

## RISK FACTORS

*You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. These risks could materially and adversely affect our business, financial condition, and results of operations. The [REDACTED] of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition, and results of operations. You should seek professional advice from relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.*

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

### RISKS RELATED TO OUR BUSINESS AND INDUSTRY

**Any economic slowdown or decrease in industrial and economic activities may adversely affect the industries in which our customers operate, which may reduce the market demand for our services and solutions, and our business, results of operations, financial condition, and prospects may be materially and adversely affected.**

Our sales and profitability depend significantly on economic conditions, industrial activities and market demand in our customers’ industries, such as new energy, automotive parts, healthcare and food industries. Economic weakness and uncertainty can reduce customer demand. This makes forecasting challenging and could impact our operations if we fail to adapt timely to market changes. Credit tightening may lead consumers and businesses to cut or delay spending, decreasing demand for our products and solutions. Such conditions may result in order cancellations or reductions from our customers.

In particular, in 2023, 2024 and 2025, we generated 78.5%, 75.5% and 93.8%, respectively, of our revenue from providing smart intralogistics solutions to customers operating in the new energy industry in China, in particular lithium-ion battery manufacturers. Driven by carbon neutrality objectives and energy security and backed by government policies, many of our new energy customers have expanded their production capacity in recent years. The new energy industry has seen a surge in capital, increasing production and market competition. If capacity growth outstrips industry expansion, new energy companies may face fierce competition in price, technology, cost, scale, brand, and capital. See “Industry Overview — Analysis of Global and China’s Smart Intralogistics Solution Market for Industrial Sector — New Energy Industry Emerges as a Driver for China’s Smart Intralogistics Solution Market” for details.

Our business and growth rely on sustained demand for our products and solutions from customers in the new energy industry, which are influenced by various factors beyond our control, such as a reduction in growth or a negative change in the industry’s growth prospects, and a slowdown of the energy transition trend. Any substantial decrease in demand for our products by customers in the new energy industry, or other industries that provide significant revenue in the future, may lead to reduced demand for our products and adversely affect our business, financial condition, and operating results. See also “— The majority of our revenue is derived from customers in the new energy industry, making us subject to changes in the regulatory landscape, market size, and other factors affecting the new energy industry.”

---

## RISK FACTORS

---

**The smart intralogistics solution industry is competitive. Our failure to successfully compete could materially and adversely affect our market position and market share.**

The market for smart intralogistics solutions is competitive. We face competition from both global smart intralogistics solution companies and new entrants with innovative technologies and products. We have approximately ten existing major competitors in the smart intralogistics solutions market in China. Our competitors may have greater financial, technical, marketing, sales and other resources than we do, which could allow them to respond more quickly to new opportunities or customer demands. Some of our competitors may have a longer operating history, stronger brand recognition, more diverse offerings that appeal to a broader customer base, more established customer relationships, advanced technological capabilities, and greater financial resources. These advantages may enable them to offer solutions and services comparable to ours at a lower price. To expand their market share, new entrants into the industry may offer competitive pricing that we cannot keep up with. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their offerings, resources, and ability to compete. With the introduction of new technologies and entry of new market participants, we expect competition to continue to intensify in the future. There is no guarantee that we will be able to sustain our competitive advantage or effectively implement our business strategies. If our competitors are successful in bringing their solutions or services to the market earlier than us, or if their solutions or services are less expensive or more technologically capable than ours coupled with pricing pressure and increased competition, our business, operation and financial performance could be adversely affected.

Intensifying competition may also result in certain developments in our industry, such as downward competitive pressure on the fees we charge, expansion by existing competitors, adoption by our competitors of innovative solutions or comparatively effective branding efforts, any of which may have a material and adverse impact on our financial condition, results of operations, and prospects. Increased investments made and lower prices or innovative solutions offered by our competitors may require us to divert significant managerial, financial, and human resources in order to remain competitive, and ultimately place greater pressure on us to maintain our market share and negatively impact the growth and profitability of our business. There is no guarantee that any attempts by us to invest in our technology, optimize the quality of our solutions and services, or improve our operational efficiency will be successful or that we will be able to maintain our competitive edge. If we are not able to compete effectively, the number of our customers may decrease and our market share and profitability may be negatively affected, which could materially and adversely affect our business, financial condition, results of operations and prospects, as well as our reputation.

**Our customers may not completely accept the smart intralogistics solutions we deliver, acknowledge the completion of our smart intralogistics solution projects, or make payments to us in a timely manner or at all.**

Our business relies on the successful delivery and acceptance of smart intralogistics solutions to our customers, as well as their acknowledgment of the completion of various stages of our projects. There is no assurance that our customers will completely accept the solution results we deliver or confirm the completion of projects in a timely manner or at all. Customer acceptance typically follows delivery by several months. Such timing differences are a routine feature of our revenue recognition process. Acceptance and acknowledgment may be delayed or withheld for various reasons, including potential disputes over specifications, performance, or quality issues or other commercial reasons.

As of December 31, 2023, 2024 and 2025, two, three and two major smart intralogistics solution projects, respectively (each defined as projects with a contract value exceeding RMB30.0 million), had been delivered but at least nine months had elapsed since delivery without customer acceptance having occurred.

---

## RISK FACTORS

---

Additionally, even if our customers accept the solutions or acknowledge project completion, there is no assurance that they will make payments to us in a timely manner or at all. Any delay, reduction, or default in payment by our customers could negatively impact our cash flow, working capital, and liquidity. Furthermore, disputes or delays in acceptance or payment could also affect our ability to allocate resources to other projects, meet our financial obligations, or invest in future growth opportunities. If we are unable to secure timely acceptance, acknowledgment, or payment from our customers, our business, results of operations, financial condition, and prospects could be materially and adversely affected.

**If we are unable to complete or deliver our solutions, fulfill customer orders, or provide services on time, within budget, or at all, our business, results of operations, financial position, and reputation may be adversely affected.**

The timely and successful completion of our smart intralogistics solutions, the fulfillment of customer orders for intralogistics equipment, and the provision of after-sales services are critical to our business operations and customer relationships. In particular, our smart intralogistics solutions projects typically require several months to complete, and their progress and costs can be adversely affected by factors beyond our control, including delays in our suppliers' supply of raw materials and components, unforeseen technical challenges, labor shortages, or disruptions to our production facilities. In addition, certain projects may require substantial incurrence of costs upfront, which we may need to finance through internally generated cash flows or external funding. If our internally generated cash flows are insufficient to cover these costs, or if we are unable to obtain the required funding in time, on favorable terms, or at all, we may experience delays or incur additional costs in completing these projects. Such delays or cost overruns could adversely affect our financial performance and reputation.

