related regulatory actions could prove costly and time-consuming to defend and could potentially prejudice our brand reputation and our relationship with our customers. If successful, product quality claims may require us to pay substantial damages. Furthermore, certain product quality claims may be the result of defects from parts and components purchased from third-party suppliers. Such third-party suppliers may not indemnify us for defects as to such parts and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product quality claim. Any product quality claim, either with or without merit, may also result in significant negative publicity and thus materially and adversely affect the marketability of our products and our reputation, our relationship with customers, as well as our business, results of operations and financial condition.

We are subject to various regulatory and customer requirements and may not be successful in maintaining an effective quality control system.

The quality, performance and safety of our products are critical to our customers and our success. Our quality control system has been certified to meet various quality standards in China and overseas. See “Our Business — Quality Control.”

However, the effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs and our employees’ adherence to our quality control policies and guidelines. If we fail to maintain an effective or adequate quality control system, we may manufacture defective products that would expose us to warranty claims which may include return, replacement or recall of our products and other compensation and product liability. During the Track Record Period, we recorded warranty claim expenses of RMB20.0 million, RMB18.0 million and RMB7.8 million in 2023, 2024 and 2025, respectively. The relatively high warranty claims in 2023 and 2024 were primarily attributable to our NEV products, resulting from the combined effect of (i) sales growth of our NEV products and expansion of their installed base, which naturally increased the number of products subject to warranty coverage; and (ii) high per-claim costs for certain core components during the same period, which further increased the overall amount of warranty claims. This situation has subsequently improved with (i) the gradual expiration of warranty periods for early-stage product sales, (ii) the optimization of our after-sales service processes, including the use of component-level replacement, and (iii) ongoing product iterations and technological advancements. However, we cannot assure that our warranty claims will not increase in the future. Any such claim, regardless of whether it is ultimately successful, could cause us to incur significant costs, prejudice our business reputation and result in significant disruption to our operations. Furthermore, if any such claim is ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our results of operations and financial condition.

We may incur significant costs because of the warranties we provide with our products, and our provisions to cover future potential claims under our product warranties may be insufficient.

We usually set out warranty periods calculated based on years and/or miles of use depending on the products and the sales agreement. During the warranty period, our customers may request that we replace or repair defective parts and components free of charge. See “Business — Our Customers — Material Terms of the Sales Agreements” for details. Accordingly, we may be subject,

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in the ordinary course of business, to product warranty claims. We provide provisions for these potential warranty expenses, which is based on a certain percentage of product sales revenue during the period, and adjusted with reference to the actual warranty costs incurred in previous years. As of December 31, 2023, 2024 and 2025, our provisions for warranties amounted to RMB12.7 million, RMB8.9 million and RMB13.6 million, respectively. As we continue to upgrade our products design and introduce new products, there is no assurance that future warranty claims will be consistent with history, and in the event that we experience a significant increase in warranty claims, there is no assurance that our provision will be sufficient. This could have a material adverse effect on our business, financial condition and results of operations. Further, claims of defects could result in negative publicity against us, which could adversely affect our business and reputation.

Our business depends substantially on the continuing efforts of our management, key R&D and technical personnel. Our business may be materially adversely affected if we fail to retain them and lose their services.

Our success depends on the continued services of our senior management, other executive officers and key personnel. In particular, our senior management team, are critical to our ability to execute our overall business strategy. For details of the background of our senior management, see “Directors and Senior Management — Senior Management.” In addition, other executive officers and key personnel with extensive experiences and expertise in the electric drive solution industry are important to the successful development of our business. Given the technology-driven nature of our business, recruiting and retaining capable personnel, particularly experienced R&D staff, engineers and technicians familiar with our products and manufacturing processes, is vital to maintain the quality of our products and improve our production processes. Notwithstanding our efforts to reward them for their services and contributions, there is no assurance that our compensation packages will attract and retain them, and failure to do so could materially and adversely affect our business.

If one or more of our executive officers and key personnel are unable or unwilling to continue in their present positions, we may not be able to readily replace them, if at all. As a result, our business may be disrupted, and we may have to incur additional expenses in order to recruit and retain new personnel. We may also need to recruit additional personnel with necessary industry expertise to keep pace with our anticipated growth, and such candidates may not be readily available. In addition, if any of our executives joins a competitor or forms a competing company, we may lose some of our customers. There can be no assurance that our confidentiality and non-competition related arrangements will fully cover our potential losses and claims if any dispute arises between our key management and employees and us. As a result, our business may be materially adversely affected.

Overall tightening of the labor market and increases in labor cost may materially and adversely affect us.

