
RISK FACTORS

An [REDACTED] in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this Document, including our consolidated financial statements and related notes, before you decide to [REDACTED] our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. This Document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR BUSINESS

Global trade tensions, the initiation of AD and CVD investigations and increases in trade tariffs could adversely affect our business.

Our business is export-oriented, and substantially all of our products are sold to overseas markets including the United States. Shifts in global trade and investment policies, growing geopolitical tensions and increasingly intensive scrutiny by customs and regulatory authorities, particularly in relation to China and Chinese enterprises, could materially and adversely affect our operations, supply chain and financial results. Foreign governments may impose, adjust or remove tariffs, anti-dumping duties, countervailing duties and other trade restrictions at short notice, often in response to changes in economic or political conditions. This unpredictability makes it difficult for us to reliably forecast our costs, delivery schedules or margins.

During the Track Record Period, revenue generated from our PRC-origin products subject to U.S. tariffs amounted to RMB1,529.3 million, RMB2,275.3 million, RMB1,988.1 million and RMB389.8 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing approximately 71.3%, 76.4%, 50.4% and 24.5% of our total revenue for the respective periods. Our exposure to U.S. tariffs and trade-remedy measures arises in part from our multi-regional production and supply-chain arrangements. During the Track Record Period, a substantial majority of the products we sold in the United States were manufactured outside the United States, principally in the PRC and, beginning in 2024, Vietnam, and subsequently imported into the United States.

Our production and supply-chain arrangements expose us to risks relating to U.S. tariff classification, country-of-origin determinations, AD and CVD orders and customs enforcement. During the Track Record Period and up to the Latest Practicable Date, imports into the United States of our PRC-origin ATVs, off-road motorcycles, electric scooters, electric balance vehicles and electric bicycles were affected by multiple rounds of tariff adjustments, while imports of PRC-origin LSPTVs were subject to ordinary customs duties plus applicable CVD and AD rates. See “Business — Impact of U.S. Tariffs and Trade Measures.”

Certain of our LSEVs have also been subject to U.S. anti-dumping and countervailing duty investigations relating to LSPTVs (including LSEVs) from the PRC and the resulting cash deposit requirements. On September 8, 2025, we commenced an action before the CIT challenging the critical circumstances determinations made in those investigations. The timing of the court’s decision and the ultimate outcome of the proceedings remain uncertain. See “Business — Legal Proceedings and Compliance — Legal Proceedings — Dispute Relating to Anti-dumping and Countervailing Duty Cash Deposit Requirements.”

RISK FACTORS

As tariff rules and enforcement priorities continue to evolve, we may from time to time receive regulatory inquiries or become subject to investigations concerning tariff classification, country of origin and duty treatment. Such inquiries and investigations may take considerable time and management resources to resolve, and their timing, outcomes and impact on us may remain uncertain for an extended period.

Most recently, in March and April 2026, certain of our U.S. subsidiaries were notified by CBP of an investigation under the EAPA concerning allegations that certain LSEVs and rolling chassis, imported from Vietnam were of PRC origin. We deny these allegations and maintain that the manufacturing activities conducted in Vietnam were genuine. Based on the manufacturing operations conducted in Vietnam and its review of the supporting records and site-visit findings to the Vietnam Base, our Tariff Legal Advisor is of the view that the relevant products were manufactured at our Vietnam Base and that the likelihood of an adverse determination is low. However, the final determination rests with CBP.

In July 2026, one of our U.S. subsidiaries also received an information request from the DOJ in connection with a related investigation concerning the potential avoidance of import duties on LSEV imports. The DOJ may issue supplemental requests for information or documents before deciding whether to decline to pursue the matter, seek a settlement or unseal and pursue a civil complaint. The DOJ investigation is not itself an AD or CVD investigation and is procedurally separate from the EAPA investigation conducted by CBP. If the DOJ pursues the matter, it may seek potential penalties or duties in addition to any duties arising from the EAPA investigation. However, as advised by our Tariff Legal Advisor, the subject matter of the DOJ investigation is substantially coextensive with that of the EAPA investigation and appears to be based on substantially the same allegations concerning whether false statements were knowingly made to avoid payment of AD/CVD or other import duties. Our Tariff Legal Advisor is of the view that, absent new information, the DOJ investigation does not present a new basis for potential liability and that the relevant Group entities have complied with applicable laws and have not failed to declare any AD/CVD or other import duties due in respect of the relevant imports.

As of the Latest Practicable Date, both the EAPA and DOJ investigations remained ongoing, and no penalties had been imposed or proposed on any member of our Group in connection with either investigation, nor had any accounting provision been made. In relation to the EAPA investigation, CBP imposed interim measures under which it (i) suspended liquidation of entries of the products subject to the investigation made on or after December 30, 2025; and (ii) extended the liquidation period for entries of the products made before December 30, 2025. As a result of these interim measures, certain historical customs entries of the relevant merchandise imported into the United States during the approximately nine-month period from April 2025 to December 2025 remained unliquidated. The products underlying those entries had an aggregate entered value of approximately US\$12.2 million. Such entered value represents only the value declared for U.S. customs purposes and does not constitute any cash deposit, assessed duty, penalty or other liability. CBP had not made any final evasion determination, assessed any final duties or asserted any quantified payment demand in respect of such entries. Based on the current circumstances and the views of our Tariff Legal Advisor described above, our Directors are of the view that the potential exposure in respect of such merchandise, including any potential duties or penalties, did not have and is not expected to have a material adverse impact on our Group’s business operations. CBP has also required the relevant importers to use live entry for subsequent imports of the relevant merchandise from the PRC or Vietnam. As advised by our Tariff Legal Advisor, the live-entry requirement has had no practical impact on our Group, as we ceased importing finished golf carts and rolling chassis through those importers in January 2026 and now manufacture and assemble finished golf carts in the United States. In relation to the DOJ investigation, the matter remained at a preliminary stage. We continued to cooperate with CBP and the DOJ and, in consultation with our Tariff Legal Advisor, were considering the appropriate next steps in light of

RISK FACTORS

further developments, including responding to any supplemental requests and, in the unlikely event of any adverse determination or enforcement action, pursuing available administrative or judicial remedies or defenses.

While any liability ultimately imposed on our U.S. subsidiaries could affect our Group’s financial position, we are unable at this stage to reliably estimate our potential exposure or provide a meaningful estimate of the maximum potential liability. Based on the views of our Tariff Legal Advisor described above, including its view that, absent new information, the DOJ investigation does not present a new basis for potential liability, our Directors are of the view that the EAPA and DOJ investigations have not had and, based on the circumstances presently known, are not expected to have a material adverse impact on our Group’s business operations. Nevertheless, there can be no assurance that the relevant authorities will agree with our position.

Investigations and proceedings of the kind described above, including the anti-dumping and countervailing duty proceedings, the EAPA investigation and the DOJ investigation, may result in additional duties, cash deposit requirements, penalties or other remedies, potentially with retroactive effect. Any such outcome could substantially increase our costs, disrupt our imports and supply-chain arrangements and reduce the competitiveness of our products in the U.S. market. An adverse ruling could also affect the treatment of our future imports and our ability to manage similar trade compliance matters. A prolonged investigation could consume significant management time and resources even if it does not ultimately result in an adverse determination. Any of these developments could materially and adversely affect our business, financial condition and results of operations.