Failure to perform our contractual obligations, including delays, cost overruns, or incomplete deliveries, could result in contract terminations, penalties, or liability claims from customers. In addition, such failures could damage our reputation, reduce customer confidence in our solutions and services, and adversely affect our ability to secure future projects or orders. Furthermore, any significant delays or material increases in costs could lead to fluctuations in our financial performance and cash flow, making it more challenging to predict future results. If we are unable to complete our smart intralogistics solution projects or fulfill customer orders as required, or if we fail to deliver our smart intralogistics solutions in a manner that meets customer expectations, our business, results of operations, financial condition, and reputation may be materially and adversely affected.

In addition, our contract liabilities are recognized when the advance payments are received but revenue has yet been recognized. As of December 31, 2023, 2024 and 2025, we had contract liabilities of RMB1,930.5 million, RMB1,473.4 million and RMB1,318.6 million, respectively. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of such contract liabilities will not be recognized as revenue. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

**We experienced customer concentration during the Track Record Period and may continue to be exposed to risks associated with such concentration in the future.**

Our business has depended and will continue to significantly depend on our major customers and their loyalty in and level of satisfaction with our products. We derived a significant portion of our revenue from our top five customers in each year during the Track Record Period. In each year during the Track Record Period, our sales to our top five customers amounted to RMB1,269.3 million, RMB1,283.8 million and RMB1,529.4million in 2023, 2024 and 2025, respectively, accounting for 74.9%, 71.4% and 81.2% of our total revenue for the same years, respectively. Revenue generated from our largest customer accounted for 49.2%, 26.3% and 24.9% of our total revenue in the same years, respectively. As the majority of our top five customers in each year during the Track Record Period comprised companies from the new energy industry, their demand

---

## RISK FACTORS

---

for our solutions and products are highly sensitive to fluctuations in market performance of the new energy industry. See “— The majority of our revenue is derived from customers in the new energy industry, making us subject to changes in the regulatory landscape, market size, and other factors affecting the new energy industry.” There is no guarantee that we will be able to maintain our business relationship with our existing customers. Any decrease in or cancellation of purchase orders by some or all of our large customers, material delays in their acceptance of our products, or failure of any of our major customers to make timely payments, if at all, may have a material adverse effect on our business, results of operations, and financial condition. In addition, we cannot assure you that our major customers will not change their business scope or business focus, suspend their operations, fail to comply with applicable laws in their operations, or encounter any operating or financial difficulties. Neither can we assure you that we will be able to continue to generate significant revenue from existing customers or that we will be able to maintain existing or further expand customer relationships. If we lose one or more of our significant customers and fail to identify and acquire suitable new customers within a reasonable time or at all, our business, results of operations, and financial condition may be materially and adversely affected. We cannot assure you that we will not experience any of the above factors in the future.

**The majority of our revenue is derived from customers in the new energy industry, making us subject to changes in the regulatory landscape, market size, and other factors affecting the new energy industry.**

A significant portion of our revenue is derived from customers in the new energy industry, in particular lithium-ion battery manufacturers, making our financial performance highly dependent on the new energy industry. In 2023, 2024, and 2025, 77.1%, 75.0%, and 92.6% of our revenue, respectively, was contributed by customers in the new energy industry. This dependency exposes us to various risks associated with changes in the regulatory landscape, market size, and other factors affecting the new energy industry in China and across the globe. Downstream demand for new energy industry products is affected by many factors, such as:

- product specifications, such as purchase price, charging time, and battery life;
- government policies supporting the development of the new energy industry; and
- macroeconomic conditions which affect investment and consumer spending.

The market size of China’s smart intralogistics solution for new energy sector grew from RMB2.5 billion in 2020 to RMB7.3 billion in 2024, representing a CAGR of 31.1%, and is projected to reach RMB15.5 billion by 2029, with a CAGR of 16.0% from 2024 to 2029. However, we cannot guarantee that the actual market demand from the new energy industry for smart intralogistics solutions will not materially adversely deviate from the above estimates, whether due to changes in consumer preference, technology development, and regulatory requirements on the new energy industry, among other potential factors.

If the demand for lithium-ion batteries or new energy vehicles decreases due to changes in government support, our customers’ demand for our smart intralogistics solutions may decrease materially. There is no guarantee that favorable industry policies or regulatory requirements may continue to exist, or that unfavorable policies or regulatory requirements will not be enacted and implemented in the future. If the demand from our customers in the new energy industry decreases significantly due to regulatory changes, we may not be able to obtain customers who would make comparable purchases in a timely manner or at all. Failure to do so may materially and adversely affect our business, results of operations, financial condition, and prospects. Diversifying our customer base and expanding into other markets could help us tackle such challenges. However, there is no assurance that we will be successful in our efforts to diversify our offerings and customer base.

---

## RISK FACTORS

---

### **We may not be able to maintain our current tender success rate.**

We derive the majority of our revenue from our smart intralogistics solution business, which is project-based. During the Track Record Period, we obtained the majority of our smart intralogistics solution projects through tenders and negotiations including price discussions. We submitted 90, 128 and 112 tenders for smart intralogistics solution projects in 2023, 2024 and 2025, respectively, with tender success rates of approximately 24%, 27% and 38% for the same years, respectively. There can be no assurance that we will be invited to participate in future tender processes, and even if we are invited, our tender success rate is not within our control. Therefore, there can be no assurance that we will succeed in tender processes and maintain or improve our tender success rate. If we are unable to maintain our current tender success rate, or if we are unable to secure new projects with contract sums similar to or larger than those of our current projects on a continuous basis, our business, results of operations, and financial condition may be materially and adversely affected.