Our business requires a substantial number of personnel and we rely on recruiting and retaining qualified skilled labor force to manufacture our products. Any failure to retain stable and dedicated labor by us may lead to disruption to our business operations. The labor market has become increasingly competitive and tight, and an aging population has led to the insufficient supply of labor in some industries, which has in turn led to an increase in labor costs. In 2023, 2024 and 2025, our employee benefit expenses (excluding directors’ remunerations) were RMB228.7 million, RMB245.1 million and RMB275.8 million, respectively, which constituted a significant portion of our cost of sales and operating expenses. Competition for labor may limit our ability to offer competitive compensation, and potential new labor protection laws could place a heavier burden on us as an employer. During the Track Record Period, we did not experience any labor shortage or significant increase in labor cost which had a material impact on our daily operation or profitability. We cannot guarantee that we will not experience shortage of skilled labor, or the labor cost will not increase in the future. If we are unable to manage and control our labor costs or effectively realize the economic benefits conversion from new personnel cost, our business, financial condition and results of operations may be materially and adversely affected.

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We may not be able to adequately protect our intellectual property rights, which could harm our business and competitive position. Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

Our intellectual property rights are key to our success. As of December 31, 2025, we have been granted 422 patents (including 109 invention patents). We also own trademarks and other registered intellectual properties, including copyrights and domain names which our Directors believe are material to our business operations. In addition to our in-house research and development capabilities, we also engage in R&D collaboration with third parties for certain new technologies and products and submit joint applications. See “Business — Research and Development.” Provisions in relation to intellectual property rights, such as the usage, profit sharing on the R&D results and licensing arrangements, may not be specific or comprehensive in the collaboration agreements we entered into. There is no assurance that our relevant counterparties would not advertently or inadvertently misuse the R&D results that we collaboratively form, or claim future economic interest related to the R&D results jointly owned by us and them. Our business, financial condition and results of operations may be adversely impacted if any of the aforementioned incidents happen.

We mainly rely on a combination of patent, copyright and trademarks laws, trade secrets protection, confidentiality policies, nondisclosure and other contractual arrangements for the protection of the intellectual property used in our business. There is no assurance that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorization. The measures we have taken in this regard may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property. Monitoring unauthorized use of our intellectual property is difficult and costly. Unauthorized use of our intellectual property may already have occurred or may occur in the future without our knowledge. Any failure by us to effectively protect our intellectual property could reduce the value of our technologies and impair our ability to compete, which result in adverse impact on our business, financial condition, results of operations and prospects. In addition, intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. Any inability of us to protect our competitive advantage may impair our ability to meet the demands of our customers and this could materially adversely affect our business, prospects, financial condition and results of operations.

We may be subject to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur legal expenses and, if determined adversely against us, may materially and adversely affect our business.

We may be exposed to intellectual property rights infringement or misappropriation claims by third parties during the course of our operations. Defense against any of these claims would be both costly and time-consuming, and could divert the efforts and resources of our management and other personnel. There can be no assurance that favorable final outcomes will be obtained in all cases. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to liabilities to third parties, require us to seek consents or licenses from third parties, pay ongoing fees or royalties, or subject us to injunctions prohibiting the provision and marketing of the relevant products. To the extent that such consents or licenses are not available to us on commercially reasonable terms or at all, we may be required to expend considerable time and resources sourcing alternative technologies, if any, or we may be forced to delay or suspend the relevant products. We may incur expenses and require attention of management in defending against these third-party infringement claims, regardless of their merit. Protracted litigation could also result in reduced customer demand. In addition, we could face disruptions to our business operations as well as damage to our reputation as a result of such claims, and our business, financial condition and results of operations could be materially and adversely affected.

Our plants and fixed assets may require substantial investment and upgrading due to depreciation or business growth.

Our plants and operations may require substantial investment and upgrading from time to time due to depreciation or business growth, which may increase our cost. If we cannot successfully recover such cost, our profitability may be decreased. During the Track Record Period, depreciation

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expenses for our property, plant and equipment amounted to RMB62.9 million, RMB70.4 million and RMB84.5 million in 2023, 2024 and 2025, respectively. As part of our business strategies to expand production capacity, we plan to purchase certain new machinery. For further details, see “Future Plans and Use of [REDACTED].” As soon as the machinery is put into operation, they will result in additional annual depreciation charges. The increase in depreciation will adversely affect our financial performance and operating results. Additionally, the timely completion of planned upgrading is subject to a number of factors, including our ability to raise and maintain sufficient funds for such upgrading, our ability to obtain the required licenses and permits from government authorities, and adequate supply and timely delivery of products. If upgrading is not completed in a timely manner, our operations may be temporarily restrained, which may further materially and adversely affect our business, financial condition, results of operations and prospects.