The U.S. government has introduced multiple rounds of tariffs and related measures affecting numerous countries and industries. These policies are evolving rapidly, and future policy changes remain difficult to predict. Their potential impact on us, our customers or our suppliers could be significant. Higher costs, reduced demand or supply-chain constraints could in turn materially and adversely affect our business, financial condition, results of operations and ability to raise funds.

In a separate tariff-classification dispute, we initiated a litigation against CBP in the CIT, challenging the tariff classification of certain hoverboard products. Prior to the resolution of this case, the maximum potential exposure was approximately US\$1.73 million. On March 9, 2026, the matter was resolved through a stipulated judgment and agreed reliquidation/refund procedures. See “Business — Legal Proceedings and Compliance — Legal Proceedings — Tariff Classification Dispute.” Although this particular matter has been resolved, similar customs classification or tariff treatment disputes may arise in the future and could adversely affect our business, financial condition and results of operations.

Effective July 24, 2026, the United States imposed additional ad valorem tariffs of 12.5% under Section 301 on products originating from the PRC or Vietnam. As advised by our Tariff Legal Advisor, the additional 12.5% tariff applies to imports into the United States of our LSEVs, electric bicycles, electric scooters, electric balance bikes, ATVs and off-road motorcycles, as well as the frames, parts and components, in each case where they originate from the PRC or Vietnam. As of the Latest Practicable Date, the aggregate tariff rates applicable to our PRC-origin non-LSEV products ranged from approximately 20.0% to 40.0%, while the rate applicable to PRC-origin LSEVs was approximately 367.18%; the corresponding rates for our Vietnam-origin finished products ranged from approximately 12.5% to 27.5%. The validity of these tariffs is being challenged in litigation before the CIT. Because the new tariff action also applies to products originating from Vietnam, our use of Vietnamese-origin frames, parts and components for assembly in the United States may reduce our exposure to AD/CVD orders applicable to PRC-origin LSPTVs (including LSEVs) but may not eliminate our exposure to ordinary customs duties, Section 301 tariffs or other additional tariffs.

RISK FACTORS

Our success is dependent on our continued innovation and successful launches of new products, and we may not be able to anticipate or make timely responses to changes in the preferences of consumers.

The success of our operations depends on our ability to introduce new or enhanced E-mobility products and powersports products, and other new products. Consumer preferences differ across and within each of the regions in which we operate or plan to operate and may shift over time in response to changes in demographic and social trends, economic circumstances and the marketing efforts of our competitors. There can be no assurance that our existing product models will continue to be favored by consumers or that we will be able to anticipate or respond to changes in consumer preferences in a timely manner. Our failure to anticipate, identify or react to these particular preferences could adversely affect our sales performance and our profitability. In addition, demand for many of our products is closely linked to customers’ purchasing power and disposable income levels, which may be adversely affected by unfavorable economic developments in the countries in which we operate.

We invest significant resources in the development and enhancement of our products. However, we may not succeed in creating innovative products, and newly launched models may not achieve commercial success. If we are unable to accurately assess market direction and effectively develop and manufacture new or improved products, our financial performance and competitive position may be adversely affected. New product launches also carry inherent risks, including uncertainty around consumer acceptance and marketing effectiveness. There is no assurance that our new products will meet sales expectations.

Our fuel-powered powersports products are subject to evolving environmental and emissions requirements, and any failure to comply may adversely affect our business.

Our powersports products are fuel-powered and generate exhaust emissions that may contribute to air pollution. We sell these products in the United States, the European Union and other overseas markets, where applicable environmental, emissions, product approval and market access requirements may change or become more stringent over time. Certain of our powersports products may be subject to U.S. and EU laws and regulations governing pollutant emissions.

Compliance may require additional research and development, product modifications, testing and certification, which could increase our costs or delay product launches and sales. We may be unable to adapt our products or comply with new or amended requirements in a timely or cost-effective manner, or at all. Any non-compliance could result in penalties, restrictions on sales, loss of market access and reputational harm. In addition, growing environmental concerns and consumer preferences for lower-emission or electric products may reduce demand for our fuel-powered powersports products. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may face intense competition in the E-mobility and powersports industry.

We compete with domestic and international manufacturers and brands across the LSEV, electric two-wheeler and powersports markets. According to Frost & Sullivan, there were more than 50 competitors in each of the North American, EU, and Japan–South Korea LSEV markets. In 2025, we ranked first globally in the LSEV industry by revenue, with a market share of approximately 10.9%. We expect additional competitors to enter this market and as they do so, we expect that competition will intensify. Our future competitors may enjoy competitive advantages, such as greater capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of products and more established relationships with a larger number of suppliers, contract manufacturers and channel partners. To compete, we may need to reduce prices, offer more favorable commercial terms or increase

RISK FACTORS

our R&D, marketing and after-sales service expenditures. If we fail to compete effectively, we may lose customers, sales channels or market share, or experience lower sales and margins, which could materially and adversely affect our business, financial condition and results of operations.

We are exposed to risks and uncertainties associated with operating, investing and expanding internationally.

In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, we generated 98.9%, 99.0%, 97.6%, 97.4% and 97.7%, respectively, of our total revenue from sales outside of China, such as the United States, Europe and South America. Beyond China, we have established manufacturing bases in the United States and Vietnam.

The manufacturing, marketing, distribution and sale of our products internationally, as well as the construction and operation of our production plants outside of China, may expose us to risks associated with political and economic instability, regulatory changes, trade barriers, unfamiliar local legal and market environments, labor and cultural differences, difficulties in staffing and managing overseas operations and distribution networks, challenges in managing relationships with overseas stakeholders, potential failure to achieve expected returns from overseas investments, and weaker legal and intellectual property protections in certain jurisdictions.

The above-mentioned risks vary from country to country and are difficult to predict. Failure to address these risks effectively in each region, or to obtain the required approvals, permits, licenses or filings, or to comply with the associated conditions, could result in fines, sanctions, suspension, revocation or non-renewal of such approvals, permits or licenses, or even criminal penalties, and could have a material adverse effect on our reputation, business, financial condition, and results of operations.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, or we could experience greater product returns from retailers than expected, which could harm our business and operating results.

We may become subject to product liability claims, which could harm our business, prospects, operating results and financial condition. The E-mobility products and powersports industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our products do not perform as expected or malfunction resulting in property damage, personal injury or death.

As of the Latest Practicable Date, Tao Motor was involved in two pending product liability lawsuits relating to our off-road motorcycles. The Missouri wrongful-death lawsuit arose from a traffic collision allegedly involving an off-road motorcycle, in which the plaintiff alleges negligence and a design defect in the motorcycle’s fuel system. The plaintiff has not specified the amount of damages claimed, and settlement negotiations commenced in May 2026 remained ongoing as of the Latest Practicable Date. The separate New York personal-injury lawsuit relates to an alleged engine oil leakage from an off-road motorcycle, and the plaintiff seeks damages of more than US\$75,000. Each lawsuit is covered by our product liability insurance policies with a coverage limit of US\$1.0 million per occurrence. See “Business — Legal Proceedings and Compliance — Legal Proceedings — Product Liability Claims.” A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our products and business and inhibit or prevent commercialization of our future products which would have a material adverse effect on our brand, business, prospects and operating results. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages may have a material adverse effect on our reputation, business and financial condition.