### **We are subject to risks relating to project duration and customer acceptance cycles.**

Our smart intralogistics solution projects typically require long durations between commencement of solution design and customer acceptance. The average duration of our smart intralogistics solution projects was 508 days, 694 days and 530 days in 2023, 2024 and 2025, respectively. Extended project durations may increase our working capital requirements, as a substantial amount of costs are incurred and recorded in work in progress inventory before customer acceptance. Furthermore, customer acceptance may be delayed due to factors beyond our control. See “— Our customers may not completely accept the smart intralogistics solutions we deliver, acknowledge the completion of our smart intralogistics solution projects, or make payments to us in a timely manner or at all” for further details. Any prolonged duration in project delivery or acceptance cycles may adversely affect our business, results of operations, and financial condition.

### **Our future success relies on our ability to continue introducing innovative smart intralogistics solutions and intralogistics equipment, and our efforts in this aspect may not achieve the expected results.**

The smart intralogistics solution industry in which we operate is subject to technological advancement. Our future success as a business depends on our ability to continue introducing innovative solutions and products and developing technologies that increase our competitiveness. We invest significant resources in research and development in order to enhance our technological capabilities and offerings of solutions and products. During the Track Record Period, our research and development expenses were RMB71.3 million, RMB65.8 million and RMB75.0 million in 2023, 2024 and 2025, respectively, accounting for 4.2%, 3.7%, and 4.0% of our total revenue for the same years, respectively. The outcome and effectiveness of research and development activities are inherently uncertain. Our research and development investments may not generate the benefits we expect in a timely manner or at all, and we may encounter difficulties in commercializing our research and development results. New technological advancements and changes in customer preferences in our industry may render our research and development efforts and newly developed products or technologies obsolete, uncompetitive, or commercially unviable, thereby limiting our ability to recover the related research and development costs, which could adversely affect our business and financial condition. If we fail to accurately judge new trends in customer demand and technology development in the industry, to invest adequate resources in developing new solutions and products and further refining our existing ones, we may lose our competitive advantage and lose market share as a result.

---

## RISK FACTORS

---

**We may not be able to obtain sufficient raw materials and components that can meet our quality standards in a timely manner or on commercially reasonable terms.**

Our ability to obtain sufficient raw materials and components in a timely manner and on commercially reasonable terms is vital for maintaining our production output, business performance, and profitability. We may experience interruption or late delivery to our supply of raw materials and components for the following reasons, which are beyond our control, among others:

- Our suppliers may delay deliveries for a significant period of time without timely notices;
- Our suppliers may not be able to meet our production needs consistently or on a timely basis;
- Certain competitors, who also purchase from our suppliers, may have longer and stronger relationships with and may have greater buying power and bargaining leverage over some of our key suppliers; and
- Our supply of raw materials and components is subject to the business risks of our suppliers, some of whom have limited operating history and limited financial resources, and one or more of which could go out of business for reasons beyond our control.

Our failure to obtain a sufficient supply of raw materials and components that meet our specifications in a timely manner and on commercially reasonable terms could increase our manufacturing costs and substantially affect our ability to fulfill our contractual obligations to our customers. Any failure by us to meet such obligations could have a material adverse effect on our reputation and ability to retain our customers and market share, and may subject us to legal claims from our customers and other disputes. Furthermore, our failure to obtain sufficient raw materials and components could result in under-utilization of our production facilities and an increase in our marginal production costs. Any of the above events could have a material and adverse effect on our business, results of operations, and financial condition.

**Failure to continue developing and maintaining cost-effective production capabilities may materially and adversely affect our business, results of operations, and financial condition.**

Our success is attributable to our ability to produce our solutions and products in a cost-effective manner, which in turn depends on our ability to maintain optimal utilization of our production facilities and to effectively expand our production capacity to achieve economies of scale and enhance production efficiency. As of the Latest Practicable Date, we operate two production facilities in Wuxi, Jiangsu. Our ability to optimize our production capacity or to keep our production facilities up to date for producing the most advanced intralogistics products is subject to risks and uncertainties that are beyond our control, including fluctuations in the demand for our products and increases in the costs of operating our production facilities. Failure to mitigate such risks may lead to additional production costs, thereby adversely affecting our financial condition and profitability. In addition, as we continue to improve our production facilities in the future, we may face additional quality control risks, significant expenses, and other inherent risks. We may not be able to produce our solutions and products with sufficient quality and cost-effectiveness to satisfy our manufacturing standards. We cannot guarantee that we will fully utilize our production capacity, or that we will achieve an adequate return on our investments in our production facilities. As a result, any failure to continue maintaining cost-effective production facilities may have a material and adverse effect on business, results of operations, and financial condition.

---

## RISK FACTORS

---

### **We face risks associated with our international operations.**

We sold our solutions and services overseas in Thailand, Germany and Pakistan during the Track Record Period. We have established operations in multiple countries outside China, such as Hungary, Singapore and Malaysia, and plan to gradually build local business teams to expand our overseas operations. Risks associated with our international operations may include, among other things: (i) changes in economic and political conditions in those markets; (ii) increasing costs and efforts in relation to compliance with international laws and regulations, restrictions or requirements relating to foreign investment; (iii) difficulties in managing or overseeing our international operations; (iv) unfamiliarity with local operating and market conditions, culture, competitive landscape, and regulatory environment; (v) increasing exposure to fluctuations in foreign currency exchange rates; (vi) uncertainties arising from variable international relations, trade policies and tariffs; (vii) complexities involved in complying with labor requirements across different jurisdictions; and (viii) complexities relating to compliance with applicable export control restrictions imposed by certain countries or self-regulated organizations against dealings with other countries, individuals or entities which may limit our ability to conduct our business with such countries, individuals or entities, or to obtain funding for certain overseas businesses. The occurrence, persistence or consequences of any of these risks may restrict our ability to operate in the affected market, or reduce the profitability of our operations in that market, which in turn would negatively affect future prospects of our international operations.

Our international operations are also susceptible to uncertainties in the international financial environment and increased foreign exchange risks stemming from the volatility of foreign exchange rates and changes of foreign exchange controls. We may not be able to adjust our business practices in time to avoid or mitigate adverse effects from any of the foregoing risks, and accordingly, our business, financial condition and results of operations could be materially and adversely affected.