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

Our other intangible assets primarily consist of our proprietary technologies, patents and office software purchased by us in connection with our business operations. As of December 31, 2023, 2024 and 2025, our other intangible assets amounted to RMB46.2 million, RMB43.5 million and RMB38.5 million, respectively. The useful lives of intangible assets (other than goodwill) are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. For details, see Notes 2.3 to the Accountants’ Report set forth in Appendix I to this document. As of December 31, 2023, 2024 and 2025, our goodwill amounted to RMB24.1 million, RMB26.2 million and RMB26.2 million, respectively, arising from our acquisition of equity interests in OSAI ITA in 2019 and NGTEC in 2024. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. For details, see Notes 2.3 and 18 to the Accountants’ Report of the Group in Appendix I to this document. If we determine our other intangible assets or goodwill to be impaired, our results of operations and financial condition may be adversely affected.

We are exposed to changes in the fair value of our financial assets measured at fair value. Fluctuations in their values would affect our results of operations and financial condition.

As of December 31, 2023, 2024 and 2025, we recorded (i) financial assets at fair value through profit or loss of RMB54.6 million, RMB34.4 million and RMB33.0 million, respectively; (ii) debt investments at fair value through other comprehensive income of RMB34.0 million, RMB3.9 million and RMB30.2 million, respectively; and (iii) equity investments designated at fair value through other comprehensive income of RMB30.5 million, RMB33.8 million and nil, respectively. During the Track Record Period, the fair value of our financial assets measured at fair value was determined by reference to observable inputs to the price of the underlying investments using a valuation pricing model. Changes in these inputs may affect the estimated fair value of our financial assets at the end of each financial reporting period. We recorded fair value gains on our financial assets at fair value through profit or loss of RMB7.7 million, RMB4.7 million and RMB4.8 million in 2023, 2024 and 2025, respectively. The fair value of our debt investments and equity investments at fair value through other comprehensive income, net of tax, increased by RMB3.6 million and RMB2.6 million in 2023 and 2024, respectively, and decreased by RMB13.4 million in 2025. The decrease in 2025 was primarily attributable to a decline in our equity investments designated at fair value through other comprehensive income in the same period, following the disposal of our equity investment in CS Capital. See “Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position — Equity Investments Designated at FVOCI” for details. Considering the inherent uncertainty in the fair value of financial assets measured at fair value, any significant and adverse changes in fair value could have an adverse effect on our financial position and results of operations. These financial assets measured at fair value may include upstream and downstream companies in the industry value chain and therefore, may be affected by factors affecting the relevant industries and performance of these companies. We cannot assure you that we will continue to generate such fair value gain in the future. If our investments incur a fair value loss, our results of operations and financial condition may be adversely affected.

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To the extent that we seek to expand through acquisitions, investment in joint ventures and associates, and strategic collaborations, we may face execution, management and integration challenges.

Our business has expanded, in part, as a result of acquisitions. Historically, we acquired OSAI ITA and NGTEC in Italy. See Note 18 to the Accountants’ Report included in Appendix I to this document. We may consider additional acquisitions of companies, products and technologies, as well as investments in other businesses and strategic collaborations. Such acquisitions, investments or collaborations are subject to risks that could affect our business and we may not be able to identify opportunities, complete transactions on commercially reasonable terms or at all, actually realize any anticipated benefits from such acquisitions, investments or alliances, or even suffer losses from such acquisition or investment. Similarly, we may not be able to obtain financing for acquisitions or investments on attractive terms and the ability to obtain financing may be restricted by the terms of our indebtedness. In addition, the success of any acquisitions, investments or collaborations also will depend, in part, on our ability to integrate the acquisition, investment or collaborations with our existing operations.

We depend on information technology and other infrastructure that are exposed to certain risks, including cyber security risks or other privacy or data security incidents.

Our daily operations depends significantly on the reliability of our information technology infrastructure, which involves, among others, the use of computer systems and network infrastructure to conduct and monitor the daily operations of our production facilities, and to collect process and store financial and operating data. See “Business — Information Technology” for details on the various types of information systems and technologies we adopt in our business operations. Therefore, our business is dependent upon the continued maintenance and enhancement of our computer systems and network infrastructure.

Such systems and infrastructure are subject to certain risks, such as malfunction, nature disasters, and also the cyber security risks. We may be susceptible to hacks into our systems or other security breaches by unauthorized third parties, errors in connection with any systems upgrade or migration to a different hardware or software system, errors or bugs or other problems for any of the software we use. Our security measures against cyber security issues might not be sufficient to detect or prevent all attempts to compromise our systems. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. Our back-up systems and deployed various technology measures to safeguard our data security may not function as we expect or could be breached. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations. Furthermore, we may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of the above may have an adverse impact on our business, financial condition and results of operations.

Our operations and production depend on a stable, timely and adequate supply of utilities and various services from third-party providers at commercially reasonable prices.

In addition to main raw materials, we depend on the supply of utilities, such as power, water and Internet connection to maintain our production processes and our operations. Our production volume and production costs are dependent on our ability to source such utilities at acceptable prices and maintain a stable supply. The prices for utilities are subject to price volatility attributable to a number of factors which may be beyond our control, such as inflation, disruption in the global supply chain, general economic conditions, demand from other industries for the same materials, and local and national regulatory requirements. There can be no assurance that shortages of utilities will not occur in the future or that we will be able to pass on related cost increases to our customers. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the prices of our products accordingly, and may also harm our competitive advantages with respect to the affected products.