RISK FACTORS

We provide tiered warranty coverage tailored to each product category and, where appropriate, to specific components. See “Business — Customer Service and Warranty” for details. The occurrence of any material defects in our products could make us liable for damages and warranty claims in excess of our current reserves. In addition, we could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Any negative publicity related to the perceived quality of our products could affect our brand image, decrease retailer, dealers, distributor and customer demand, and adversely affect our operating results and financial condition. While our warranty is limited to repairs and returns, warranty claims may result in litigation, the occurrence of which could adversely affect our business and operating results.

Claims by third parties for alleged infringement of their intellectual property rights and other litigation could adversely affect our business.

The industry in which our business operates is characterized by a large number of Third-party patents, some of which may be of questionable scope, validity or enforceability. As a result, there is a significant amount of uncertainty in the industry regarding patent protection and infringement, and we cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate intellectual property or proprietary rights of third parties. We could become subject to claims and litigation alleging infringement by us of third-party patents, copyrights or trade secrets. For instance, in January 2025, Razor USA LLC and Shane Chen filed a complaint with the ITC against multiple respondents, including Golabs, alleging that certain hoverboard models infringe its utility patents RE46964 and RE49608 and design patent D739906. The ITC proceeding does not seek monetary damages and relates to the importation of the subject matter products, seeking trade remedies. Golabs has obtained a licence from Daniel Wood, a potential joint inventor of the Asserted Utility Patents. As of December 2025, the complainant withdrew its design patent infringement allegations. The settlement conference was not held and the case remains under review by the ITC as of the Latest Practicable Date. See “Business — Legal Proceedings and Compliance — Legal Proceedings — Patent Infringement Claim.” Separately, if we recruit employees from other technology companies, including certain potential competitors, and these employees used or alleged to have used certain know-how, technology or contents, or the participation by such employees in our research and development, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information. These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our products or business operations, or invalidate or render unenforceable our intellectual property rights. An adverse judgment in an intellectual property dispute could harm our reputation and require us to take costly remedial actions, including redesigning our products. In addition, because patent applications may remain pending for many years, there may be patents issued in the future based on applications of which we are currently unaware that our products may infringe.

We may not be successful in redesigning our products to avoid alleged infringement, in developing and implementing non-infringing technology, or in obtaining licenses to the relevant third-party intellectual property on acceptable terms and in a timely manner, if at all. In addition, third parties may assert infringement claims against us, including non-practicing entities whose business model is to seek patent licensing revenues from operating companies such as us. Any such claims, regardless of merit or outcome, may be time-consuming and expensive to resolve, may result in litigation, divert management’s time and attention from our business, and harm our reputation with our suppliers and in the industry generally. If any infringement claim against us is successful, or if we are unable to redesign our products, implement non-infringing technology or obtain necessary licenses on commercially reasonable terms or at all, our business, financial condition and results of operations could be materially and adversely affected. As we continue to expand our product portfolio through new technologies and innovations, our exposure to infringement claims may increase.

RISK FACTORS

We may be unable to renew our licences to use the “COLEMAN” and “MADDOG GEAR” brands, which could adversely affect our operations and financial performance.

We hold contractual rights to use the “COLEMAN” and “MADDOG GEAR” brands for specified products in the applicable territories. We do not own these trademarks. The initial term of the relevant licence agreement expires on December 31, 2028, and renewal is subject to the licensor’s consent. We cannot assure you that the licences will be renewed on commercially acceptable terms, or at all. Any increase in royalties or more restrictive licensing conditions could increase our costs or limit our operations. If the licences are not renewed, we would no longer be entitled to use the relevant brands. This could disrupt sales and customer relationships, reduce revenue and result in inventory write-downs. We may also incur additional costs to develop and market products under alternative brands and modify packaging. Alternative brands may not achieve comparable market acceptance, and we may be unable to recover these costs or replace lost sales.

The estimated useful life of ten years adopted for the contractual licence rights takes into account anticipated renewals. If our renewal expectations are no longer supportable, we may need to shorten the remaining useful lives of these rights, resulting in higher amortization charges, and recognize impairment losses on the rights or other affected assets, including goodwill. These developments could materially and adversely affect our business, financial condition and results of operations.

We face exposure to foreign currency risks.

We recorded net foreign exchange gains of RMB17.8 million, RMB33.6 million and RMB20.0 million in 2023, 2024, and the four months ended April 30, 2025, respectively, and net foreign exchange loss of RMB36.7 million and RMB50.6 million in 2025 and the four months ended April 30, 2026, respectively. We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. In addition, as the net [REDACTED] from the [REDACTED] will be in Hong Kong dollars, fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China’s foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future, and if the exchange rate between the Renminbi and other currencies evolves in a way that is unfavorable to us, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to sustain our rapid growth, effectively manage our expansion, or implement our business strategies, which could adversely impact our operating performance, financial condition and results of operations.

Our ability to accurately forecast our future results of operations is subject to significant uncertainties, and our historical performance may not be indicative of our future business, results of operations, financial condition or prospects. We may incur unforeseen expenses, encounter difficulties,

RISK FACTORS

complications and delays, and fail to achieve expected results in future periods. Our revenue growth may slow or decline due to a variety of factors, including slowing demand, intensified competition, technological changes, a decline in the growth of our total addressable market, or our failure to capture growth opportunities. If our assumptions regarding risks and future growth prove incorrect, or if we fail to respond effectively to uncertainties and challenges, our operating and financial results may differ materially from our expectations, which could materially and adversely affect our results of operations and financial condition. Our continued success depends largely on our ability to manage our expansion and growth effectively, including managing a larger organization across multiple locations, supporting rapid growth through our supply chain, controlling expenses and investments, expanding our research and development, sales and service facilities, entering new markets, enhancing our operational, financial, management and compliance systems and controls, and addressing unforeseen challenges. If our staffing, systems, policies, procedures and controls are not adequate to support future operations, our costs and expenses may increase faster than expected, we may fail to respond effectively to competition or execute our business strategies, and changes in our product portfolio and revenue mix may adversely affect our profit margin, which could in turn adversely affect our reputation, prospects and results of operations.

We rely heavily on third-party dealers for sales and distribution of our products, which is crucial for our overall success.

Our external distribution network plays a crucial role in our retail system, especially in driving sales of the E-mobility products and powersports products. As of April 30, 2026, we had 11 KACs and 819 dealers. During the Track Record Period, our revenue from third-party dealers amounted to RMB262.5 million, RMB711.5 million, RMB1,848.0 million and RMB962.5 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively, representing 12.2%, 23.9%, 46.9% and 60.5% of total revenue during the same periods. See “Business — Our Sales Network and Customers”. We rely on third-party dealers to directly interact with and serve our users, but their interest may not be entirely aligned with ours or with that of other dealers. There can be no assurance that we will be able to maintain our existing relationships with dealers. Additionally, our existing dealers may not be able to maintain past levels of sales or expand their sales. In addition, as we seek to expand into new regions, we cannot assure you that we will be able to successfully establish and maintain relationships with new dealers in these regions on favorable terms or at all.

Furthermore, we manage our dealers through goal-oriented performance monitoring, including reviewing the achievement of sales target and execution of promotion activities on social media. However, we cannot assure you that we will be successful in managing our dealers and detecting inconsistencies with our brand image or values or noncompliance with the provisions of our distribution agreements by them. Any noncompliance by our dealers could, among other things, adversely affect our brand reputation, demands for our products and our relationships with other dealers. Any of these could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to realize the expected benefits of acquisitions or successfully integrate acquired businesses.