### **Tariffs and international trade policies may adversely affect our business performance.**

Recent trade tensions, including the ongoing U.S.-China trade dispute, have led to high tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. As of April 11, 2025, the tariff rate on imports from China introduced by the U.S. government had increased to 145%. In response, China implemented a series of measures, including raising additional tariffs on U.S. goods to as high as 125%. On May 12, 2025, the U.S. and Chinese governments jointly announced a significant reduction in tariffs, with U.S. tariff rate on imports from China falling from 145% to 30%, and Chinese tariff rate on imports from the U.S. falling from 125% to 10%. This agreement will be in effect for 90 days, during which both sides will continue talks to establish a more permanent trade arrangement. On February 20, 2026, the U.S. Supreme Court struck down the broad tariffs imposed in 2025, though the administration promptly introduced a new temporary 10% global tariff. As of the Latest Practicable Date, it remains uncertain how the Sino-U.S. and global trade tensions will develop.

Changes in tariffs, trade restrictions, or other international trade policies could negatively impact the industries we serve, including the new energy industry. Adverse trade measures targeting our customers' end markets or supply chains could indirectly affect their business performance, capital expenditure plans, and procurement budgets. This, in turn, may reduce demand for our products and services. The vast majority of our suppliers and customers are located in China. During the Track Record Period, more than 95% of our revenue was derived from within the PRC. While our operations involve limited cross-border components, technology transfers or foreign currency transactions which would directly expose us to trade policy fluctuations, there can be no assurance that such measures or policies will not have a material adverse effect on our business, financial condition and results of operations.

---

## RISK FACTORS

---

**Any quality issues associated with our solutions and products may expose us to potential liabilities and risks related to warranty claims, which could materially and adversely affect our business, results of operations, and reputation.**

Our commercial success depends on our ability to consistently deliver high-quality, reliable smart intralogistics solutions and intralogistics equipment. If the quality of our solutions or products deteriorates or fails to meet customer expectations, we may face complaints, return requests, or order cancellations from customers, and lose existing and prospective customers as a result. Any defects in our products could expose us to potential liabilities, such as warranty claims, product returns, or claims for damages. Our products carry warranties. In 2023, 2024 and 2025, we incurred approximately RMB19.4 million, RMB17.3 million and RMB15.8 million in warranty expenses in fulfilling our warranty obligations. There is no guarantee that significant warranty claims will not arise in the future and materially and adversely affect our business, results of operations, and financial condition. In addition, we may also be required by law to modify or introduce new warranty policies in different jurisdictions where we conduct sales, which may cause us to incur additional costs and expenses. Furthermore, we cannot assure you that our warranty policies will not be misused by our customers. If a significant number of customers misuse our warranty and return policies, it could substantially increase our costs and adversely affect our results of operations. On the other hand, if we revise these policies to reduce costs, it could lead to customer dissatisfaction, potentially resulting in the loss of existing customers or inability to acquire new ones. This in turn could have a negative impact on our business, results of operations, financial condition, and prospects.

We may need to incur significant costs to address quality issues, including those related to product recalls. In the event of defective products, we may be compelled to recall our products and become subject to product liability claims, which may cause financial and reputational damage. Even if we ultimately prevail in defending against such claims, we may still incur substantial costs. Any quality issues related to our products could have a negative impact on our sales, adversely affecting our results of operations and financial condition. In addition, we are subject to laws and regulations governing the quality of our products, and we may incur additional costs if such laws and regulations become more stringent.

**Our production operations are exposed to risks relating to environmental protection.**

Our manufacturing operations and those of our outsourced manufacturers are subject to environmental risks and hazards and are regulated under the various laws and regulations imposed by the PRC government regarding ESG-related matters, such as the prevention of air, soil, and water pollution, the treatment and discharge of hazardous wastes and materials, and environmental rehabilitation. As a result of our operations, including sourcing, manufacturing, transporting, and storage of our products, such as energy storage products, non-compliance with existing and future ESG criteria, laws, and regulations could subject us to costs or liabilities, including monetary damages and fines, negatively affect our production capabilities, lead to the suspension of our business operations, and adversely affect our overall financial performance. We have adopted various measures to ensure our compliance with applicable ESG-related laws and regulations. See “Business — Environmental, Social and Governance Matters.” We cannot assure you that these measures can effectively mitigate the relevant risks. In addition, increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs. Failure to adapt to new regulations or meet evolving industry expectations and standards may materially and adversely affect our results of operations and financial condition.

---

## RISK FACTORS

---

**Noblelift Company, one of our Controlling Shareholders, may have significant influence over us, and its interests may not be aligned with the interests of our other Shareholders.**

As of the Latest Practicable Date, Noblelift Company, one of our Controlling Shareholders, is able to exercise approximately 99.6% voting rights in our Company. The interests of Noblelift Company may conflict with the interests of our other shareholders. Noblelift Company has substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors, dividend policy and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our shares. On the other hand, if Noblelift Company is in favor of any of these actions, these actions may be taken even if they are opposed by a majority of our other shareholders, including those who purchase shares in the [REDACTED].

**Our insurance may not sufficiently cover all losses or potential claims that could affect our business, results of operations, and financial condition.**

We face various risks in connection with our business and maintain insurance policies to safeguard against these risks and unexpected events related to our operations. Our current insurance coverage, which includes property insurance, standard employer liability insurance, accident insurance, litigation insurance, and car insurance, complies with mandatory requirements under applicable laws and regulations and aligns with industry practice. For details, see "Business — Insurance." However, there can be no assurance that our insurance coverage will be adequate to fully protect against all our risk exposures and prevent us from incurring losses. In addition, there is no guarantee that we will be able to successfully claim on our current insurance policies in a timely manner or at all, due to possible exclusions and limitations on coverage. If our insurance coverage is unavailable or insufficient to address any such exposures, we may face substantial costs and resources diversion, which, in turn, could materially and adversely affect our business, results of operations, and financial condition.

**We may pursue mergers and acquisitions or joint ventures that could present unforeseen integration obstacles or costs and may not enhance our business as we expect.**

As part of our business strategies, we may in the future pursue mergers and acquisitions, joint ventures and other transactions with an aim to expand the geographic scope and scale of our operations. Acquisitions and joint ventures involve a number of risks, and present financial, managerial and operational challenges, including potential disruption of our ongoing business and distraction of management from daily operations, difficulties with integrating financial, human resources and information systems, failure to maintain our historical product and service quality, the need to hire additional management and other critical personnel, and the increased scope, geographic diversity and complexity of our operations. There can be no assurance that we will be able to generate expected margins or cash flows, or to realize the anticipated benefits of such acquisitions or joint ventures, including growth or expected synergies.