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We work with a broad range of third-party service providers to support our business operations, including logistic service providers and subcontractors. Our ability to deliver our products to customers depends on the reliable services provided by such third-party providers, which may be subject to business interruptions, errors, or delays with respect to their service facilities caused by human errors, natural factors and other events. If the third-party services providers experience any of these incidents and will not be able to deliver services in a timely manner or at all, there is no assurance that we could timely identify substitute service providers who are capable of same services on terms that are commercially acceptable to us, which may cause disruptions in the supply of our products to customers and have a material negative impact on our business operation.

We require a significant amount of cash for operations, capital expenditures, acquisitions and investments and other funding requirements. We may not be able to obtain adequate and timely financing on commercially reasonable terms, or at all, and any debt financing may impose restrictive covenants.

We require a significant amount of cash to fund our operations, including payments to suppliers for procuring raw materials. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue, as well as our R&D activities in order to remain competitive. Our ability to obtain external financing is subject to a number of uncertainties, including, among others, our future financial condition, results of operations and cash flow, the general condition of global equity and debt capital markets, regulatory and government support and our ability to comply with any financial covenants under the debt financing.

Additional funds may not be available on terms commercially beneficial to us. Any additional equity financing may be dilutive to our existing shareholders, and any additional debt financing may subject us to certain restrictive covenants which may restrict or otherwise adversely affect our operations. These covenants may restrict our ability to, among others, incur additional debt, provide loans or guarantees, incur liens, make investments and acquisitions and other change-of-control transactions. In addition, some of the loans may have restrictive covenants linked to our financial performance. Failure to raise additional capital or debt financing as required may adversely impact our ability to achieve our intended business objectives.

The change or discontinuation of any preferential tax treatments, export tax rebates or government subsidies could adversely affect our cash flows, financial position and results of operations.

During the Track Record Period, our Company and certain of our PRC subsidiaries were entitled to preferential income tax rates. See Note 10 to the Accountants’ Report set forth in Appendix I to this document for details. Preferential tax treatments granted to us by local government authorities are subject to review and we cannot assure you that we will be able to successfully renew them in the future. The discontinuation of any preferential tax treatments currently available to us will cause our effective tax rate to increase, which will increase our income tax expenses and in turn decrease our net profit. Additionally, certain of our PRC subsidiaries enjoy local government subsidies. In 2023, 2024 and 2025, we recorded other income from government grants of RMB20.5 million, RMB28.1 million and RMB31.6 million, respectively. These financial subsidies have been granted at the discretion of the local government authorities subject to relevant local policies and may be adjusted or revoked at any time in the future. There is no assurance that we would continue to enjoy these preferential tax treatment, export tax rebates or financial subsidies, or at all. Any change, suspension or discontinuation of these preferential tax treatment, export tax rebates and financial subsidies to us could adversely affect our financial condition, results of operations and cash flows.

We are exposed to risks related to our financial arrangement with respect to reverse factoring.

We procure a wide range of raw materials from a number of upstream suppliers. To optimize our working capital and to support the procurement needs of our electric drive system production, we entered into reverse factoring arrangement to facilitate payments to certain of our suppliers

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during the Track Record Period. This arrangement allows our suppliers to obtain early settlement of our trade and notes payables through participating commercial banks from which we incur factoring borrowings, while we typically settle the relevant factoring borrowings with the commercial banks at a later date. As of December 31, 2025, we had factoring borrowings of RMB65.2 million.

The availability, amount and terms of the reverse factoring programs are subject to the discretion of the relevant commercial banks, and may be affected by their internal credit assessments, general credit market conditions, or changes in our financial performance. If any participating commercial banks reduces, suspends or terminates its facility, does not renew the facility on acceptable terms, or otherwise tightens the relevant payment conditions, we may be required to settle the outstanding balances with our own internal resources or alternative financing, which may adversely affect our liquidity and working capital position. There can be no assurance that such reverse factoring arrangement will continue to be available to us on acceptable terms, or at all. In addition, depending on the specific terms and commercial substance of these arrangements, our outstanding balances under the reverse factoring arrangement may be required to be reclassified from trade and notes payables to interest-bearing bank borrowings under applicable accounting standards. Any such reclassification may increase our total borrowings or finance costs, which in turn could have an adverse impact upon our operating results, financial condition and cash flows.