We may in the future evaluate and pursue acquisition opportunities that complement our business strategy. Any acquisition involves uncertainties, valuation risk, and integration risks. We may not identify all existing or potential liabilities, operational issues or integration challenges. Following completion, we may experience difficulties in integrating the acquired business’s operations, personnel, systems, internal controls and business relationships into our Group, and the integration process may require additional time, costs and management attention. As a result, we may not realize the expected synergies, commercial benefits or financial returns of an acquisition within the timeframe anticipated, or at all.

RISK FACTORS

In December 2025, we acquired 100% of the equity interests in Champion Holdings for a cash consideration of US\$15.0 million. Champion Holdings is a U.S.-based business principally engaged in the sales of ATVs, off-road motorcycles and LSEVs through its subsidiary. There can be no assurance that the integration of Champion Holdings will proceed as expected or that we will fully realize the anticipated benefits of this acquisition or any future acquisitions. If we are unable to effectively manage such integration or achieve the expected benefits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we fail to maintain existing customers and attract new end customers, or fail to do so in a cost-effective manner, our business may be adversely affected.

Our success depends, in part, on our ability to cost-effectively attract customers to our products, retain our existing customers and encourage these customers to continue to use our products. We spend on advertising, promotion and other marketing activities to acquire new end customers, and we expect our sales and marketing expenses to increase in the future in absolute amount as we continue to implement strategies to increase awareness of our brand and our products.

We may fail to identify opportunities that satisfy our anticipated return on sales and marketing expenses as we scale our investments or to fully understand or estimate the conditions and factors that drive customer behavior. If any of our marketing activities prove less successful than anticipated in retaining existing customers or attracting new end customers, we may not be able to recover such expenses and our sales results may fail to meet our expectations, either of which could have an adverse effect on our business, financial condition and results of operations. There can be no assurance that our marketing efforts will result in increased sales of our products. If we are unable to retain existing customers or attract new end customers, or fail to do so in a cost-effective manner, our growth could be slower than we expect, and our business, financial condition and results of operations may be harmed.

We currently generate a significant share of our revenue from our key customers.

Revenue generated from our five largest customers in 2023, 2024, 2025 and the four months ended April 30, 2026 accounted for 49.7%, 48.9%, 34.8% and 20.0%, respectively, of our total revenue during the same periods. For details, see “Business — Our Sales Network and Customers — Major Customers.” We are subject to customer concentration risk, and any reduction, delay or loss of sales to our major customers could adversely affect our revenue, business, results of operations and financial condition. Our major customers may cancel, reduce or delay purchases, may not guarantee purchase volume, may develop in-house alternatives, may switch to our competitors, particularly in the event of supply delays or shortages, or may discontinue sales or lose market share in their end markets. In addition, many of our customers are large multinational corporations with substantial negotiating power and development resources, which may enable them to develop, acquire or co-develop competing technologies. Meeting their technical requirements and being selected as a supplier requires substantial time and resources, and we cannot assure you that our products will continue to be selected by them or generate meaningful revenue. If we lose any major customer, if our customers develop or acquire competing technologies, or if they fail to settle accounts regularly or make payments on schedule, our business, financial condition and results of operations could be materially and adversely affected.

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

During the Track Record Period, our revenue amounted to RMB2,144.2 million, RMB2,976.6 million, RMB3,941.4 million, RMB958.8 million and RMB1,591.4 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. Our gross profit amounted to RMB799.5 million, RMB1,032.0 million, RMB1,626.2 million, RMB366.4 million and RMB658.9 million during

RISK FACTORS

the same periods, respectively. However, our historical revenue growth, gross profit and gross profit margin may not be indicative of our future financial performance, and you should not rely on our historical results to predict our future performance. Our selling prices may be affected by tariff-related policies and increased costs associated with production and supply chain adjustments in response to U.S. tariffs, including production transfer to Vietnam and other non-PRC locations, which may be policy-driven and may not be sustainable, and any change in tariff policies, product mix, production costs or customer demand may materially and adversely affect our selling prices, gross profit margin and results of operations.

Accordingly, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in dynamic industries and international markets, including, among other factors, our ability to (i) respond to changes in market demand and consumer preferences for our products, (ii) expand our customer base and retain and expand business with our existing customers and dealers, (iii) maintain and expand our production capabilities and manage our multi-regional production and supply chain arrangements, (iv) manage and further improve operational efficiency and cost control, (v) navigate changes in macroeconomic, geopolitical, trade and regulatory conditions in the markets where we operate, including changes in tariffs, customs treatment, AD/CVD measures and other trade restrictions, (vi) manage the impact of tariff-related pricing, shipping term adjustments and any potential changes to customer demand, pricing expectations and margins resulting from such trade measures, and (vii) execute acquisitions, investments and business expansion plans, as well as successful integration.

Our rising inventory levels may expose us to impairment risk if demand forecasts are inaccurate or new product launches reduce turnover of existing inventory.

As of December 31, 2023, 2024 and 2025 and April 30, 2026, the carrying value of inventories was RMB714.8 million, RMB1,206.1 million, RMB1,705.8 million and RMB1,816.9 million, representing 18.9%, 26.6%, 28.9% and 29.4% of total assets, respectively. Inventories primarily consist of raw materials, work-in-progress, and finished goods. We recorded inventory write-down provisions of RMB13.0 million, RMB13.5 million, RMB14.3 million and RMB14.8 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. We have recorded relatively long inventory turnover days, and our inventory turnover days amounted to 199 days, 183 days, 232 days and 229 days in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. We employ a hybrid manufacturing approach integrating the BTS and BTO models. See “Business — Production — Our Manufacturing Models”. Inaccuracies in sales forecasting under this approach may lead to excessive inventory accumulation. Furthermore, if the launch of new products reduces demand for existing products, we may face challenges in clearing existing inventory, resulting in impairment losses that could adversely affect operating performance.

We experience seasonal fluctuations in our sales.

Our sales are affected by seasonal fluctuations. Seasonal ordering trends often result in a higher volume of orders in the fourth quarter. However, there is no assurance that our end customers’ purchase orders and deliveries will align with our expectations for each season. Accordingly, our operating results may vary from period to period. If we are unable to plan our production and delivery schedules effectively and secure purchase orders from end customers during non-peak seasons, it may adversely affect our business, financial condition, and results of operations.

RISK FACTORS

We are subject to the risks associated with sanctions, export controls, and evolving trade and regulatory policies.

Our operations may be adversely affected by trade policies, sanctions, export controls and other regulatory restrictions in the jurisdictions in and with which we operate. These laws and regulations are subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns and other factors beyond our control. Compliance with such restrictions requires significant resources and may materially and adversely affect our and our business partners’ ability to obtain or supply critical technologies, systems, devices, components or services. During the Track Record Period, we recorded sales to customers located in Russia. In 2023, 2024, 2025 and the four months ended April 30, 2026, our revenue from customers located in Russia amounted to approximately RMB112.9 million, RMB100.3 million, RMB46.6 million and RMB4.3 million, respectively, representing approximately 5.3%, 3.4%, 1.2% and 0.3% of our total revenue for the same periods. See “Business — Business Activities in Regions Subject to International Sanctions.”