There can be no assurance that our assessments of and assumptions regarding acquisition targets and joint ventures will be proved correct, and actual developments may differ significantly from our expectations. We may not be able to integrate acquisitions into our business or manage the joint ventures successfully, or such integration and management may require more investment than anticipated, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to clients, employees, suppliers, government authorities or other parties, which may impact our results of operations. Our customers may react unfavorably to our acquisition and joint venture strategy, and we may be exposed to additional liabilities of any acquired business or joint venture. The process of integrating businesses may be disruptive to our operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in our results of operations.

---

## RISK FACTORS

---

### RISKS RELATED TO OUR FINANCIAL PERFORMANCE

**Our fixed-price contracts may result in significant losses if costs are greater than anticipated.**

All of our customer contracts for smart intralogistics solutions are fixed-price agreements. This means that any substantial cost overruns directly and immediately impact our operational results if we cannot renegotiate the contract price with our customers. Cost overruns are an inherent risk in our industry, and the long-term nature of our contracts can make precise cost predictions challenging. There is no guarantee that we can avoid unexpected costs, nor can we ensure that we will reach an agreement with our customers on price adjustments. If we fail to renegotiate contract prices during a project to accommodate these unforeseen increased costs, we will have to bear them, which could have a significant negative impact on our financial condition and results of operations.

**Our profit margins and results of operations may be materially and adversely affected by increases in the costs of raw materials and components used in our production.**

The direct materials that we procure primarily include standard components such as racking systems and robotics for smart intralogistics solutions and raw materials such as steel plates, which are primarily used in the production of our smart intralogistics solutions and intralogistics equipment. In 2023, 2024 and 2025, our cost of direct materials amounted to RMB1,251.0 million, RMB1,347.6 million and RMB1,355.3 million, respectively, accounting for 73.8%, 75.0% and 72.0% of our total revenue for the same years, respectively. As such, any significant fluctuations in the costs of these direct materials may materially and adversely affect our financial performance.

The costs of our direct materials are influenced by various factors beyond our control, including market demand in our industry and other industries, macroeconomic conditions, and regulatory policies. For example, steel is widely used in multiple industries, and its price is subject to significant volatility. The demand for such direct materials in the industry in which we operate and other industries are beyond our control and we cannot assure that our cost of direct materials will remain stable. Any fluctuations in the cost or supply of direct materials may have a material and adverse effect on our business, financial condition, and results of operations. We may not be able to pass on such cost increases to our customers, and failure to do so may materially and adversely affect our business, results of operations, and profit margins. If demand for certain direct materials significantly increases, or if our suppliers are unable to meet our procurement needs, we may face shortages or disruptions in supply.

**Higher labor costs and inflation may adversely affect our business, results of operations, financial condition, and prospects.**

Inflation has risen in China and globally in recent years. Rising inflation may lead to our suppliers charging us higher prices for raw materials and components. Labor costs have also increased with the economic development of developing countries and labor shortage and inflation around the world. For instance, the average wage in China has risen in recent years and is expected to continue to rise. Factors such as changes in minimum wage laws or increased competition for skilled labor in our industry may continue to exert upward pressure on our salary expenses. We may have to adjust our pricing to pass on the increased costs to our customers, and such pricing adjustments may reduce the competitiveness of our products and services, resulting in reduced customer demand or market share loss.

**We may incur additional borrowings and increased borrowing costs in the future, which could materially and adversely affect our business, results of operations and liquidity.**

As of December 31, 2023, 2024 and 2025, we had interest-bearing bank borrowings of RMB85.7 million, RMB45.9 million and RMB11.5 million, respectively. Our bank borrowings bore interest rates ranging from approximately 2.2% to 3.2% per year. For the years ended December 31,

---

## RISK FACTORS

---

2023, 2024 and 2025, we recorded RMB4.3 million, RMB2.5 million and RMB1.9 million, respectively, of interest on our bank and other borrowings under finance costs. We are exposed to interest rate risk in relation to our existing bank borrowings.

In addition, as our business grows, we may require additional cash resources to finance our continuous growth or other future development plans. The amount and timing of such additional financing needs will vary depending on the growth of our business and the amount of internally generated funds from our operations. The promptness and adequacy of the funding from banks and other financial institutions are also subject to various external factors beyond our control, including the financial institutions' internal procedures. If we cannot obtain sufficient and prompt borrowings from banks and other financial institutions at satisfactory interest rates to fund our business, we may be forced to delay or abandon our growth plans, and our liquidity would be negatively affected, adversely affecting our financial condition, results of operations, and growth prospects.

**Any changes in or discontinuation of preferential tax treatments and government subsidies currently available to us or challenges by the PRC tax authorities to the calculation of our tax liability could adversely affect our business, results of operation, and financial condition.**

During the Track Record Period, our Company was recognized as a High and New Technology Enterprise and entitled to a preferential tax rate of 15%. Our Company's subsidiary Wuxi Zhongnuo was qualified as a small and micro enterprise during the Tracking Record Period and our Company's subsidiary Wuxi Liding was qualified as a small and micro enterprise in 2023 and 2024. For details of such preferential tax treatments, see note 10 of the Accountants' Report in Appendix I to this document. Any increase in the enterprise income tax rate applicable to us and our subsidiaries, or the discontinuation of any preferential tax treatments, could adversely affect our results and operations and financial condition.

During the Track Record Period, we received government grants of RMB13.7 million, RMB8.3 million and RMB6.3 million in 2023, 2024 and 2025, respectively, mainly comprising awards and subsidies for our business development and research and development activities. The timing, amount, and conditions of these government grants are within the sole discretion of the relevant government authorities. There is no assurance that we will continue to receive these government grants in the future or continue to satisfy the conditions required for such grants. If the amount of government grants that we receive is reduced in the future, or if the government eliminates such grants altogether, our results of operations and financial condition may be adversely affected.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgements are required in the calculation and determination of our tax liabilities. Although we believe our tax liability calculations and provisions are reasonable, if the PRC tax authorities successfully challenge our position, and we are required to pay additional tax, interest and penalties in excess of our tax provisions or the taxes we have already paid, our financial condition and results of operations may be materially and adversely affected.