We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; social, political and labor unrest, environmental or industrial accidents, and natural disasters. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. We and our subsidiaries seek to maintain appropriate policies of insurance consistent with those customarily carried by companies in our industry to safeguard against risks and unexpected events. See “Business — Insurance.” As such, we cannot assure you that our insurance coverage is sufficient to cover all of our potential losses, and we may be exposed to liability in excess of our insurance coverage. Moreover, certain kinds of losses cannot be insured at all or insured at a commercially reasonable cost, and our existing insurance policies are subject to liability limits and exclusions. We also cannot guarantee that we will be able to maintain or renew our existing insurance coverage on commercially reasonable terms. In the event that we are subject to substantial claims, losses, or liabilities that are not covered by our insurance, we may incur expenses that could materially and adversely affect our financial condition and results of operations.

We may be subject to penalties under relevant PRC laws and regulations due to failure to be in full compliance with social security insurance and housing provident fund regulation.

Under the relevant PRC laws and regulations, employers are required to make social security insurance and housing provident fund contributions for their employees. See “Regulations — Laws and Regulations in Relation to Our Business in the PRC — Laws and Regulations relating to Labor and Social Insurance.” During the Track Record Period, we did not make full social security insurances and housing provident fund contributions for certain employees. As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand the employers failing to perform the aforesaid obligations to pay the outstanding social insurance contributions within a stipulated timeframe and such employers may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If employers fail to make such payments, they may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a stipulated timeframe. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

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Furthermore, during the Track Record Period, the Company and some of our PRC subsidiaries engaged third-party human resources agencies to pay social security insurance and housing provident fund for a small number of our employees. Pursuant to the agreements entered into between such third-party human resources agencies and our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social security insurance and housing provident fund for our relevant employees. This arrangement, while not uncommon in China, is not in strict compliance with the relevant PRC laws and regulations. For details, see “Business — Non-Compliance Incidents — Social Insurance and Housing Provident Funds.”

We may be subject to fines or other penalties under the PRC Labor Contract Law, which may adversely affect our business, profitability and reputation.

During the Track Record Period, we engaged third-party employment agencies to hire outsourced employees for certain entry-level non-technical positions. Amendments to the PRC Labor Contract Law (《中華人民共和國勞動合同法》), effective July 1, 2013, impose stricter requirements on labor dispatch arrangements, including limiting the use of dispatched workers to temporary, auxiliary or substitute positions and capping their number at 10% of an employer’s total workforce. We have taken steps to enhance our internal controls over human resources and labor compliance and have rectified prior practices to align with applicable PRC laws and regulations. However, as the interpretation and implementation of labor-related laws and regulations continue to evolve, there can be no assurance that our employment practices will not be challenged by relevant authorities. If we are found to be non-compliant with applicable labor laws and regulations, we may be subject to administrative actions or required to make additional payments to employees, which could adversely affect our business, financial condition and results of operations.

We are subject to risks relating to some of the properties we use.

We lease certain properties mainly for offices, employee dormitories and production facilities. As of the Latest Practicable Date, 26 lease agreements we entered into as the tenant in China were not registered with the competent PRC government authorities, who may order us or the lessors to, within a prescribed time limit, register the lease agreements. Failure to do so may subject us to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease agreement. For details, see “Business — Properties — Leased Properties” and “Business — Non-Compliance Incidents — Lease Agreements Registration.” We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. Further, if our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects.

As of December 31, 2025, we held the land use rights of 13 parcels of land and owned 15 properties in China and one property in Italy which are primarily used for business operations, production and R&D purposes. For details, see “Business — Properties — Owned Properties.” As of the Latest Practicable Date, we created security interest in favor of the financing institutions to secure banking facilities for our capital expenditures and working capital requirements over five parcels of land with an aggregate site of area of approximately 149,777 sq.m. and eight properties with an aggregate gross floor area of approximately 170,094 sq.m. in China. If there are any material defaults under the banking facility agreements, the financial institutions may exercise their rights of foreclosure to obtain ownership and/or effect the sale of the land and buildings. If under extreme circumstances such foreclosure materializes, our ability to use the underlying lands and buildings will be materially adversely affected. As a result, we may be exposed to material adverse effects on our business, financial condition and results of operations.

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We are subject to environmental protection and health and safety laws and regulations and may be exposed to potential costs for compliance and liabilities.

Our business operations are subject to a broad range of increasing strict laws and regulations relating to, among other areas, the environment, occupational health and safety and labor matters. See “Regulations” for details. In particular, in terms of environmental protection, we are required to comply with laws, regulations and various industry standards relating to air emissions, discharges of wastewater, waste gas and solid waste, noise pollution, toxic chemicals, waste treatment, and the energy efficiency of certain products, among other things. In 2023, 2024 and 2025, our cost of compliance with environmental protection rules and regulations was approximately RMB206.7 thousand, RMB308.9 thousand and RMB225.3 thousand, respectively. We have been and continue to rigorously monitor a range of sustainability-related key performance indicators. For details, see “Business — Environmental, Social and Governance.” However, the discharge of wastewater and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require costly remediation or material changes to our manufacturing process, which could have an adverse effect on our business, financial condition and results of operations.