If any of our significant suppliers, customers or other business partners become subject to sanctions, export controls or other trade restrictions, we may need to secure alternative arrangements on acceptable terms, and there can be no assurance that we would be able to do so in a timely manner or at all. In addition, increasing regulatory focus on national security, data privacy, cybersecurity, critical infrastructure and intellectual property protection, together with additional tariffs, import or export restrictions and technology controls, may reduce our operational flexibility and competitiveness. Any failure to comply with applicable sanctions, export controls or other trade-related regulations could result in civil or criminal penalties, government investigations, restrictions on access to controlled technologies, and materially and adversely affect our business, financial condition and results of operations.

Our business and ability to raise capital may be adversely affected by U.S. outbound investment restrictions and evolving regulatory requirements.

On October 28, 2024, the U.S. Department of the Treasury (“**Treasury**”) issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern, which became effective on January 2, 2025, to implement the Outbound Investment Rule (“**OIR**”) established by Executive Order 14105. The OIR restricts direct and indirect investment by U.S. persons (as defined under the OIR) into “covered foreign persons,” i.e., companies with specified connections to China that develop specific technologies of concern, including semiconductors, quantum computing and AI. See “Regulatory Overview – U.S. Outbound Investment Rule.”

Uncertainty surrounding the interpretation and enforcement of these rules may dampen U.S. investor interest in our equity securities, potentially adversely affecting the trading price and liquidity of our H Shares. Any future changes to the rules or to our business could further limit our fundraising activities, and ongoing developments in foreign investment regimes across jurisdictions may adversely impact our strategic initiatives, financial performance and growth prospects.

Our investments in R&D may not generate the results we expect to achieve.

Our research and development expenses were RMB87.7 million, RMB125.5 million, RMB123.4 million, RMB27.3 million and RMB29.0 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. The E-mobility and powersports industry we operate in is subject to rapid technological changes and are evolving quickly in terms of technological development. We need to continuously invest in R&D to make technological advances in order to make our products

RISK FACTORS

competitive in the market. As a result, our R&D capabilities will remain important to our business operations. However, R&D activities are inherently uncertain, and we might encounter practical difficulties in developing, conceptualizing and commercializing our R&D results.

We may not be able to fulfill our obligations in respect of contract liabilities.

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we recorded contract liabilities of RMB26.0 million, RMB27.5 million, RMB57.0 million and RMB66.9 million, respectively. Failure to meet our obligations related to these contract liabilities could have a material adverse impact on our business, operations, financial position and reputation. If we fail to deliver products on time or meet customer expectations, it may result in the inability to recognize the expected revenue, which could significantly impact our financial performance. A failure to deliver products on time, or to meet customer expectations, could also lead to claims for refunds, penalties, or the termination of contracts, which could in turn materially and adversely impact our business, reputation, and liquidity position.

We are exposed to credit risks related to our trade receivables, and prepayments and other receivables.

We face credit risks attributable to our trade receivables, prepayments and other receivables, due from our customers for goods sold or other services performed in the ordinary course of our business. As of December 31, 2023, 2024 and 2025 and April 30, 2026, our trade receivables amounted to RMB588.1 million, RMB698.2 million, RMB939.2 million and RMB1,081.9 million, respectively. In 2023, 2024 and 2025 and the four months ended April 30, 2026, our trade receivable turnover days were 79 days, 83 days, 80 days and 80 days, respectively. The fluctuation and extension of trade receivable turnover may have a material and adverse effect on our cash flow and liquidity position. See “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Trade Receivables” for details. Additionally, our prepayments and other receivables amounted to RMB44.6 million, RMB49.3 million, RMB52.9 million and RMB62.0 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. As there is limited financial or public information on many of our counterparties, we cannot assure you that all of our counterparties are creditworthy and reputable and will not default on us in the future. As a result, we are exposed to risks that our counterparties may fail to fulfill their obligations to us under our contracts.

We may be exposed to liquidity risk due to a long cash conversion cycle.

We recorded relatively long inventory turnover days and accounts receivable turnover days, which may lead to delays in converting our revenue into cash. We recognized credit loss allowance of RMB31.8 million, RMB37.4 million, RMB47.7 million and RMB61.4 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. Our cash conversion cycle — a metric to measure how efficiently we manage our working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales — was 182 days, 164 days, 186 days and 183 days in 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade and bills receivables turnover days, then subtracting accounts payable turnover days. A long cash conversion cycle may increase our reliance on working capital or external financing to support our operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

RISK FACTORS

We rely on external suppliers for certain components and raw materials used in our products. Price fluctuations, shortages, or interruptions in supply could adversely affect our business, financial condition, and results of operations.

During the Track Record Period, our total purchases from our five largest suppliers accounted for 13.5%, 27.1%, 20.9% and 22.5% of our total purchase amount in 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. Timely, cost-effective delivery from these suppliers is critical to our efficiency, competitiveness, and ability to execute our business strategy. Any deterioration in our relationships with suppliers or disruptions in their operations could delay deliveries, increase costs and impair our ability to meet customer demand.

We face risks relating to supplier accidents, natural disasters, insolvency or other operational difficulties, failures to procure raw materials or provide sufficient manufacturing or testing capacity, failures to implement necessary technologies, limited control over delivery schedules, quantities and quality, shipment delays, shortages, quality deterioration, increased costs, and the possibility that suppliers may prioritize our competitors’ orders over ours. We also face risks if suppliers choose to work with competitors or discontinue collaboration with us, and our efforts to diversify and localize our supply chain may not be successful. In addition, suppliers may extend lead times, restrict supply, raise prices, or experience quality, capacity, cybersecurity or labor compliance issues. If we fail to manage these risks effectively, our ability to deliver competitive products on time may be compromised, our costs may increase, and our business, financial condition and results of operations may be materially and adversely affected.

Share-based payment may have a material and adverse effect on our financial condition.

We have adopted certain share award schemes that permit the grant of share awards, such as restricted A Shares, to our Directors, senior executives and other eligible persons, such as employees. For details, see note 9 to the Accountants’ Report as set out in Appendix I to this Document. We are required to recognize share-based payment expenses based on the fair value of granted share awards. We recorded share-based payment expenses of RMB6.8 million, RMB14.1 million, RMB7.5 million, RMB3.5 million and RMB1.3 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. Any additional grant of share awards by us will further increase our share-based payment expenses, which may adversely affect our results of operations and financial condition, and potentially dilute existing Shareholders’ ownership.

If we are unable to protect or promote our brand and reputation, our business may be materially adversely affected. Negative publicity or rumors about us, our products, our management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

We must maintain and enhance our brand identity while increasing market awareness of the reputation of our business and products. The successful promotion of our brand will depend on our efforts to achieve acceptance of our E-mobility products and powersports, attract and retain customers, maintain our current market position, and successfully differentiate our offerings from those of competitors. Our selling and marketing expenses amounted to RMB314.9 million, RMB313.4 million, RMB352.0 million, RMB110.9 million and RMB137.2 million, in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively, representing 14.6%, 10.6%, 8.9%, 11.7% and 8.7% of total revenue during the same periods. These efforts require substantial expenditures, and we anticipate expenses will increase as our market becomes more competitive and as we expand into new markets. Furthermore, these investments in brand promotion may not yield increased revenue.