**We have experienced net operating cash outflow, which could expose us to liquidity risks.**

In 2023, we had net cash used in operating activities of RMB61.6 million. We had net operating cash outflows during 2023 primarily because we received fewer prepayments for our projects and settled outstanding supplier balances.

Beyond these factors, we cannot guarantee that future business activities or other external factors, such as market competition and macroeconomic shifts, will not negatively impact our operating cash flow, potentially leading to net operating cash outflows in the future. Net operating cash outflow may require us to seek additional financing from offering or issuing our H Shares,

---

## RISK FACTORS

---

and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

### **We may be subject to inventory obsolescence risk.**

Our inventories were RMB2,480.6 million, RMB1,641.8 million and RMB1,222.8 million as of December 31, 2023, 2024 and 2025, respectively. For the same years, our inventory turnover days were 601 days, 482 days and 327 days, respectively. The vast majority of our inventories are work in progress, such as racks, shuttles and robots, and other equipment for use in producing our integrated intralogistics solutions. A portion of our inventories are raw materials used for our production.

We generally procure raw materials against firm customer purchases orders, and occasionally purchase larger quantities in advance to secure favourable pricing. We initiate work in progress upon confirmation of customer orders. Despite these controls, we are subject to risk of inventory obsolescence. Obsolescence risks may arise from, among others, (i) project cancellations or delays, which could render partially completed projects non-transferable; (ii) deterioration, damage sustained or expiry prior to utilization; and (iii) customer insolvency post-production commencement. Additionally, we cannot guarantee optimal inventory levels; excess inventory may increase our inventory holding costs and risk of write-offs. These factors could materially and adversely affect our business prospects, financial condition and results of operations.

### **We are subject to credit risk in relation to the collectability of our trade receivables and contract assets.**

We are exposed to credit risk through trade receivables and contract assets arising from our smart intralogistics solutions projects. We charge by milestones for our smart intralogistics solutions. Typically, 10% of the contract value is retained as a warranty deposit, released at the end of the warranty period. Contract assets represent these retention amounts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when our right to payment becomes unconditional, which occurs upon expiry of the warranty period, provided that no warranty issues have arisen or that any identified issues have been satisfactorily resolved for the customer. Our standard warranty period is one year following project acceptance by the customer.

We recorded contract assets of RMB272.7 million, RMB224.4 million and RMB211.3 million as of December 31, 2023, 2024 and 2025, respectively. There is no assurance that such retention monies will be released by our customers and paid to us on a timely basis and in full accordingly.

Our trade receivables represent the outstanding amount due from our customers for the purchase of our products or solutions. As of December 31, 2023, 2024 and 2025, we recorded trade receivables, net of impairment, of RMB335.9 million, RMB342.2 million and RMB495.7 million, respectively. There can be no assurance that our customers will settle such outstanding amounts on time and in full. In the event that we are unable to collect a substantial portion of our trade receivables within the payment terms or at all, our cash flows and financial positions will be adversely affected.

Any difficulty in collecting a substantial portion of our trade receivables and contract assets could materially and adversely affect our cash flows and financial positions.

---

## RISK FACTORS

---

### **Potential mismatch in time between receipt of payments from our customers, payment of project up-front costs, and payments to our suppliers may adversely affect our cash flows.**

We may experience cash flow mismatch from time to time as our projects progress, which largely depend on (i) our customers’ internal certification process of our payment applications and internal approval process of our invoices; (ii) the settlement timeframe to our suppliers; and (iii) the number and scale of our projects in progress. The liquidity needs of our projects would therefore impose a constraint on the number and/or scale of the projects which we could undertake concurrently if we solely rely on our operating cash flow to support our expansion.

Our customers generally make progress payments according to milestones. Subject to and depending on the terms of customer contracts, our customers generally withhold payment of 30% of the contract value until after inspection and acceptance of our delivered solution, and a further 10% is withheld until after the end of the warranty period. Subject to and depending on the terms of supplier contracts, our payments to suppliers may be triggered by earlier contract milestones, such as delivery of goods by the supplier and our acceptance of goods after inspection. This payment timing misalignment may create temporary cash flow mismatch. For further details of our typical payment terms, see “Business — Our Customers — General Terms of Contracts with Customers” and “Business — Our Suppliers — General Terms of Contracts with Suppliers.”

Our business model requires significant working capital to fund inventories, which primarily consist of raw materials and work in progress such as racks, shuttles, robots and other equipment for producing our integrated intralogistics solutions. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB2,480.6 million, RMB1,641.8 million and RMB1,222.8 million, respectively, representing 67.6%, 59.0% and 42.7% our current assets for the same periods. Our trade receivables turnover days were 146 days, 89 days and 94 days over the same periods, reflecting the length of our cash conversion cycle after passing customer acceptance. The combination of long project cycles and outstanding customer payments means that a material amount of our working capital may be tied up in inventories and receivables at any given time. There can be no assurance that inventories will be converted into revenue on a timely basis, as this primarily depends on the progress of project delivery and customer acceptance. Similarly, there can be no assurance that our customers will settle receivables on time or in full. Delays in customer acceptance or customer defaults in payment could materially increase our working capital requirements and adversely affect our cash flow.

Our cash flow typically turns from net outflows at the early stage of a project into accumulative net inflows gradually as the project progresses. This results in a cash flow gap and in the event that we have more projects at the initial stage or that a substantial amount of retention monies from various projects are being withheld by our customers at any given point of time, our liquidity may be materially and adversely affected.

### **Share-based payments may lead to shareholding dilution for our Shareholders and adversely affect our financial performance.**

We adopted share incentive schemes for the benefit of certain Directors, senior management and employees who contribute to the development and success of our Group. See note 35 of the Accountants’ Report in Appendix I to this document, “Appendix VI — Statutory and General Information — 4. Restricted Share Incentive Plan” and “Appendix VI — Statutory and General Information — 5. [REDACTED] Share Option Scheme.” In 2023, 2024 and 2025, we incurred share-based payment expenses of nil, RMB62 thousand, and RMB10.8 million, respectively. To further incentivize our employees to contribute to our Group, we may incur additional share-based payments in the future. Issuance of Shares in connection with such share-based payments may dilute the shareholding percentage of our existing Shareholders. Such share-based payments may also increase our expenses and therefore have a material and adverse effect on our financial performance.