In addition, we are required to maintain safe production conditions and protect the occupational health of our employees under applicable laws and regulations. There is no assurance that our safety measures will be strictly complied with by every employee, or we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

Because the requirements imposed by such laws and regulations may be amended in the future and more stringent laws or regulations may be adopted, we may be unable to comply with, or to accurately predict the potentially substantial cost of complying with, these laws and regulations. Failure to comply with environmental protection and health and safety laws and regulations could subject us to, among other things, legal liability, fines, suspensions of our production, a loss of license to operate certain facilities and other penalties, which could have an adverse effect on our business, financial condition and results of operations.

We have granted, and may continue to grant, share options and other types of awards under our share incentive plan, which may result in increased share-based payment expenses.

We adopted [REDACTED] Equity Incentive Scheme in June 2017 and [REDACTED] Share Option Scheme in August 2025 for the benefit of our employees and directors to incentivize and reward the eligible persons who have contributed to the success of our Group. For details, see Note 38 to the Accountants’ Report included in Appendix I and “Statutory and General Information — [REDACTED] Share Option Scheme” in Appendix VI to this document. In 2023, 2024 and 2025, we incurred share-based payment expenses of RMB0.9 million, RMB1.0 million and RMB3.4 million, respectively.

We believe the granting of share-based compensation is of significant importance to our ability to attract, retain and motivate key personnel and employees, and we will continue to grant share-based compensation in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. In addition, expenses associated with performance-based share awards may fluctuate greater between periods compared to those associated with time-based share awards. If the eligible employees and directors exercise their options, your shareholding in our Company will be subject to dilution.

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Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of policies and procedures that we believe are appropriate for our business, and adopted risk management tools with respect to our business operations. However, there is no assurance that these systems and tools in place are adequate under the continuously changing business environment in which we operate or effective to fully protect us against the potential risks inherent in our business. The implementation of such policies and procedures may also involve human error and mistakes. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations and prospects may be materially and adversely affected. Further, the successful implementation of our risk management and internal control systems depends on our management, employees and business partners. There is no assurance that our management, employees and business partners will strictly observe and adhere to relevant measures and policies. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in material and adverse effect on our business and results of operations.

We may be involved in legal or other proceedings arising in the normal course of our business, which could result in additional costs and materially and adversely affect our reputation, business, financial condition and results of operations.

We may from time to time be involved in litigations, other legal proceedings or disputes arising in the normal course of business, and their number and significance are likely to increase as our business grows. These litigations, other legal proceedings or disputes, including threatened proceedings, may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. In addition, we may from time to time be subject to various government inquiries, investigations, and proceedings, which can be complex, time-consuming, costly to investigate, and require significant company and management attention. Their outcomes and implications on our business are unpredictable and could result in large fines and penalties and require changes to our products and operations, and materially and adversely affect our brand, reputation, business, results of operations and financial condition. In some instances, applicable laws and regulations do not yet exist or are being adapted and implemented to address certain aspects of our business, and such adoption or change in their interpretation could further alter or impact our business and subject us to future government inquiries, investigations, and proceedings.

We may not be able to detect or prevent fraud, bribery, corruption, or other misconduct committed by our employees, customers or other third parties, which may subject us to liability and harm our reputation and business.

We may be exposed to fraud, bribery, corruption, or other misconduct committed by our employees, customers or other third parties, which could subject us to financial losses and penalties from governmental authorities. Our policies and procedures designed to ensure compliance with applicable laws and regulations may not be sufficient and our Directors, employees, suppliers or customers could engage in improper conduct for which we may be held responsible. There can be no assurance that we will be able to identify all non-compliances, suspicious transactions, fraud, corruption or bribery in a timely and effective manner, if at all, or deter such misconduct. If such misconduct occurs, we may be subject to claims, fines or suspension of our operations and may suffer from negative publicity and reputational damage. Moreover, although we may have limited control over the behavior of these parties, we may be viewed as at least partially responsible for their conduct on contractual or tortious grounds or be targeted for litigations or proceedings for strategic reasons. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or other parties. To the extent that we cannot recover related costs from the employees, sub-contractors or other third parties involved, we may experience material adverse effects on our business, financial position and results of operations.

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We face risks related to natural disasters, health epidemics and other disease outbreaks.

Our business could be materially and adversely affected by natural disasters and extreme weather conditions, such as earthquakes, snowstorms, fires or floods, outbreaks of a widespread health epidemic or pandemic (including, without limitation, the COVID-19 pandemic), or other events such as wars, acts of terrorism or environmental accidents that are beyond our control. The occurrence of such a disaster or prolonged outbreak of an epidemic or pandemic illness or other adverse public health developments may cause a decrease in the level of business activities in the respective jurisdictions where we operate. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities that we or our business partners use for operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in the jurisdictions where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

Our operations are subject to a number of market, business and financial risks and uncertainties, including those related to geopolitical and economic development, government engagement, investment regulation, resource allocation and foreign exchange management, local product preferences and requirements. Such risks and uncertainties may adversely impact our ability to implement our growth strategy in these jurisdictions. We are unable to predict all the risks and uncertainties that we face as a result of current economic, political, social and regulatory developments, and many of these risks are beyond our control. All such factors may materially and adversely affect our business and operations as well as our financial performance.