RISK FACTORS

In addition, adverse publicity, with or without merit, relating to events or activities attributed to us, our management, directors, employees, shareholders, business partners or their affiliates, industry, or products similar to ours, may tarnish our reputation and reduce the value of our brand. For instance, unfounded and adversarial statements or opinions could be misleading and harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Moreover, our brand value depends on our ability to provide safe products that meet industry standards in our markets. Damage to our reputation and loss of brand equity may reduce demand for our products, have an adverse effect on our future financial results, or reduce the [REDACTED] of our H Shares. Damage may also require additional resources to rebuild our reputation and restore the value of the brands. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

We may be compelled to undertake product recalls or take other actions, which could adversely affect our brand image and results of operations.

Our E-mobility and powersports may not perform consistently with customers’ expectations or with comparable products currently available on the market. Any product defects or performance failures as expected could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on our business, financial condition, operating results and prospects.

If our products are subject to recalls in the future, we may also be subject to adverse publicity and damage to our brand. In the future, we may at various times, voluntarily or involuntarily, initiate a recall if any of our products, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary or caused by systems or components engineered or manufactured by us or our suppliers, could involve significant expense and could materially and adversely affect our brand image in our target markets, as well as our business, prospects, financial condition and results of operations.

We may not be able to adequately protect or enforce our intellectual property rights throughout the world, which could harm our business and competitive position.

We consider our copyrights, trademarks, trade names, internet domain names, patents and other intellectual property rights invaluable to our ability to continue to develop and enhance our brand recognition, and have invested significant resources to develop our own intellectual property. Failure to maintain or protect these rights could harm our business. See “Business — Intellectual Property.”

Even so, these measures may not be enough to prevent others from infringing, misusing or misappropriating our rights. Intellectual property laws differ across jurisdictions and may be applied inconsistently. Some jurisdictions offer weaker protection, and in certain markets, we do not hold issued or pending patents for technologies important to our products. Statutory laws and regulations are subject to judicial interpretation and enforcement and contractual rights may be breached by limited remedies available to us. Monitoring and preventing unauthorized use or disclosure of our proprietary technology, intellectual property and confidential information can be difficult, costly, and time-consuming, and we cannot be sure that our measures will prevent misappropriation or infringement. Any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

RISK FACTORS

We rely on our unpatented proprietary technology, trade secrets, processes and know-how as well as our copyrights.

Our trade secrets, know-how and other proprietary information may not be adequately protected, and may be subject to unauthorized use, disclosure, misappropriation or infringement. Confidential information relating to our product designs, R&D activities, manufacturing processes, supplier and customer relationships and business strategies may be accessed by our employees, consultants, contractors, suppliers, third-party manufacturers or business partners in the ordinary course of business. We may have limited control over how such parties safeguard our proprietary information, and legal protections or contractual remedies available to us may be limited, costly to enforce or ineffective in certain jurisdictions. In addition, the use of third-party intellectual property by our employees, consultants, contractors or advisors may give rise to disputes regarding related know-how and inventions, and the protection and enforcement of trade secrets, copyrights and other proprietary rights may be limited or inconsistent in certain jurisdictions. Employee departures, collaboration with third parties or disputes over ownership or use of technology may also result in intellectual property disputes, misappropriation of confidential information or competitive harm. Any unauthorized use, disclosure or misappropriation of our proprietary information could weaken demand for our products, impair our ability to attract and retain customers, and materially and adversely affect our competitive position, business, financial condition and results of operations.

As our patents may expire and may not be extended, our patent applications may not be granted and our patent rights may be contested, circumvented, invalidated or limited in scope and our patent rights may not protect us effectively.

As of the Latest Practicable Date, we owned 390 registered patents in China, 126 registered patents in the U.S., and 123 registered patents in other countries around the world. However, we cannot assure you that any of our pending patent applications will result in issued patents, or that any patents currently held by us or issued in the future will not be contested, circumvented, invalidated or otherwise found unenforceable. Even if granted, such patents may not provide meaningful proprietary protection or competitive advantages, and their scope may not be broad enough to prevent third parties from developing or commercializing similar technologies. In addition, patents and patent applications owned by third parties in fields relevant to our business may have priority over, limit our ability to exploit or license, or otherwise adversely affect our existing or pending patents. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Any interruption in our operation process may have an adverse impact on our business.

Our operation process covers from R&D through production, storage, logistics, marketing and sales to after-sales services. Any interruption or failure in the operation process, which involves use of raw materials, parts and components supplied by third-party vendors, could result in product quality or safety problems and other regulatory or environmental risks that may have an adverse impact on our business. Our operation process may be disrupted by fire, flood, earthquake, power outage, telecommunications failure, security breach, and other incidents that are beyond our control. Any interruption in the operation may render us unable to fulfill the orders placed with us in a timely manner and/or design and supply products to the customer’s satisfaction or at all. In addition, the use of more complex and costly technologies and equipment may further increase our exposure to operational risks and the difficulty in timely repair or replacement. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged. Any interruption in the operation throughout our entire operation process for an extended period could cause us to suffer financial loss and reputational harm, which may adversely affect our business, results of operations and financial condition.

RISK FACTORS

Our products and related accessories may fail to comply with applicable product-safety rules, standards or certification requirements, which could adversely affect our business.

Our products and related accessories are subject to product-safety, performance, emissions, labeling, testing and certification requirements that vary by product and jurisdiction. Depending on the relevant product and market, these include, among others, CCC requirements in China; CE marking, E-mark and ABE requirements in Europe; and applicable FMVSS, EPA, CARB and CPSC requirements in the United States. Certain products are also tested or certified to product-specific third-party standards, including UL 2849 and UL 2271. New product models, entry into new markets or material changes to product designs, components, suppliers or manufacturing arrangements may require additional testing, certification, approval or conformity assessment.

In addition, our products or components may fail applicable tests or be found not to comply with applicable requirements, or we may be unable to obtain, renew or maintain required certifications or approvals on a timely basis. We may consequently be required to delay or suspend the manufacture, importation or sale of affected products; redesign, retest, repair, replace or recall products; provide refunds; or pay fines or other liabilities. Any such event could increase our costs, disrupt our sales, result in claims or regulatory action and adversely affect our reputation, business, financial condition and results of operations. See “Business — Product Quality Control,” “Business — Legal Proceedings and Compliance — Compliance — Administrative Penalty” and “Regulatory Overview.”

We are subject to various risks relating to the Third-party Payment Arrangements.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the “**Third-party Payment Arrangement(s)**”). In 2023, 2024, 2025 and the four months ended April 30, 2026, the aggregate amount of third-party payments was approximately RMB123.2 million, RMB52.4 million, RMB73.9 million and RMB4.9 million, respectively, accounting for approximately 5.7%, 1.8%, 1.9% and 0.3% of our total revenue in the same periods, respectively. See “Business — Our Sales Network and Customers — Third-Party Payment Arrangements” for details. However, we are subject to various risks relating to such Third-party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may as a result be adversely affected.

Our floor plan financing arrangement with dealers may expose us to credit and liquidity risks, and any ineffective risk management could adversely affect our business and financial performance.

Our floor plan financing arrangement, which has been utilized by our wholly owned U.S. subsidiary Denago EV Corporation since May 2024 to facilitate inventory purchases by authorized dealers in the United States, may expose us to credit, liquidity and inventory repurchase risks. We generally bear the interest accrued during the first 60 days after the relevant financing is advanced. If a dealer defaults on its payment obligations, the relevant Financing Provider may repossess the financed inventory and require us to repurchase it. Upon any such repurchase, we may also be required to bear any unpaid interest accrued on the relevant financing, including interest accrued after the initial 60-day period. Any such repurchase would result in a reduction in the revenue previously recognized in respect of the relevant financed inventory. During the Track Record Period and up to the Latest Practicable Date, no dealer had defaulted on its payment obligations under these arrangements. These obligations

RISK FACTORS

may increase our finance costs and adversely affect our profitability and liquidity. Any failure to effectively manage these risks, or any tightening of such financing support by the partnering financial institutions, could adversely affect our business, cash flows and financial condition.