---

## RISK FACTORS

---

### RISKS RELATED TO OUR LEGAL AND REGULATORY REQUIREMENTS

**Any legal or regulatory proceedings against us could be costly and time-consuming to defend or settle and could harm our reputation.**

Our business is subject to various litigation and legal compliance risks. The results of legal and regulatory proceedings can be difficult to assess or quantify. Regardless of merit, legal and regulatory proceedings may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation and brand image, regardless of the existence or amount of liability. Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. As of the Latest Practicable Date, we were involved in three pending litigations that had a claim amount of over RMB1.0 million, two of which were litigations against our customers and one against our supplier. For details, see "Business — Legal Proceedings and Compliance". There is no assurance that we will ultimately prevail in any of these pending proceedings. Any adverse judgment could result in significant liabilities, additional costs or late payment interests. The cost of defending ourselves in future disputes or proceedings may be significant and could negatively affect our results of operations. As a result, any significant disputes or proceedings could adversely affect our business, results of operations, financial condition, and reputation.

**Our operations are subject to inherent operational risks and occupational hazards, which could cause us to incur substantial costs, reputational damage, and loss of future business opportunities.**

The manufacturing, operation, and maintenance of our smart intralogistics solutions and intralogistics equipment carry inherent operational and safety risks. We may be held liable for the accidents and injuries sustained by employees, customers, or other third parties in the course of our business operations and in the use of our solutions and products. Such accidents and injuries may occur as a result of defects in or improper use of our solutions and products. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no material accidents or injuries caused by or related to the production or implementation of our solutions and equipment. There is no guarantee that we will be able to identify all or any of the defects in our procured components or completed solutions and products. In addition, we cannot guarantee that our customers, employees, or other third parties will properly operate our solutions and products. If accidents occur in the course of our operations or after the delivery of our solutions and products to our customers, we may need to divert significant management attention and financial resources to deal with them, even if we are not at fault. Furthermore, such accidents may damage our reputation, causing us to lose existing and prospective customers, thereby materially and adversely affecting our business and prospects.

**Unauthorized use or other violations of our intellectual property rights by our customers, employees, or third parties may damage our brand and reputation. We may also face intellectual property infringement claims, which could be expensive to defend and may disrupt our business operations.**

We own certain intellectual property, including our trademarks, copyrights, patents, and proprietary technologies, all of which we regard as critical to our success. See "Business — Intellectual Property". We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees, to protect our intellectual property rights. However, patent applications and other filings of intellectual property rights may be time-consuming and costly. There is no guarantee that we will be able to file our application at a reasonable cost, or our application will be approved in a timely manner. Although our contracts with our employees prohibit the unauthorized use of our intellectual property rights, we cannot assure you that they will always comply with these terms. These

---

## RISK FACTORS

---

agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, such as our source codes and design blueprints, limiting our ability to assert any trade secret rights against such parties, or misappropriate our intellectual property despite our protective measures. Furthermore, our intellectual property rights may be challenged by a third party or be declared invalid or unenforceable. If we are not able to adequately protect our intellectual properties, our competitors may offer products with similar features or utilize similar technologies in their products, leading to a loss in our market competitiveness. This could adversely and materially affect our business, results of operations and financial conditions.

In addition, we may be accused of infringing the intellectual property rights of others. We cannot guarantee that our operations or any aspects of our business do not, or will not, infringe upon or otherwise violate intellectual property rights held by third parties. There is no assurance that such challenges will not arise in the future. There could also be existing intellectual property rights that our products may inadvertently infringe. If we are found to have violated the intellectual property rights of others, we may be subject to liabilities, prohibited from using such intellectual property, and required to pay licensing fees or develop alternative technologies. In addition, we may incur significant expenses and be forced to divert managerial and financial resources from our business operations to defend against these infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in substantial costs and materially disrupt our business operations by restricting or prohibiting our use of the intellectual property in question. Consequently, our business, results of operations, and financial condition could be materially and adversely affected.

### **Failure to comply with the Labor Contract Law or other PRC labor related regulations and rules may have an adverse impact on our financial conditions and results of operations.**

Companies operating in China are required to participate in certain statutory employee benefit plans, including social insurance and housing provident funds. Contributions to these plans are calculated as certain percentages of the employees’ salaries, which varies as specified by local governments.

We have opened social insurance registration accounts and housing provident fund accounts and paid social insurance and housing provident fund contributions for our employees in accordance with laws and regulations related to social insurance and housing provident funds. However, our calculation methods of contribution of certain of our employees may differ from local requirements, and therefore we did not make these contributions in full in accordance with the relevant PRC laws and regulations. We may be required to pay any shortfall in social insurance and housing provident fund contributions within a prescribed time period and penalties by the relevant authorities. In 2023, 2024 and 2025, we estimate the shortfalls in the aggregate amounts of contributions made by the Group to its employees’ social insurance and unpaid housing provident funds were approximately RMB0.4 million, RMB0.6 million and RMB0.4 million, respectively. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), for the shortfall of social insurance, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount, and (ii) to pay a fine of one to three times of the overdue amount if such payment is not made within the stipulated period. Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), for the shortfall of housing provident funds, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period, and (ii) an application may be made to the courts for compulsory enforcement if the payment is not made within such time limit. As advised by our PRC Legal Advisors, the risk of the competent authorities for social insurance and housing provident funds proactively ordering us to make up the required contributions to social insurance and housing provident funds, or to pay administrative fines or penalties, is relatively low. For details, see “Business — Legal Proceedings and Compliance — Shortfalls in Social Insurance and Housing Provident Funds.”

---

## RISK FACTORS

---

To address historical non-compliance with the full contribution of social insurance and housing provident fund amounts for certain employees, we have formulated a phased rectification plan. See “Business — Legal Proceedings and Compliance — Shortfalls in Social Insurance and Housing Provident Funds” for further details.

As advised by our PRC Legal Advisors, the risk that the relevant labor resources and social welfare government authorities and housing funding government authorities will proactively impose administrative penalties on us and our subsidiaries for the above-mentioned issues related to labor social insurance and housing provident funds during the Track Record Period is relatively remote. The interpretation and implementation of the Labor Contract Law, Social Insurance Law, and related regulations in China are continually changing. These changes make it difficult to predict compliance outcomes. We cannot guarantee that authorities will not demand settlement of shortfall amounts within a deadline or impose penalties. Non-compliance could result in fines, charges, or other regulatory actions, adversely impacting our business and financial condition.

**Some of our leased properties in China have title defects and our lease agreements were not registered with the relevant government authorities.**

As of December 31, 2025, we leased and occupied 38 properties. As of the Latest Practicable Date, 11 of these properties, each used for workers’ dormitories, have title defects (including compliance issues) due to our failure to obtain valid title certificates, non-compliance with usage of government-allocated land or non-compliance with designated land use purpose. We may need to seek alternatives premises and incur additional costs for relocation, if any dispute or claim arises in relation to the rights to use or lease of the properties occupied by us, which could adversely impact our business, financial condition and results of operations. For details, see “Business — Our Properties — Leased Properties”.

Of these 38 leased properties, lease agreements for 21 have not been filed with the relevant government authorities as of the Latest Practicable Date. As advised by our PRC Legal Advisors, the failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, in addition to our lessors, we may also be required by relevant government authorities to complete the registration formalities within a prescribed time limit, and failure to do so may subject us to fines imposed by PRC government authorities ranging from RMB1,000 to RMB10,000 for each unregistered lease agreement.

**We face risks associated with the transfer of land use rights relating to Wuxi Senheda.**

On June 24, 2025, our Company, as transferor, and Wuxi Huixi High-Tech Industrial Development Co., Ltd (無錫惠西高新技術產業發展有限公司) (“**Wuxi Huixi**”), as transferee, entered into an equity transfer agreement (“**the Agreement**”), in which our Company agreed to dispose of its entire equity interest in Wuxi Senheda. Closing of the transaction occurred on June 27, 2025. The Agreement was executed with an indemnification provision whereby if Wuxi Senheda incurs liability due to incomplete performance of contractual obligations or undisclosed debts before the closing date, the transferee may demand the transferor to cover all costs and losses arising from such liability. In consequence, we may be held liable for outstanding obligations or debts of Wuxi Senheda, including under the “Contract for the transfer of state-owned land use rights” (國有建設用地使用權出讓合同) (the “**Land Use Contract**”) concerning certain land use rights, which was entered into with the Wuxi Municipal Bureau of Natural Resources and Planning (無錫市自然資源和規劃局) (the “**Wuxi NRPB**”) in June 2024. As of June 27, 2025, being the closing date of the Agreement, Wuxi Senheda had not commenced construction upon the relevant land parcels nor submitted a deferral application to Wuxi NRPB in accordance with the terms of the Land Use Contract. For details, see “Business – Our Properties – Owned Properties and Land – Matters relating to Wuxi Senheda”.

---

## RISK FACTORS

---

There can be no assurance that relevant authorities will not take enforcement action or otherwise reassess Wuxi Senheda’s outstanding obligations, debts or compliance status in respect of the Land Use Contract, which may result in penalties, claims or other adverse actions being assessed or brought against us. Any such developments could expose us to liabilities and may adversely affect our business, financial condition, and results of operations.

**Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and abroad. Any losses or unauthorized access to or unauthorized releases of confidential information and data could subject us to significant reputational, financial, legal and operational consequences.**

Our business involves the utilization and storage of confidential information, including but not limited to business contact information of our customers, suppliers, or other third parties. We are subject to laws relating to the collection, use, retention, protection and transfer of data domestically and abroad. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with other domestic and foreign privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities. There can be no assurance that our data security measures are sufficient for all eventualities and invulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents. For further details, see “Business — Data Privacy and Security.”

### **RISKS RELATED TO THE [REDACTED]**

**There has been no prior public market for our H Shares and there can be no assurance that an active market will develop or be sustained after the [REDACTED].**

Prior to this [REDACTED], there was no public market for our H Shares. The [REDACTED] is the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]) and may differ significantly from the market price of our H Shares following the [REDACTED]. We have applied for the [REDACTED] of, and permission to [REDACTED] in, our H Shares on the Stock Exchange. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, will be sustained following the [REDACTED] or that the [REDACTED] of our H shares will not drop below the [REDACTED] at any time after the completion of the [REDACTED].

**The liquidity and [REDACTED] of our H Shares may be volatile.**

The [REDACTED] and trading volume of our H Shares may be volatile and fluctuate materially due to various factors, such as the following:

- actual or anticipated fluctuations in our revenues and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions, or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts, regardless of the accuracy of the information on which their estimates are based;
- potential litigations;

---

## RISK FACTORS

---

- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- sales or perceived sales of additional H Shares by us or other Shareholders.

Moreover, the Stock Exchange and other securities markets have from time to time experienced material price and volume fluctuations that were unrelated, or not directly related, to the operating performance of specific companies. These broad market and industry fluctuations may have a material and adverse effect on the [REDACTED] and [REDACTED] of our H Shares. In addition, the volatility in the [REDACTED] and [REDACTED] of our H Shares may negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

**You will incur immediate and substantial dilution and may experience further dilution if we issue additional H Shares in the future.**

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution in the [REDACTED] consolidated net tangible asset value. To expand our business, we may consider [REDACTED] and issuing additional H Shares in the future. Purchasers of the [REDACTED] may also experience dilution in the net tangible asset value per Share of their H Shares if we issue additional H Shares in the future at a price lower than the net tangible asset value per Share at that time.

**We cannot guarantee the accuracy of facts, forecasts, and other statistics obtained from official government sources contained in this document.**

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

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

We strongly caution our [REDACTED] not to rely on any information contained in press articles or other media coverage regarding us or the [REDACTED]. Prior to the publication of this document, there may be press and media coverage regarding us, our business, our industry, and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations, and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no

---

## RISK FACTORS

---

representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

**You should not place any reliance on any information released by Noblelift Company, one of our Controlling Shareholders, in connection with the listing of its A Shares on the Shanghai Stock Exchange.**

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

**Holders of our H Shares may be subject to PRC income tax on dividends from us or any gains realized on the transfer of our H Shares.**

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

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are 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 and PRC laws. It is unclear whether dividends we pay with respect to our H Shares, or the gains realized from the transfer of our H Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.