Economic conditions of the markets in which we operate are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate. In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the electric drive solution industry and ultimately, the profitability of our business. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Failure to obtain or renew the requisite licenses and approvals required in any jurisdiction where we operate in a timely manner may materially and adversely affect our business.

Under the laws and regulations in PRC and other jurisdictions where we operate, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation. We may become subject to additional license, approval and other requirements as we develop and expand the scope of our business and engage in different business activities. We may fail to meet such requirements timely or at all, in which case our operations could be disrupted and we may be subject to penalties and our ability to expand our business and sustain our growth may be adversely affected.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. We may not be able to maintain or timely renew our licenses and certificates when their current term expires. Furthermore, any developments in laws and regulations, or any development of interpretation thereof, could require us to obtain additional licenses, permits, approvals or certificates, and there is no assurance that we will be able to adapt to such developments in a timely manner or at all. If we fail to apply for, maintain or renew the licenses, permits, or registrations

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required for our operations, we may be subject to fines and additional penalties. Resolving such deficiencies and enhancing compliance may require additional operational expenses and divert our management attention. Additionally, we may experience negative publicity due to such deficiencies. As a result, our business, financial condition and results of operations may be adversely affected.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive substantial payments from our operations in the PRC in RMB and may need to convert Renminbi into other currencies to meet our foreign currency obligations, such as payments to fund our business activities outside the PRC and payments of dividends declared in respect of our H Shares, if any. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to certain regulatory requirements under PRC laws over foreign currency conversion and remittance. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to satisfy our foreign currency denominated obligations. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of the PRC or otherwise fund any future business activities that are conducted in foreign currencies.

Failure to comply with rapidly evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business.

When conducting our business, we may need to store, transmit and process certain data of our employees, customers and suppliers as well as other data necessary for operation and management, and therefore face risks inherent in protecting the security and privacy of such data by using of information systems. In recent years, cybersecurity, privacy and data protection has become an increasing regulatory focus of government authorities across the world. Our business operations are subject to various regulatory requirements relating to cybersecurity and data privacy. Any failure or perceived failure of us to comply with cybersecurity and data privacy and protection laws, or other concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure and other processing of data and cybersecurity, could subject us to potential liabilities and reputational damage. Our data protection and cybersecurity measures, including implemented systems and processes, may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, system error, or other irregularities. We may incur further expenses to comply with laws and regulations relating to data privacy, data security and consumer protection, as well as relevant industry standards and contractual obligations.

In addition, regulatory requirements on cybersecurity and data privacy are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the then applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

There might be uncertainties in effecting services of legal process, enforcing foreign judgments or arbitration awards against us or our Directors and senior management personnel in the PRC.

We are a company incorporated under the laws of the PRC and our business is primarily based in China. In addition, the majority of our Directors and senior management personnel reside in China, and substantially all of the their assets are located within the PRC. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing

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judgment obtained from foreign countries, it may be difficult for investors to effect service of process upon us or those persons in the PRC for disputes brought in courts outside the PRC. See “Summary of Principal Legal and Regulatory Provisions — Arbitration and Enforcement of Arbitral Awards” and “Summary of Principal Legal and Regulatory Provisions — Judicial Judgments and Their Enforcement” in Appendix IV to this document.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our Directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, there is no assurance that a judgment rendered by a court outside the PRC would be recognized and enforced in a PRC court.

Filing with the CSRC is required in connection with our future [REDACTED], and we cannot predict whether we will be able to complete such filing.

On February 17, 2023, the CSRC released the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines, which came into effect on March 31, 2023 (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC (“**PRC domestic companies**”) and (ii) companies incorporated overseas with substantial operations in the PRC. Pursuant to the Overseas Listing Regulations, PRC domestic companies which, after the overseas offering and listing, offers subsequent securities in the same overseas market or conducts offering and listing in other overseas markets (the “**Future Offerings**”), shall complete the filing procedures of, and report relevant information to, the CSRC. For details, see “Regulations — Laws and Regulations in Relation to Our Business in the PRC — Laws and Regulations relating to Overseas Offering and Listing.”

Based on the foregoing, we, as a PRC domestic company, are required to comply with the filing procedures of the CSRC for the Future Offerings after the [REDACTED]. It is uncertain whether we can, or how long it will take us to, complete filings procedures in connection with the Future Offerings. We may be subject to approval, filing or other requirements by other PRC government authorities under the PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on the Future Offerings.

RISKS RELATING TO THE [REDACTED]

Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, with respect to dividends received from us and gains realized upon the sale or other disposition of H Shares.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor’s jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources paid to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income derived from sources within China unless a treaty or similar arrangement provides otherwise.

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Under the IIT Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties or similar arrangements. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. Pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

The interpretation and enforcement of applicable tax laws and regulations in the PRC by the PRC tax authorities, including whether and how income tax will be levied on non-PRC resident shareholders, will be determined according to the laws and regulations then in effect. Non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

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

The price and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, such as the general market conditions of the securities in Hong Kong and elsewhere in the world, and the performance and fluctuation of the [REDACTED] of other companies engaging in similar business. The [REDACTED] performances of the securities of these companies at the time of or after their [REDACTED] may affect the overall [REDACTED] sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the [REDACTED] performance of our H Shares. These broad market and industry factors may significantly affect the [REDACTED] and volatility of our H Shares, regardless of our actual operating performance. In addition to market and industry factors, the price and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as variations in our revenue, earnings and cash flows. Any of these factors may result in large and sudden changes in the [REDACTED] and [REDACTED] of our H Shares.

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You will incur immediate and significant dilution as a result of the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per H Share of our H Shares immediately prior to the [REDACTED], [REDACTED] of our H Shares in the [REDACTED] will experience an immediate dilution. See “Appendix II — [REDACTED].” In addition, holders of our H Shares may experience further dilution of their interest if any Shares are issued upon exercise of any options granted under the [REDACTED] Share Option Scheme, or if we issue additional Shares in the future to raise additional capital.

Future or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED], especially by our Directors, executive officers and Controlling Shareholders, could adversely affect the [REDACTED] of our H Shares.

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public [REDACTED], especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

The H Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our H Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any shares they may own now or in the future. Market sale of H Shares by such shareholders and the availability of these shares for future sale may have a negative impact on the [REDACTED] of our H Shares.

Our Controlling Shareholders can exert significant influence over our Company, and cause us to act in a way that may not be in the interest of our other shareholders.

Our Controlling Shareholders aggregately hold 49.48% of our equity interest as of the Latest Practicable Date. Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholders will retain substantial control over our Company. See “Relationship with Our Controlling Shareholders” for further details. Subject to our Articles of Association and applicable laws and regulations, the Controlling Shareholders will continue to have the ability to exercise significant influence over our business or otherwise on matters of significance to us and other shareholders by voting at the general meeting of the shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other shareholders, the interests of other shareholders can be disadvantaged and harmed.

We cannot assure you whether, when and in what form or amount we will declare and pay dividends in the future.

During the Track Record Period, no dividends were distributed. We currently do not have a formal dividend policy or a predetermined dividend payout ratio. Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. The declaration of dividends is subject to the discretion of our Board and the approval of our shareholders. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the HKFRSs. For details of our dividend policy, see “Financial Information — Dividends.” There can be no assurance whether, when and in what form or amount we will pay dividends in the future.

RISK FACTORS

Certain facts, forecasts and statistics contained in this document are derived from publicly available official sources and may not be fully reliable.

We have derived certain facts, forecasts and statistics in this document from official government sources that our Directors believe are reliable. However, we cannot guarantee the quality or reliability of these sources. Our Directors believe that the sources of the information are appropriate 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 material fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, officers, affiliates, advisors or representatives, or any other party involved in the [REDACTED], and no representation is given as to its accuracy or completeness. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere. In any event, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

The net [REDACTED] to us from the [REDACTED] will be approximately [REDACTED] (assuming the [REDACTED] is not exercised) based on an [REDACTED] of [REDACTED] per Share, the mid-point of the indicative [REDACTED] range stated in this document. A large portion of the net [REDACTED] of this [REDACTED] is allocated for production capacity expansion to meet the fast growing market demands in the electric drive solution industry. See “Future Plans and Use of [REDACTED] — Use of [REDACTED]” for details. Our management will have discretion as to the application of the net [REDACTED] received by us. Our management may spend the [REDACTED] from the [REDACTED] in ways with which you may not agree or which do not yield a favorable return to our shareholders. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net [REDACTED] from the [REDACTED].

Prospective [REDACTED] should read the entire document carefully and we strongly caution you not to place any reliance on the information in any press article or other media coverage which contains information not being disclosed or which is inconsistent with the information included in this document.

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the [REDACTED], there may be press and media coverage regarding our Group and the [REDACTED]. Our Directors would like to emphasize to prospective [REDACTED] that we do not accept any responsibility for the accuracy or completeness of such information and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to [REDACTED] in our H Shares, prospective [REDACTED] should rely only on the financial, operational and other information included in this document.

RISK FACTORS

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. [REDACTED] should not place undue reliance on such forward-looking statements and information.