As of December 31, 2024 and 2025, and April 30, 2026, the closing balance of the financed amount under our floor plan financing arrangements was RMB32.6 million, RMB234.0 million and RMB304.0 million, respectively. Any material increase in dealer defaults, deterioration in end-market demand, or tightening of financing providers’ risk appetite could lead to higher repurchase requests, higher finance costs, or changes to the terms of such arrangements, which may in turn reduce dealers’ ability to maintain adequate inventory and negatively affect our sales growth. See “Business — Our Sales Network and Customers — Floor Plan Financing Arrangement.”

We face certain risks in relation to our leases.

Certain of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. 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. We may also be exposed to risks of unexpected early lease termination at the request of the lessors or other reasons out of our control, and the relevant facilities need to be temporarily closed if we are not able to identify suitable premises on acceptable terms to relocate in a timely manner. The occurrence of such events could disrupt our operations, and materially and adversely affect our business, financial condition and results of operations.

Our business plans require a significant amount of capital. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.

We will need significant capital to, among other things, conduct research and development and expand our production capacity as well as roll out new products. We also expect to require significant capital and incur substantial costs in upgrading and expanding our existing manufacturing plants in the United States and in constructing our new production base in Thailand. As we ramp up our production capacity and operations, we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. Our expected sources of capital include both equity and debt financing. However, financing might not be available to us in a timely manner or on terms that are acceptable, or at all.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our current corporate structure. We might not be able to obtain any funding, and we might not have sufficient resources to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations.

RISK FACTORS

We face certain legal and regulatory risks relating to labor-related laws and regulations, which may adversely affect our business, results of operations and financial condition.

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. Our contribution shortfalls amounted to RMB19.4 million, RMB25.9 million, RMB25.0 million and RMB7.6 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. 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.

As of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing funds. See “Business — Legal Proceedings and Compliance — Compliance — Social Insurance and Housing Provident Fund Contributions” for details. We cannot assure you that the competent local government authorities will not require us to pay the outstanding amount within a specified time limit or impose late fees or fines on us, which may affect our financial condition and results of operations.

If we fail to recruit, retain and motivate highly skilled personnel, or maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus that contribute to our business.

Our success depends on the continued service of our directors, senior management, and other key personnel, including R&D, engineering, product design, finance, legal, and support teams — many of whom are difficult to replace. The loss of any such personnel, or delays in finding and integrating suitable replacements, could disrupt operations and materially harm our business, financial condition, results, and prospects. We face intense competition for qualified talent, especially in engineering, R&D, marketing, and operations. Rising labor costs, global labor shortages, and inflation add to this challenge. Failure to attract, train, and retain skilled employees in a timely manner could impede our strategic objectives, slow business growth, and affect our ability to maintain our corporate culture. Rapid expansion may further strain our ability to onboard new hires effectively.

We, our Directors, management, employees and shareholders and their affiliates may be subject to lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

As of the Latest Practicable Date, we are a party to certain material legal or administrative proceedings. For instance, following U.S. AD/CVD proceedings on certain PRC-origin LSPTVs, CBP demanded approximately US\$9.0 million of estimated AD/CVD deposits in respect of certain products previously imported by Tao Motor, which is being disputed and is subject to ongoing proceedings. Golabs’ prior dispute with CBP regarding the tariff classification of certain imported products was concluded in March 2026. See “Business — Legal Proceedings and Compliance — Legal Proceedings.” We may in the future be subject to or involved in other lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines relating to our business operations. Lawsuits and other administrative or legal proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Lawsuits and other legal and administrative proceedings may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our products, regardless of whether the

RISK FACTORS

allegations are valid or whether we are ultimately found liable. If any of these happens, our business, financial condition, results of operations or liquidity could be materially and adversely affected. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We or certain of our Directors or officers may be a target for lawsuits, including putative class action lawsuits brought by shareholders and lawsuits against our Directors and officers as a result of their position in other public companies. We cannot assure you that we or our Directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our Directors or officers may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs’ appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus materially and adversely affect our business, financial condition, results of operations, cash flows and reputation. Moreover, even if we or our Directors or officers eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial performance.

We are subject to regulatory risks with respect to tax compliance regulations and policies.

We may encounter significant risks stemming from changes in tax policies, adjustments in tariff rates and potential modifications to corporate income tax and value-added tax exemptions, which could adversely affect our profitability. These changes may lead to increased operational costs and reduced margins, impacting our financial performance and strategic planning. As tax policies are subject to governmental review and alteration, we must remain vigilant and adaptable to ensure compliance and mitigate potential financial repercussions. In the ordinary course of business we may be subject to inquiries, reviews, claims, assessments or other regulatory actions conducted by relevant tax or revenue authorities in the jurisdictions in which we operate. We may be subject to additional tax or duty liabilities, or increased statutory royalties in relation to our operations, as a result of any unfavorable decisions made by such relevant tax or revenue authorities, which may result in investigations, fines, and/or administrative penalties, and materially and adversely affect our business, financial position and results of operations. Such regulatory actions may also divert our management’s attention and other resources, especially if they are not resolved in a timely manner. For example, we carried out certain intra-group transactions during the Track Record Period, and our profit allocation and income tax positions in connection with such transfer pricing arrangements are subject to the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations with respect to transfer pricing in relevant jurisdictions. See “Business — Transfer Pricing.” There is no assurance that the respective tax authorities would not challenge the appropriateness of our historical transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest and/or fines.

We may not continue to receive preferential tax treatments and financial incentives currently available to us, and any change or discontinuation of such preferential treatments or incentives could adversely affect our results of operations. We cannot assure you that such preferential tax treatments, government grants, subsidies or other financial incentives will continue to be available to us, or that we will continue to satisfy the relevant qualification requirements. During the Track Record Period, we and

RISK FACTORS

certain of our subsidiaries were entitled to preferential tax treatments and financial incentives. See note 11 to the Accountants’ Report as set out in Appendix I to this Document for details. Any failure to renew or maintain the relevant qualifications, any change in applicable tax laws, regulations or government policies, or any reduction, discontinuation or delay in payment of such government grants, subsidies or other financial incentives could increase our income tax expenses, reduce our other income and cash inflows, and adversely affect our net income, financial condition and results of operations.

An economic downturn or economic uncertainty may adversely affect consumer discretionary spending and demand for our products and services.

Our products and services may be considered discretionary items for some consumers. Factors affecting the level of consumer spending for such discretionary items include general economic conditions, and other factors, such as consumer confidence in future economic conditions, fears of recession, the availability and cost of consumer credit, levels of unemployment and tax rates. As global economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products and services and consumer demand for our products and services may not grow as we expect. Our sensitivity to economic cycles and any related fluctuation in consumer demand for our products and services may have an adverse effect on our operating results and financial condition.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as property insurance, product liability insurance and employers’ insurance. For further details, see “Business — Insurance.” However, insurance companies in the PRC and other jurisdictions in which we operate may offer limited business insurance products. As a result, we may not be able to acquire any insurance for all types of risks we face in our operations in the PRC and overseas, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. This potentially insufficient coverage could expose us to potential claims and losses.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika, acts of war, terrorism or other force majeure events beyond our control. These events may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, these natural disasters, outbreaks of contagious diseases and other adverse public health developments could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

Our Controlling Shareholder may have substantial influence over our Company and his interests may not be aligned with the interests of other Shareholders.

Upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our 2023 Restricted Share Incentive Plan), our Controlling Shareholder will hold [REDACTED] of our total issued Shares. As a result, Controlling Shareholder, will have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and

RISK FACTORS

other significant corporate actions. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that other holders of our ordinary shares may view as beneficial.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Our business is subject to a variety of local and overseas laws, rules, policies and other obligations, including those relating to cybersecurity, privacy, data protection and international trade.

We are subject to numerous laws, regulations and policies in the markets where we operate, including those relating to data privacy, cybersecurity and trade barriers and remedies in our international operations. In the course of our business, we may possess business, contractual and limited personal information relating to our customers, suppliers and other business partners. See “Business — Data Security and Privacy.” As we expand our international operations, compliance with evolving and sometimes inconsistent laws governing the collection, use, retention, security and transfer of personal information, including cross-border transfer restrictions, may increase our costs and require changes to our business practices. In addition, trade barriers and trade remedies, including export requirements, tariffs, taxes, anti-dumping and countervailing duty orders and other restrictions and costs, may increase the prices of our products and reduce our competitiveness in certain markets. For details, see “— Global trade tensions, the initiation of AD and CVD investigations and increases in trade tariffs could adversely affect our business” in this section.

You should assess the legal protections you are entitled to under legal systems in the jurisdictions where we operate.

We are subject to the different applicable laws and regulations of the countries and regions where we operate. Our business and operations in China are subject to primarily written statutes, and prior court decisions offer limited precedential value. Furthermore, we cannot assure you that we can predict the effect of future legal developments in countries and regions where we operate, including the promulgation of new laws and changes in existing laws. In addition, legal proceedings may incur significant costs, divert our resources, and negatively affect our management’s focus on strategic planning and execution, which may materially and adversely impact our operational efficiency and overall business performance.

We are subject to the currency exchange control system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

RISK FACTORS

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, PRC tax laws and regulations may be adjusted from time to time. For example, under the Individual Income Tax Law of the People’s Republic of China (the “**IIT Law**”) (中華人民共和國個人所得稅法), which was amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals who have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rates on their income gained within or outside the PRC. The Standing Committee of NPC has approved the amendment of the IIT Law, which became effective on January 1, 2019. Under the amended IIT Law, foreign nationals who have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year would be subject to PRC individual income tax on their income gained within or outside the PRC. Our ability to attract and retain highly skilled foreign scientists and research personnel to work in China may be materially affected by such tax regulations, which may in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. The PRC tax laws and regulations may change from time to time in the future and may also have an adverse effect on our business, financial condition and results of operations.

We may be subject to the approval or other requirements of the China Securities Regulatory Commission or other PRC governmental authorities in connection with future securities activities.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見) (the “**July 6 Opinion**”), which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. On February 17, 2023, the CSRC promulgated the Trial Measures and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. In addition, according to the Overseas Listing Trial Measures, any future share [REDACTED] or [REDACTED] after this [REDACTED] will also be subject to filing procedures of CSRC and we are also required to report certain material matters to CSRC after this [REDACTED]. Any failure to complete such filing or reporting procedures would subject us to administrative penalties by CSRC which could harm our reputation and may adversely affect our results of operations and financial condition. We cannot guarantee that new rules or regulations promulgated in the future pursuant to the July 6 Opinion and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tightening the regulations on us.

[REDACTED] of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares (“**Non-Chinese Resident Individual Holders**”), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa 1993 No. 045 (Guo Shui

RISK FACTORS

Han 2011 No. 348) (關於國稅發1993045號文件廢止後有關個人所得稅徵管問題的通知(國稅函2011348號)) dated June 28, 2011 and issued by the SAT, the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the IIT Law and its implementation regulations, Non-Chinese Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) issued by the Ministry of Finance 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. As of the Latest Practicable Date, none of the aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-mainland China resident individual holders on the transfer of shares in mainland China resident enterprises listed on overseas stock exchanges. To the best of our knowledge, the Chinese tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' [REDACTED] in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (collectively, the “**EIT Law**”), a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its income sourced from China, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between the China and the jurisdiction in which the non-Chinese resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han 2008 No. 897) (關於中國居民企業向境外H股非居民企業股東派發股息代扣繳企業所得稅有關問題的通知(國稅函2008897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-Chinese resident enterprise holders of H Shares (including the [REDACTED]). Non-Chinese resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the Chinese tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the Chinese tax authorities' approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-Chinese resident enterprise holders' [REDACTED] in H Shares may be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Moreover, because the calculation of distributable

RISK FACTORS

profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa.

It may be difficult to effect service of process, enforce foreign judgments or bring original actions against us, our Directors and senior management residing in China.

We are a company incorporated under the laws of the PRC and a large portion of our assets are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, the service of process, investigation, collection of evidence, ratification, and enforcement procedure inside China should follow the rules set forth in the Civil Procedure Law of the People’s Republic of China as well as other applicable laws, regulations and interpretations. It would generally require you to commit more time and economic cost. Although we will be subject to the Listing Rules and the Takeovers Code upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

On July 14, 2006, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”). Pursuant to the 2006 Arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement. On January 18, 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2019 Arrangement”) and the 2019 Arrangement was issued on January 25, 2024 and became effective on January 29, 2024. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a “choice of court agreement in writing” entered into before the 2019 Arrangement taking effect. However, there remain uncertainties as to the outcome of any specific applications to recognize and enforce such judgments and arbitral awards in China.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

We will be concurrently subject to [REDACTED] and regulatory requirements of mainland China and Hong Kong.

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

RISK FACTORS

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

Our A Shares are listed and traded on the ChiNext Board of the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the ChiNext Board of the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have different trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable.

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

There has been no prior [REDACTED] for our H Shares, and an active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is the result of negotiations between the [REDACTED] (for themselves and on behalf of the other [REDACTED]) and us, and may not be an indication of the [REDACTED] at which our H Shares will be [REDACTED] following the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

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

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

Future sales or perceived sales of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

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 adversely impacted as a result of future sales of our H Shares or other securities relating to our H Shares in the [REDACTED] by our Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In

RISK FACTORS

addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders’ interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sale of 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.

In addition, while [REDACTED] shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreement to dispose of part or all of the H Shares they hold immediately or within a certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of mainland China, 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 IFRSs. The declaration, payment and amount of any future dividends are subject to the discretion of our Board of Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board of Directors may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of mainland China. For details, see “Financial Information — Dividend.” No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

As our A Shares are listed on the ChiNext Board of the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] our H Shares, they should rely only on the financial,

RISK FACTORS

operating and other information included in this document. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

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

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

Certain facts, forecasts and other statistics in this Document derived from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecasts and statistics in this Document are derived from official governmental publications and other publicly available sources. Such information from official government sources have not been independently verified by us, the Sole Sponsor, [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Such information may have been compiled on a different basis or using different methodologies, assumptions or standards from similar information presented elsewhere and may not be directly comparable. Prospective [REDACTED] should therefore consider carefully the weight to be given to such information.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. 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 identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance.