An* [REDACTED] *in our H Shares involves significant risks. You should carefully consider all of the information set out in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The* [REDACTED] *of our H Shares could decline due to any of these risks, and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements."

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We incurred net losses and net operating cash outflows for certain years during the Track Record Period, which may continue in the future.

We recorded net loss of RMB304.2 million and RMB10.1 million in 2024 and 2025, respectively, primarily attributable to the net gains/(losses) on changes in fair value on financial assets that mainly include our investment in Li Auto and the one-off impairment loss for the investment in an associate. Our financial assets will continue to affect our profit and loss in the future. See "Review of Historical Results of Operations — Net Gains/(Losses) on Changes in Fair Value on Financial Assets/Liabilities." Our future profitability will depend on a variety of factors, including the expansion and performance of our existing business, competitive landscape, customer preference, macroeconomic and regulatory environment and our existing and future investments in financial assets. We may incur losses in the future and cannot assure you that we will always achieve our intended profitability.

We recorded net cash used in operating activities of approximately RMB592.9 million and RMB190.0 million in 2023 and 2024, respectively. We achieved a notable turnaround in operating cash flow, reaching a net inflow of RMB430.9 million in 2025. For details, see "Financial Information — Liquidity and Capital Resources — Operating Activities." Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. We may continue to experience net cash outflows from our operating activities in the future and as we expand. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on several media platforms to provide digital advertising agency services for our clients during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially and adversely affected.

Our success may be significantly influenced by our ability to retain existing media platforms, deepen or expand our relationships with media platforms and establish cooperation relationship with new platforms in the future. Media platforms may change any of terms under our framework agreement or elect to collaborate with our competitors for more favorable economic terms. In addition, media platforms, especially leading media platforms, may place significant restrictions, including restrictions on the use of specified creative content or format, which may prohibit advertisements from specific clients or specific industries. If there is any loss or deterioration of our relationship with existing media platforms, especially leading media platforms, or if we violate the policies of any media platforms and are suspended from placing marketing spending with them, or if we fail to develop relationship with new media platforms to expand the reach of our services, we may not be able to find replacement from other media platforms in a timely and cost-effective manner, or at all. As a result, our revenue on digital marketing services will decrease, which may materially and adversely affect our business, results of operations and financial condition.

In addition, the rates of rebates we extend to our clients are based on a spectrum of factors including the estimated gross billing of the clients. On the other hand, the rates of rebates we receive from our media platforms are set by the media platforms themselves generally with reference to a spectrum of factors including our gross spending on the relevant platforms, the quality of our advertisements and client base, and the respective KPI policies of the media platforms. In 2023, 2024 and 2025, the average rebate rate provided by our five largest suppliers for each of the years, all of which are media platforms, was 8.8%, 12.2% and 7.4%, respectively. Our purchases from such five largest suppliers for our digital marketing business accounted for approximately 74.7%, 63.7%, and 61.3%, respectively, of our total purchases in each of the corresponding years. The terms of our contracts with clients may not necessarily be coterminous with or take into account the terms of our contracts with media platforms due to the time difference on entering into these contracts. As such, our formulation of client rebates may not be adjusted timely in response to the change in policy on media platform's rebates. Furthermore, as the clients are not necessarily committed to any level of gross billing under their agreement with us, the actual rebates we may receive from media platforms can only be ascertained after we actually derive gross billing from the clients and place that with the media platforms. Should the rebates we may receive from media platforms be insufficient to cover the client rebates we are obliged to extend to the clients, our business, results of operations and financial condition will be materially and adversely affected.

If we fail to introduce new or enhanced services to keep up with the technological developments or new business models of the digital marketing industry, or the changing requirements of advertisers, publishers and AI technology users, our business, financial condition and results of operations may be materially and adversely affected.

The digital marketing industry is characterized by continuous technological evolution, rapid innovation in content delivery formats, and dynamic shifts in advertiser and user expectations. Our ability to sustain long-term growth depends on enhancing existing offerings, integrating advanced technologies, and introducing new, competitively priced services that meet changing client demands in a timely and cost-effective manner. We must also remain agile in responding to emerging platforms and tools to maintain our competitive advantage in a rapidly transforming market landscape. Failure to do so may result in the loss of advertisers, publishers, and AI technology users who currently rely on our services.

Recent developments in generative AI, automated content production, and privacy-enhanced targeting mechanisms are reshaping how digital marketing campaigns are designed, personalized, and delivered. In particular, trends such as multi-modal ad creatives, AI-assisted real-time bidding, and intelligent automation of campaign management are accelerating. These innovations not only raise expectations for precision and efficiency, but may also render legacy marketing methods less competitive. Meanwhile, new forms of user engagement, such as in-feed short video, interactive content units, immersive environments, and embedded browser-based experiences, are redefining how end users consume advertising content. If we are unable to proactively adapt our services, technologies, or delivery models to meet these shifts, our market relevance and operating performance could be adversely affected.

We face ethical, legal and reputational risks associated with the use of our AI technology, open-source technology and AI-generated marketing content.

As with many emerging technologies, the use of artificial intelligence and open-source software presents evolving ethical, legal, and regulatory challenges. Our application of AI technology, particularly in generating marketing content for sales and promotional purposes, may result in unintended bias or discriminatory outcomes. Inaccurate or misleading AI-generated marketing materials may damage our credibility and brand reputation, and may expose us to regulatory scrutiny, penalties, or legal liability if such content contains material misrepresentations or omissions.

Currently, in our digital marketing operations, we utilize a combination of open-source and commercial proprietary AI technologies. The open-source software and tools we employ are primarily licensed under widely used frameworks, including GPL, BSD, Apache, and MIT series. While these open-source solutions facilitate cost-effective and rapid innovation, their continued use may involve legal uncertainties, particularly if the licensors of such software, models, or algorithms modify licensing terms in the future. These changes could impose additional obligations or restrictions, which may be difficult to anticipate, control, or comply with, potentially giving rise to legal disputes, liability, or reputational risk. Moreover, some of our AI infrastructure is built upon or integrates third-party open-source technologies, including foundational models such as Black Forest Labs' FLUX series. While open-source tools provide flexibility and innovation, the provenance of training data may be unclear, and there is no guarantee that AI-generated outputs will not infringe upon third-party intellectual property rights. Any transition or substitution to domestic alternatives, including Chinese-developed diffusion models, to diversify our AI model base may require significant time and technical adaptation.

As regulatory frameworks governing AI, open-source software, and AI-generated content continue to evolve, we may be subject to increased compliance burdens. If we fail to meet applicable legal requirements, including intellectual property, data protection, or advertising laws, we could suffer reputational damage, incur increased compliance costs, or face enforcement actions, any of which could materially and adversely affect our business, financial condition, and results of operations.

If the digital marketing industry or the pump and pumping system market fails to continue to develop and grow, or develops or grows more slowly than expected, our profitability and prospects may be materially and adversely affected.

We derive a substantial majority of our revenue from our digital marketing services. Accordingly, our business performance and future growth are highly dependent on the continued development and expansion of the digital marketing industry. The long-term demand for digital marketing solutions — particularly those driven by AI technologies — remains subject to a number of factors, many of which are beyond our control, including: (i) technological innovation or the emergence of new business models within the digital marketing industry; (ii) evolving needs and preferences of advertisers, AI technology users, and other ecosystem participants; (iii) adoption of digital marketing as a mainstream customer acquisition and brand-building channel; (iv) competition from alternative or traditional marketing channels; (v) the pace of digital infrastructure development and internet penetration in key markets; and (vi) changes in applicable laws, regulations or industry standards, including those related to data privacy, AI-generated content, or advertising transparency.

Our pump and pumping system business is dependent on various downstream industries, including construction, hydraulic engineering, industrial and supporting facilities, energy and power, petrochemical, municipal infrastructure, agriculture and so on. A downturn experienced by any of these industries or the economy in China or globally could adversely affect our business. In addition, changes in environmental regulations and industrial standards may positively or adversely impact demand patterns for pump products.

Limitations on our ability to collect and process data, or challenges to our right to collect and process such data, together with misappropriation or misuse of personal information and failure to comply with laws and regulations on data protection, could significantly diminish the value of our technologies and services.

Our ability to collect and process data is subject to growing legal, technical, and commercial constraints. Technical disruptions, system failures, or concerns regarding our data collection practices, particularly involving device-specific data, could impair our ability to deliver reliable services and data-driven insights. Moreover, any unauthorized access to our systems or employee misconduct could result in misappropriation, misuse, or loss of privacy-related information, which may expose us to regulatory penalties, litigation, reputational damage, and the loss of key partners.

We are subject to an evolving global regulatory landscape regarding data protection and privacy. In our overseas markets, stringent data protection laws, including the EU General Data Protection Regulation (GDPR), impose comprehensive requirements on the collection, processing, storage, and transfer of personal data. While we do not collect directly identifiable personal data, certain device-level information may fall within the broader scope of "personal data" under the GDPR. Any failure to meet these obligations, whether actual or perceived, may result in investigations, substantial fines, restrictions on our overseas operations, and increased compliance burdens.

Misappropriation or misuse of our creative designs by our clients may expose us to administrative penalties or other sanctions that will harm our business.

We provide and produce creative designs as part of our digital marketing services. However, we cannot assure you that our clients will not misuse our creative services to disseminate content that is inappropriate, fraudulent, illegal, or infringing upon the intellectual property rights of third parties. We may not be able to identify or become aware of such potential infringements or misuse in a timely manner.

In response to any allegations of fraudulent, illegal, or inappropriate activities conducted through the use of our services, or any negative media coverage concerning our operations, regulatory authorities may intervene and hold us liable, imposing administrative penalties or other sanctions, such as requiring us to suspend or permanently terminate certain services. Any such incident could materially and adversely affect our reputation, business, results of operations, and financial condition.

Any interruptions or delays in services from third parties, including hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.

We utilize computer hardware purchased from, and software licensed from, third parties to support the delivery of our services. Any damage to, or failure of, our systems, including those operated by our third-party platform providers, could result in service interruptions. Such interruptions may require us to provide credits or penalties to our clients or may lead to warranty claims or other liabilities. These events could adversely affect our client retention, hinder our ability to attract new clients, reduce our revenue, and damage our reputation if clients or potential clients perceive our products and services as unreliable.

We do not have control over the operation of these third-party facilities, which may be vulnerable to disruption due to earthquakes, floods, fires, power outages, telecommunications failures, and similar events. These facilities may also be subject to break-ins, sabotage, vandalism, and other criminal activities, as well as administrative actions, changes in legal or regulatory requirements, or litigation seeking to stop, limit or delay their operations. Despite the precautions taken by our third-party providers, such as disaster recovery and business continuity arrangements, the occurrence of a terrorist attack, natural disaster, unexpected facility closures, or other unforeseen issues may result in prolonged service disruptions.

Additionally, the hardware, software, and data services we depend on may not continue to be available to us at reasonable prices, on commercially acceptable terms, or at all. If we lose access to these technologies, we could incur substantial costs or face delays in service delivery while we develop alternative technologies internally or acquire them from other providers and integrate them into our systems. If any of these third-party providers perform unsatisfactorily or breach their contractual obligations, we may need to replace them and/or take other remedial measures, which could result in additional costs and materially and adversely impact the products and services we provide to our clients.

Moreover, the financial condition of our third-party service providers may deteriorate during the term of our agreements with them, which could compromise their ability to perform as agreed and materially and adversely affect our service delivery and operating results.

We may be exposed to the risk of disintermediation if our clients place online advertisements with media platforms directly.

As a digital marketing service provider, we assist our clients in acquiring media resources from media platforms to promote their products or services. We also provide value-added services, such as sales conversion service, to help our clients achieve improved digital marketing outcomes, while simultaneously assisting media platforms in monetizing their traffic. Although advertising through us is often more time- and cost-efficient for our clients, who also rely on our industry expertise in digital marketing, there is a risk that clients may choose to bypass digital marketing service providers and transact directly with media platforms. We cannot assure you that our clients will not engage directly with media platforms in the future. If such disintermediation occurs, our business, results of operations, and financial condition may be materially and adversely affected.

If we are provided with inaccurate or fraudulent data, it may have a material adverse effect on our business, results of operations and financial condition.

We rely on the accuracy and authenticity of marketing performance data and other information provided by media platforms to evaluate the effectiveness of the marketing campaigns we assist in executing and to calculate the corresponding marketing results. However, if the marketing performance data or other information provided by media platforms or third-party platforms is inaccurate or fraudulent, we may fail to improve the precision of our marketing services, struggle to achieve better marketing outcomes for our clients, and may be unable to effectively acquire and retain clients' marketing spend on our media platforms. As a result, our reputation could be damaged, we could lose clients, and our business, results of operations, and financial condition could be materially and adversely affected.

Our manufacturing processes are potentially vulnerable to disruptions that can increase our production costs for our pump and pumping system business. We may experience potential disruptions in operations due to manufacturing difficulties or potential accidents.

Our manufacturing processes are complex and rely on equipment that requires periodic modification and upgrading to enhance production yields and product performance, as well as to reduce unit manufacturing costs. From time to time, we may encounter production difficulties that result in delays in product delivery or reduced output. We cannot assure you that we will not experience manufacturing issues in achieving acceptable yields or timely delivery due to factors such as construction delays, challenges in upgrading or modifying existing production lines, building new production facilities, adapting to new manufacturing technologies or processes, or delays in equipment delivery. Any such issues may constrain our production capacity and adversely affect our results of operations.

Furthermore, our manufacturing processes involve inherent risks, such as industrial accidents, which could result in significant property damage, personal injuries or death. Any such incident, regardless of where it occurs, could lead to substantial interruptions and delays in our production or significant claims for damages arising from personal injury, death or property loss, and could materially and adversely affect our business, financial condition and results of operations.

We may face supply shortages, longer lead time and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, adversely affect our profitability and delay deliveries of our products to customers.

Our production operations depend on obtaining adequate supplies of quality raw materials on a timely basis. Our raw materials primarily include copper, aluminum and iron. These raw materials and components, being bulk commodities, are subject to price volatility from time to time. In 2023, 2024 and 2025, costs on raw materials and consumables accounted for a significant portion of our cost of sales, amounting to RMB2,555.7 million, RMB3,077.3 million and RMB2,720.2 million, representing 13.6%, 16.0% and 14.9% of our total cost of sales for the same periods.

The purchase price of our raw materials is influenced by fluctuations in bulk commodity prices as well as market supply and demand. Our ability to pass on increases in raw material costs to our customers may be limited. The pricing of our products is, to a certain extent, based on the costs of raw materials; if we experience any significant increase in raw material costs that was not anticipated when negotiating prices with customers, our profitability may be adversely affected. Moreover, our ability to negotiate price terms with customers is critical to maintaining profitability; failure to secure such terms may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, our measures to address potential interruptions in supply may not be sufficient. In the event that our suppliers fail to meet our growing demands, we may be unable to fulfill market demand for our products, which could adversely impact our reputation and profitability. Additionally, factors beyond our control, including natural disasters, public health emergencies, civil unrest, wars, strikes or trade sanctions or restrictions, may affect the supply and market prices of raw materials.

Although we implement quality inspections on raw materials, there can be no assurance that all quality issues will be identified. Any such factors could disrupt our procurement of raw materials and materially adversely affect our production capacity utilization, which in turn would adversely impact our business, financial condition and results of operations.

If we fail to maintain an effective quality management system, to increase our production capacity and to maintain high utilization of our production facilities, particularly during the production expansion, our business, reputation, financial condition and results of operations may be adversely affected.

Our product quality is critical to our success. Although we have established a stringent quality management system, it may not always identify latent product defects, which could lead to failures during installation or use, resulting in safety hazards or operational issues for our customers. The effectiveness of our quality management system depends on various factors, including its design, the machinery used, the quality of our personnel and related training programs, as well as our ability to ensure employees comply with our quality management policies and guidelines.

If the use of end-products incorporating our components results in unsafe conditions or injuries due to, among other reasons, component failures, manufacturing defects, design flaws, or inadequate disclosure of product-related risks or information, we may face product liability or warranty claims. We could be named as a defendant in such claims, and our insurance coverage may be insufficient or not applicable in all cases. Similarly, our customers may be subject to claims arising from such incidents and may seek to hold us accountable. Additionally, if our products fail to perform as expected or lead to recalls, our reputation could be damaged, making it more difficult to sell to existing and potential customers, which could materially and adversely affect our business, results of operations, and financial condition.

We are required to comply with product safety, restricted substances, and hazardous materials laws and regulations applicable in the jurisdictions where our customers sell their products. Our safety inspection standards are also based on relevant national and industry standards. There can be no assurance that our quality management system will continue to be effective and compliant with all applicable laws, regulations, and standards. Any significant failure or deterioration in the effectiveness of our quality management system could result in loss of accreditations, certifications, or qualifications, which could materially and adversely impact our reputation, business, and operating results.

Scaling up production to meet increasing demand may place pressure on our quality assurance processes. For example, it may stretch existing resources, including personnel and equipment, beyond optimal capacity, increasing the risk of oversights or errors. Bottlenecks could arise as quality assurance processes struggle to handle higher volumes without delays or rushed evaluations. Increased production may also accelerate wear and tear on equipment, affecting product quality. Furthermore, scaling up may involve process changes or the adoption of new technologies, introducing unforeseen quality issues.

Additionally, sourcing additional materials or components to meet higher demand could result in variability in quality, impacting the final product. These challenges collectively increase the risk of defects or non-compliance with standards.

We rely on third parties to provide logistics and warehousing services for our business. If these third parties fail to provide reliable and timely services, our business, financial condition and results of operations may be adversely affected.

We operate in a complex logistics and warehousing environment and therefore engage competent suppliers to provide related services. The operations of these suppliers may be affected by various factors such as improper management, equipment failures, commercial disputes, labor shortages or strikes, and natural disasters. If any of these suppliers fail to provide reliable and timely services, or if the cost of such services increases significantly, the supply of our products may be disrupted or our logistics and warehousing costs may rise. Furthermore, we may be unable to identify suitable alternative suppliers in a timely manner, which could adversely affect our business, financial condition, and results of operations.

We rely on third-party distributors for the sale of our products in certain markets, and any failure by such distributors to perform their obligations could adversely affect our business, results of operations and reputation.

Some of our pump products are sold through distribution, and we currently do not have a fully integrated distributor management system. Our reliance on third-party distributors exposes us to certain third-party risks. For example, overseas distributors may face unique challenges such as compliance with local laws and regulations, cultural and language barriers, geopolitical tensions, foreign exchange fluctuations, and logistical difficulties. These factors may lead to delays in product delivery, inadequate market penetration, insufficient promotion, breach of contractual obligations, or financial instability of distributors. Moreover, limited oversight and control over overseas distributors increase the risk of misconduct or failure to adhere to our standards, which could damage our brand reputation and disrupt our sales channels. Our reliance on third-party distributors for the sale of our products may also expose us to risks related to channel stuffing, as well as cannibalization. Any of these risks may materially and adversely affect our business, financial condition, and results of operations.

The industries in which we operate are highly competitive, fragmented and characterized by constant changes. If we fail to continually innovate our technologies and provide quality products and services that meet the expectations of our clients, our business, financial condition and results of operations may be materially and adversely affected.

We face intense competition in various aspects of our business, and we expect such competition to continue growing in the future. Our competitors may have longer operating histories and experience, larger client bases, greater brand recognition, more extensive commercial relationships and greater financial, technical, marketing, and other resources than we do. As a result, such competitors may be able to develop products and services better received by clients or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or client needs. In addition, some of our competitors may be able to adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our products and services at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition.

The industries in which we operate are also characterized by constant changes, including rapid technological evolution, frequent introductions of new products and services, continual shifts in client demands and constant emergence of new industry standards and practices. Thus, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. We need to constantly anticipate the emergence of new technologies and assess their market acceptance. We also need to invest significant resources, including financial resources, in research and development to lead technological advances in order to keep our products and services innovative and competitive in the market. However, research and development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research and development results. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the technologies have been and will continue to be developed, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. In addition, new technologies could render our existing technologies, products or services obsolete or unattractive, if we fail to keep pace. As a result, clients may no longer be attracted to our products and services, and our business, results of operations and financial condition would be materially and adversely affected.

The AI industry is subject to evolving and extensive regulation in China. Future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations.

The AI industry in China is evolving and we may experience strengthened regulatory environment along with rapid industry evolution. Our business may be subject to extensive regulation governing the industry. Government authorities in the PRC may continue to issue new laws, rules and regulations governing the industry in which we operate in the PRC. For example, on July 10, 2023, the CAC issued the Interim Measures for the Administrative Measures on Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the "**Measures on Generative AI Services**"), which imposes compliance requirements for providers of generative AI services. The Measures on Generative AI Services require generative AI service providers to take effective measures to enhance the accuracy and reliability of the content created by the generative artificial intelligence. Generative AI service providers shall (i) assume the responsibilities of content producers and perform network information security obligations; (ii) assume the responsibilities of processors of personal information to protect personal information; and (iii) process training data such as conducting pre-training optimization in accordance with applicable laws and regulations. In addition, the providers of generative AI services with public opinion attributes or the capacity for social mobilization shall apply for security assessment and complete the filing formalities of algorithms in accordance with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》). The interpretation and implementation of existing measures are evolving and the PRC regulatory agencies, including the CAC, may further adopt new laws, regulations, rules, or detailed implementation and interpretation related to the above-mentioned measures, which may negatively affect us. As such, we cannot assure you that our compliance measures are, and will be, always considered sufficient under applicable laws and regulations. If we are unable to comply with the then applicable laws and regulations, such actual and alleged failure could subject us to significant legal, financial and operational consequences.

In addition, the government authorities have imposed, and may continue to impose, requirements relating to, among other things, new and additional licenses, permits and approvals on us, which we may not be able to obtain, maintain or comply with. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. New laws and regulations and the interpretation to existing laws and regulations may be promulgated and come into effect from time to time. We cannot assure you that we will not be found in violation of any future laws, regulations and policies, or any of the laws, regulations and policies, currently in effect due to changes in the interpretation of these laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses, certificates or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to various penalties, such as confiscation of the revenue that were generated through the unlicensed activities, imposition of fines, and discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Changes in international trade policies, tariffs, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.

Our worldwide operations subject us to multiple sanctions and export-control regimes. In our pump and pumping system business, we were one of the early-movers in our industry to expand overseas. As of December 31, 2025, our pumps were exported to more than 160 countries and regions across Europe, Asia, America and Africa. Revenue from overseas represented approximately 7.2%, 10.7% and 11.2% of our total revenue for 2023, 2024 and 2025, respectively. We maintain a global sales and marketing network supported by manufacturing bases in China and other regions in the world, and have over 380 distributors.

If any jurisdiction to which we export imposes additional economic sanctions, import restrictions or tariffs, our business and operations could be materially and adversely affected. Especially, the evolving U.S. foreign policy and trade regulations, particularly the potential introduction of further trade restrictions and tariffs on specific products and products originating from certain countries or regions, could disrupt our supply chain, increase costs and negatively impact our ability to compete in the global market. Moreover, such changes could potentially provoke retaliatory measures from other countries, exacerbating international trade tensions and contributing to an uncertain business environment. U.S. economic sanctions prohibit the supply of products or services to designated countries, regions, governments and persons; the European Union maintains comparable prohibitions. These laws and regulations change frequently, and their interpretation and enforcement involve significant uncertainty, often heightened by national-security or political considerations. We have implemented safeguards to prevent our products from reaching sanctioned parties; nonetheless, we remain exposed to potential enforcement actions, fines and compliance costs that could materially impact our business and operating results.

Our business is subject to complex and evolving laws and regulations. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

We are subject to a variety of laws and regulations that involve matters central to our business, including privacy, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, data retention and deletion, electronic contracts and other communications, competition, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions. The introduction of new services, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny.

These laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the rapidly evolving industries in which we operate, and may be interpreted and applied inconsistently. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies or administrative penalties that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

We may be involved in legal proceedings, commercial or contractual disputes and may also be subject to administrative penalties, any of which could materially and adversely affect our reputation, business, results of operations and financial condition.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were involved in one ongoing litigation related to investment dispute and had obtained initial judgment in our favor which is now in appeal, and one litigation related to the same investment dispute where the court had granted our motion to dismiss (with leave to amend) as of the Latest Practicable Date. We cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our business operations.

In addition, we may be subject to administrative penalties imposed by regulatory authorities for alleged violations of applicable laws and regulations, including but not limited to fines, confiscation of revenues, suspension of business operations, or restrictions on our business activities. Any such administrative penalties or regulatory sanctions could further harm our reputation, limit our ability to conduct business, increase our compliance costs and have a material adverse effect on our business, results of operations, financial condition and prospects. Certain of our directors and senior management have previously received administrative penalties imposed by a regulatory authority for short-swing trading in violation of the Securities Law of the PRC (《中華人民共和國證券法》). They were given warnings and monetary fines, which have been fully paid, and the relevant issues have been rectified. Although such administrative penalties were imposed on the relevant individuals rather than the Company, they may nonetheless have an adverse impact on our corporate governance, reputation and investor confidence. If our actual controller, senior management or Directors were to be subject to regulatory sanctions again in the future, our business operations, financing capabilities and capital markets profile could be materially and adversely affected.

We may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions, and such efforts to defend and protect our intellectual property may be costly. We may face claims of infringement on know-how and intellectual property rights by third parties which, if resolved unfavorably, could result in the loss of rights and the obligation to pay damages.

We regard our intellectual properties as an important component to our success and rely on a combination of applicable intellectual properties laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. Although our contracts with our business partners prohibit the unauthorized use of our brands, images, characters and other intellectual property rights, we cannot assure you that they will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially and adversely affect our financial condition and results of operations.

We cannot assure you that third parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Our marketing services may become involved in litigious proceedings relating to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and violations of rights of third parties. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable final outcomes in all cases. Such intellectual property claims may harm our brand and reputation, even if they are vexatious or do not result in liability. Any resulting liability or expenses, or changes required to our products or services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations, and prospects.

The increasing awareness of ESG issues may lead to the adoption of more stringent laws and regulations and increase our compliance costs.

With the rising awareness of ESG issues, including with respect to greenhouse gas emissions and environmental protection, any adoption of more stringent laws and regulations may affect our business operations. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We cannot assure you that our ESG risk management measures can effectively mitigate the relevant risks. Revisions to existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

Work stoppages, increases in labor costs and other labor-related matters may adversely affect our business operations.

We believe that we have a good working relationship with our employees. We have not experienced any material work stoppages, strikes or other major labor problems for the years ended December 31, 2023, 2024 and 2025. However, there can be no assurance that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher ongoing labor costs, which may have an adverse effect on our business, financial condition and results of operations.

In addition, labor costs in regions where we operate have been increasing in recent years and could potentially continue to increase, which may further increase our manufacturing costs. Factors contributing to rising labor costs include inflationary pressures, changes in minimum wage laws and increased demand for skilled workers. In 2023, 2024 and 2025, our labor costs amounted to RMB219.4 million, RMB233.0 million and RMB282.4 million, respectively. Additionally, regulatory changes or enhanced employee benefits mandated by law could further exacerbate these costs. The competition for skilled labor in our industry is intense and we may be required to offer more attractive compensation packages to retain and attract qualified personnel. We may not be able to pass on these increased costs to customers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease and our financial condition and results of operations may be materially and adversely affected.

In addition, one of our key subsidiaries had previously experienced a situation where the proportion of dispatched employees exceeded 10% of its total workforce. Although such issue has been rectified, the use of dispatched employees may give rise to additional labor management risks, including, among others, the allocation of compliance responsibilities between us and labor service providers, the stability and sense of belonging of dispatched employees, and potential labor disputes. If relevant labor laws or regulatory policies become more stringent, we or our subsidiaries may be required to adjust our employment arrangements, which could adversely affect our labor management, cost control and operational efficiency.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to certain exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

In addition, the State Taxation Administration ("**STA**") of the PRC has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

We may be subject to risks associated with our products and may lack sufficient insurance coverage for such claims. We may not be able to obtain adequate insurance for losses and liabilities arising from various operational risks and hazards to which we are exposed.

The products that we produce have the possibility to cause damage. Accordingly, we face the inherent risk of exposure to claims when the malfunction of our products results in property damage, personal injury or death. Our products may experience defects, which could subject us to lawsuits, product recalls or redesign efforts, all of which would be time-consuming and costly. Product liability claims against us could require us to pay substantial monetary compensation. 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 materially and adversely affect our brands, business, prospects and results of operations. Our insurance coverage might not be sufficient to cover all potential product liability claims.

In addition, our business is subject to a variety of operational risks, including production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest; environmental or industrial accidents; and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. Furthermore, as we continue to expand our operations in overseas markets, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. We may not have adequate or any insurance to cover these operational risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

Our business is subject to the risks relating to international operations, and we may continue to expand internationally, which could materially and adversely affect our business, results of operations and financial conditions.

We have established a global manufacturing and sales network for our pump and pumping system business. Our comprehensive global sales and marketing network spans across Europe, Asia, America and Africa. As of December 31, 2025, we had five manufacturing bases, including two which are located in Indonesia and Hungary, and our pump products had reached Europe, Asia, America and Africa, spanning more than 160 countries and regions worldwide. In line with our strategies, we intend to continue to expand our international operations in the coming years. The demand for and market acceptance of our products marketed and sold abroad are subject to uncertainty and can be heavily influenced by local conditions and customs tariff policies. In addition, overseas investments by PRC companies are also subject to various approvals, filings, reports, registrations or other procedures from the National Development and Reform Commission, the Ministry of Commerce, the State Administration of Foreign Exchange and other PRC regulatory authorities.

The following sets forth some of the risks associated with our international operations: (i) exchange rate fluctuations and foreign exchange regulations; (ii) expenses associated with understanding and analyzing overseas markets, monitoring regional and local economic, industry and consumer trends and developing and maintaining efficient marketing and selling presence in such markets; (iii) developing and maintaining customer relations and providing quality customer services and support; (iv) expenses incurred and challenges in connection with compliance with local commercial and legal requirements, including labor, environment and industry-specific regulations; (v) unanticipated adverse changes in regional and local economic conditions; (vi) political instability and civil unrest, cultural or regional conflicts and labor disputes; (vii) trade barriers, such as local content requirements, tariffs, taxes and other restrictions and expenses; and (viii) unanticipated logistic expense occurred in transportation, such as sudden surge in transportation cost and shortfall in shipping capacity.

Failure to address any of the foregoing risks or complete such procedures with respect to overseas operations in the course of our overseas expansion may adversely affect our business, financial condition, operations and prospects. Especially, our operations are governed by relevant laws and regulations in the PRC and other jurisdictions where we operate relating to production safety, product quality and environmental protection, among other things. New laws or regulations, changes to laws and regulations, as well as the refinement of interpretations and applications of existing ones, can impose additional compliance costs or require us to change our operations to ensure compliance. The industry in which we operate is still evolving, and laws and regulations may be interpreted and implemented more strictly, or new laws and regulations may be adopted from time to time that require additional approvals, licenses and permits. Failure to obtain, renew or maintain the necessary approvals, licenses and permits required for our operations may render our operations to be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

In addition, we may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, governmental import or export controls and similar laws and regulations in various jurisdictions in which we conduct activities. Our policies and procedures instituted may not be sufficient and if any of our directors, officers, employees, representatives, consultants, agents and business partners engaged in any improper conduct, we may be held responsible. Non-compliance with anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions laws, or governmental import or export controls could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely.

We could be adversely affected as a result of any sales we made to customers in certain countries that are, or become subject to, sanctions administered by the U.S., the EU, the UK and other relevant sanctions authorities.

The U.S. and other jurisdiction or organizations, including the European Union, the UK and other relevant sanctions authorities, have, through executive order, passing of legislation or other governmental means, implemented International Sanctions targeting entities and individuals including Sanctioned Targets, entities and individuals that are nationals of or located in certain Sanctioned Countries, and entities and individuals that are associated with certain industries or sectors in specific countries. Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions.

Our business and reputation could be adversely affected if the authorities of U.S., the EU, the UN, the U.K., the United Kingdom overseas territories, Australia or any other jurisdictions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us.

As advised by our International Sanctions Legal Advisors, our USD-denominated transactions in relation to Iran and Syria in the Track Record Period appear to be in violation of U.S. primary sanctions laws that prohibit the use of U.S. financial system for this type of trade with Iran or Syria. The payments received during the Track Record Period for USD-denominated transactions in relation to Iran USD Sales and Syria USD Sales were in an aggregate amount of approximately US$22.75 million, approximately 0.2% of our aggregated revenue for the Track Record Period. After consulting with our International Sanctions Legal Advisors, we made an initial notification of VSD to OFAC on September 26, 2025 and a comprehensive VSD report to OFAC on April 29, 2026 related to the Iran USD Sales and the Syria USD Sales. Such VSD was already acknowledged by OFAC. For details of the potential legal consequences, please refer to "Business — Business Activities relating to Sanctioned Countries" in this document.

As advised by our International Sanctions Legal Advisors, our sales business to Iran, Syria, Russia, Belarus and Venezuela might expose us to secondary sanction risks. For more details, please refer to "Business — Business Activities relating to Sanctioned Countries" in this document.

We have undertaken to the Stock Exchange and its related group companies with respect to sanction risks. See "Business — Business Activities relating to Sanctioned Countries" in this document. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible **[REDACTED]** of our Shares on the Stock Exchange.

If we fail to maintain and enhance our brand image and generate positive publicity, our reputation and brands could be severely damaged, which would have a material adverse effect on our business, financial conditions and results of operations.

We believe that maintaining and enhancing our brand is essential for the success of our business. Our operational and financial performance is highly dependent on the strength of our brand. Our brand is critical in forging long-term relationships with both our clients and suppliers. The successful promotion of our brand image will depend largely on our continued marketing efforts, the quality of our products and services, and our ability to maintain market leadership. We have conducted various marketing activities. These activities, however, may not be successful or yield increased revenues. If we fail to maintain and enhance our brand, our pricing power may decline relative to that of competitors and we may lose existing or prospective clients, which could materially and adversely affect our business, results of operations and financial condition. The promotion of our brand also requires us to make substantial expenditures, and we anticipate these expenditures to increase as the markets we address become more competitive and as we expand into new markets. To the extent that these marketing activities are effective, the additional revenues generated could nevertheless be insufficient to offset the relevant increased expenses.

Our brands, reputation, and product sales could be harmed if, for example, our products fail to meet customer expectations or contain defects or failures. Additionally, adverse publicity regarding regulatory or legal actions against us could damage our reputation and brand image, undermine customer confidence, and reduce long-term demand for our products. See "— We may be involved in legal proceedings, commercial or contractual disputes and may also be subject to administrative penalties, any of which could materially and adversely affect our reputation, business, results of operations and financial condition."

Furthermore, negative publicity concerning our company, including our shareholders, affiliates, directors, officers, employees, business partners, and other third parties, as well as the broader industry, can have detrimental effects. Such publicity, regardless of its accuracy, may tarnish our reputation, result in loss of customer trust, decreased sales, and challenges in maintaining or establishing business relationships with customers. It may also lead to increased scrutiny from regulators and stakeholders, potentially increasing compliance costs or legal challenges, thereby impacting our business operations, financial condition, results, and future prospects.

Our historical results may not be indicative of our future performance and our results of operations, and we may not be able to manage future growth effectively.

The historical financial information presented in this document should not be regarded as a prediction or guarantee of our financial performance in future periods. Such information is not intended to reflect or project the results of our operations in any subsequent periods.

Our business has been growing in recent years, so has the scope of our business and number of employees. As we expand our product portfolio, customer base, and geographical coverage, we will need to work with a larger number of suppliers and partners efficiently. We also need to continuously enhance and upgrade our infrastructure and technology, optimize our supplier management, refine our reporting systems and operational procedures, expand our employee base, train and incentivize our employees, and improve our internal control. All these efforts will require significant managerial, financial, and human resources. We cannot assure you that such efforts will be successful. We cannot assure you that our current and future infrastructure, internal systems, operational procedures, and internal control measures will be adequate and successful to support our expanding business or that our strategies and new business initiatives will be executed successfully.

Our future growth depends in part on our forward-looking assessment of market opportunities. There is no assurance that our assessments will always prove accurate or that we will be able to achieve our growth objectives as planned. Our expansion efforts may be influenced by factors beyond our control, including changes in macroeconomic conditions, evolving competitive dynamics in our industry, adjustments in applicable laws and regulations, and fluctuations in supply and demand for our products and offerings. Our failure to adapt to these changes and developments and innovate may have a material adverse effect on our business, financial condition, and results of operations. Even if we adapt to these changes and developments and innovate, we may nevertheless fail to realize the anticipated benefits of changes due to these measures, or our profitability may be harmed as a result.

Sustaining growth will require substantial expenditures and careful allocation of resources. As our costs and expenses are expected to rise, we must manage our expansion while maintaining profitability. This will require us to continue building, training, managing and motivating our workforce, as well as strengthening our relationships with suppliers, customers and other stakeholders. In addition, we plan to continue investing in our existing and planned production capacity expansion projects and R&D initiatives. These efforts involve risks and demand significant management expertise, effort and additional capital, which may place pressure on our operational, financial, human resources, auditing and management systems. Failure to achieve sufficient managerial, operational or organizational efficiency in the course of our growth could materially and adversely affect our business, financial condition, results of operations and prospects.

We face potential challenges and risks managing the development of new products, new services for our existing business segments and expansion into new businesses, including our strategic entry into the semiconductor industry.

Our strategy integrates digital marketing, pump and pumping system, and the incubation of emerging industries, aiming to enhance competitiveness and achieve sustainable global expansion. While we believe these initiatives will strengthen our long-term market position, our expansion into new products and industries exposes us to material risks and uncertainties.

In our digital marketing business, we are implementing AI-based models to reshape the entire marketing chain. These initiatives require significant investments in research, technology infrastructure and partnerships. Their success depends on customer adoption, scalability across domestic and international markets, and our ability to comply with evolving industry standards and regulatory requirements. If our AI solutions fail to deliver expected efficiency gains, or if adoption rates are lower than anticipated, our leading position in digital marketing could be adversely affected.

In pump and pumping system business, we are accelerating the development of permanent magnet motors, liquid cooling pumps, smart controllers and pump unit operation and maintenance system. These products must meet demanding efficiency, safety and reliability standards while competing against established global players. The integration of AI and self-learning algorithms into industrial products adds further complexity and execution risks. Delays in commercialization, unforeseen technical issues or failure to meet customer demand could weaken our competitive position and impair the expected benefits of our smart manufacturing strategy.

At the same time, we are strategically expanding into the upstream power semiconductor value chain to align with global trends in digitalization, electrification and green transition. The semiconductor industry is capital-intensive, technology-driven and globally competitive, and is subject to rapid technological change, cyclical fluctuations, trade restrictions and geopolitical uncertainties. Our success will depend on our ability to secure advanced talent, intellectual property and supply chain resources, as well as to establish ecosystem partnerships that support large-scale commercialization. If we are unable to achieve timely commercialization or adapt to adverse industry cycles, our investments in this sector may not generate the anticipated synergies or returns.

If we cannot effectively manage the operational, technological and regulatory challenges across these business areas, or if the expected synergies from our digital marketing, pump and pumping system and semiconductor initiatives fail to materialize, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, customers, suppliers or third parties.

We are exposed to the risk of fraud or other misconduct committed by our employees, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. Our internal control system and procedures to monitor our operations and overall compliance may be unable to identify non-compliance and/or suspicious transactions in a timely manner, or at all. Further, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. There will therefore continue to be the risk that fraud and other misconduct may occur, which may have an adverse effect on our business, reputation, financial performance and results of operations.

We are exposed to the risk of fraud or other misconduct committed by our suppliers. Failure by any of our suppliers to fulfill the commitment to integrity may lead to ethical issues and subject us to potentially severe reputational risk and loss of profit and decline in the trust of customers and partners.

There is no assurance that the implementation of our future plans will be successful.

We have formulated our future plans with the view to increase our market share and sustain business growth. The future plans of our Group as described in "Business — Our Strategies" and "Future Plans and **[REDACTED]**" in this document are based on current intentions and assumptions. Whether our future plans can be implemented successfully may be affected by various factors which are beyond our control, such as business environment, economic conditions, market demand and regulatory framework, and other contingencies which are beyond are control. Such uncertainties and contingencies may lead to postponement of our future plans or may increase the costs of implementation. There can be no assurance that our future plans will materialize.

We face risks in connection with Third-Party Payment Arrangements.

During the Track Record Period, certain of our clients settled their payments with us through third-party payors (the "**Third-Party Payment Arrangements**"). In 2023, 2024 and 2025, the aggregate amount we settled under the Third-Party Payment Arrangements was RMB253.8 million, RMB359.4 million and RMB276.9 million, respectively, representing approximately 1.2%, 1.7% and 1.4% of our revenue in each of the corresponding years.

We are subject to various risks related to such Third-Party Payment Arrangements during the Track Record Period, including potential claims from third-party payors for the return of funds on the basis that they are not contractually obligated to us, as well as possible claims from liquidators of such third-party payors. In the event of any claims by third-party payors or their liquidators, or any legal proceedings (whether civil or criminal) initiated against us in connection with these third-party payments, we may be required to expend additional financial and managerial resources to defend ourselves, which could have an adverse effect on our financial condition and results of operations. See "Business — Internal Control and Risk Management — Third-Party Payment Arrangements."

Our business growth and results of operations may be adversely affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global and regional macroeconomic conditions, including fluctuations in interest rates, inflation levels, conditions in the industries in which we operate, unemployment, labor and healthcare costs, access to credit, consumer confidence, and other factors beyond our control, may pose risks and materially and adversely affect the demand for our products and services. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fires, or droughts, the outbreak of widespread health epidemics, acts of war, terrorism, or other force majeure events beyond our control may disrupt our research and development, manufacturing, commercialization activities, and business operations, all of which could adversely affect our business, financial condition, results of operations, and prospects.

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

Fair value changes for our financial assets at fair value through profit or loss may materially and adversely affect our results of operations and financial performance.

As of December 31, 2023, 2024 and 2025, we recorded financial assets at FVTPL of RMB7,333.5 million, RMB7,883.6 million and RMB7,351.6 million, respectively. Historically, our financial assets at fair value through profit or loss primarily represent funds and equity investments, which are subject to the overall market conditions. Any volatility in the market or fluctuations in the interest rates may affect the fair value of our financial assets at fair value through profit or loss. We may also record other financial assets of which the fair value is determined with higher level of judgment and/or more susceptible to market conditions. Changes in fair value are recognized in profit or loss and such treatment of gain or loss may cause volatility in or materially and adversely affect our period-to-period earnings, results of operations and financial performance.

We are subject to liquidity risk arising from cash flow mismatch and long cash conversion cycle.

Our cash flow mismatch and long cash conversion cycle were mainly due to (i) cash mismatch from our digital marketing business and (ii) the slow recovery of trade receivables from the pump and pumping system business.

We have strengthened partnerships with leading media platforms for our digital marketing business. Some platforms operate under a prepaid model, requiring substantial upfront payments from us before advertising services are delivered. While this model is common in the industry, it significantly increases pressure on operating cash reserves, particularly during periods of business expansion. Advertising agencies are often in a relatively weak bargaining position during commercial negotiations in the industry chain. To maintain relationships with key clients and secure premium media resources, we have agreed to contractual terms that were less favorable to cash flow, including extended credit periods for clients and strict prepayment requirements for media platforms. Additionally, digital advertising agency services inherently feature low gross margins and high accounts receivable due to the rebate-driven revenue structure and credit terms extended to clients. Combined with the prepaid media cooperation model, these factors create a compounding effect that amplifies cash flow pressure.

Our pump and pumping system business historically recorded relatively long accounts receivable turnover days, which may result in delays in converting the revenue into cash. In 2023, 2024 and 2025, the turnover days of our trade receivables of pump and pumping system business were 180, 155, and 162 days, respectively. A prolonged collection period increases the length of our cash conversion cycle — a key metric that measures how efficiently we manage working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales. A long cash conversion cycle may require us to rely more heavily on working capital or external financing to fund our operations and growth initiatives.

If we are unable to manage our receivables efficiently or secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely impacted.

We may be exposed to credit risks arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our trade and notes receivables primarily include amounts due from our customers for products and services in the ordinary course of business. As of December 31, 2023, 2024 and 2025, our trade and notes receivables amounted to RMB6,558.0 million, RMB5,707.5 million and RMB5,759.3 million, respectively. The credit periods granted to our customers were typically 30 to 90 days from the date of billing. In 2023, 2024 and 2025, the trade receivables turnover days for our digital marketing business were 94 days, 93 days and 93 days, respectively, while the trade receivables turnover days for our pump and pumping business were 180 days, 155 days and 162 days, respectively. See "Financial Information — Selected Balance Sheet Items — Trade and Notes Receivables" in this document.

During the Track Record Period, one of our customers failed to settle trade receivables with us, amounting to approximately RMB393.0 million. In 2024, we made a provision for 90% of such amount, and no further provision was made in 2025. Please refer to the section headed "Financial Information — Review of Historical Results of Operation — Net Impairment Losses on Financial Assets and Contract Assets" in this document for further details. Our trade receivables balance may continue to increase along with our business growth, which may increase our credit risks. We cannot assure you that any measures taken by us to monitor our outstanding trade receivables and enhance the collection of trade receivables will be fruitful, nor can we guarantee that clients will settle our trade receivables within the credit period, or that our trade receivable balances and average turnover days may increase in the future. Moreover, macroeconomic conditions could also result in financial difficulties for our clients, including operational and liquidity difficulties, limited access to the credit markets, insolvency or bankruptcy, and as a result could cause our clients to delay payments to us or default on their payment obligations to us. Under certain circumstances, we may have to sue our clients for outstanding payments, which may cost our additional resources for the litigations. If we are unable to collect trade receivables from clients, our business, financial condition and results of operations may be materially and adversely affected.

Failure to maintain optimal inventory levels could increase our inventory holding costs or negatively impact our sales.

Our inventories primarily consist of raw materials, work-in-progress, finished goods, materials for processing by third parties, packaging materials, and low-value consumables. As of December 31, 2023, 2024 and 2025, the balances of our inventories amounted to RMB842.1 million, RMB862.4 million and RMB680.2 million, respectively. Our average inventory turnover days for our pump and pumping system business, calculated by using the average of the beginning and ending balances of inventories for such period divided by the cost of sales for the relevant period and multiplied 360 days for a full-year period, were 102 days, 94 days and 86 days for 2023, 2024 and 2025, respectively.

However, we may not be able to effectively manage inventory levels across our global operations or promptly identify excessive buildup or insufficient stock. We may also misjudge market demand. Excess inventory beyond customer demand may result in inventory write-downs or write-offs, and selling excess inventory at discounted prices could impair our brand image and harm our gross margin. Conversely, underestimating demand may lead to inventory shortages, resulting in shipment delays, which could impair our ability to generate sales and damage our reputation and relationships with customers. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, either of which could adversely impact our business, financial condition, and results of operations.

If we fail to manage our inventory effectively, we may face increased storage costs, a higher risk of inventory obsolescence, a decline in inventory value, and significant inventory write-offs. We cannot guarantee that our inventory levels will be sufficient to meet customer demands in a timely manner, which may adversely affect our revenue. Nor can we guarantee that all inventory will be sold within a reasonable period. Any of these factors could materially and adversely affect our operating results and financial condition. On the other hand, if we underestimate product demand or if suppliers fail to deliver on time, we may experience inventory shortages, which could reduce our customer base and revenue, harming our business and financial performance. If damage or deterioration occurs due to factors beyond our control, such as fires or explosions, we may incur losses that may not be timely or adequately compensated, adversely impacting our business performance and financial position.

Seasonal fluctuations in advertising activity could have an impact on our revenue, cash flow and operating results.

Our revenue, cash flow, operating results and other key operating and performance indicators are subject to seasonal fluctuations of the demand in our advertisement delivery. For example, many advertisers allocate the largest portion of their budgets during festive seasons when increased consumer spending is expected. We expect our revenue to continue to fluctuate based on seasonal factors that affect the online advertising industry as a whole. For our pump and pumping system business, seasonality is driven by variations in customer demand. For example, sales of hydraulic engineering products peak during rainy seasons due to increased needs for water management solutions, while domestic booster pumps and water supply systems experience higher demand in summer months as elevated temperatures lead to rising household water consumption. Consequently, the demand for our pump products and solutions may fluctuate across different periods within a year.

Any hedging strategy may not adequately protect us from commodity price, foreign exchange rate and interest rate risks, and fluctuations in exchange rates could result in foreign currency exchange losses.

Our business is exposed to fluctuations in raw material prices, interest rates, and foreign exchange rates. To mitigate and manage foreign exchange risk, we may enter into forward foreign exchange contracts and conduct foreign exchange swap transactions. However, engaging in foreign exchange hedging activities involves certain risks:

- Exchange Rate Fluctuation Risk: If actual foreign exchange rate movements deviate significantly from the Company's anticipated direction, the costs incurred from hedging transactions may exceed expectations, resulting in losses to the Company.
- Internal Control Risk: Foreign exchange hedging transactions are highly specialized and complex, and inadequate internal control systems may increase the risk of operational errors or losses.

- Counterparty Default Risk: There is a risk that counterparties may default on their obligations and fail to make agreed payments on hedging gains, which could prevent effective offsetting of the Company's actual foreign exchange losses and lead to financial losses.
- Legal Risk: Changes in applicable laws or non-compliance by counterparties may lead to the inability to enforce hedging contracts, thereby exposing the Company to potential losses.

Our inability to effectively manage risks related to hedging activities could materially and adversely affect our business, financial condition, and results of operations.

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

During the Track Record Period, we primarily relied on cash flow generated from operating activities and financing activities to fund our business operations. We believe that considering our current cash and cash equivalents, anticipated cash flow from operating activities and estimated net **[REDACTED]** from the **[REDACTED]**, we have sufficient funds to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any launch of new products and services, exploration of new businesses, expansion into new countries and regions, various R&D activities and marketing initiatives or investments we may decide to pursue. If we fail to obtain sufficient cash flow from operating activities, we may need to obtain additional equity or debt financing. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to operate and expand our business or to respond to competition could be adversely affected. Moreover, if we raise additional capital by issuing shares or securities convertible into equity securities, the ownership of our existing Shareholders may be diluted. In addition, our indebtedness may subject us to relevant covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business and will require interest and principal payments for relevant indebtedness that could create additional cash demands and financial risk for us.

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

The PRC EIT Law imposes an EIT rate of 25% on business enterprises. During the Track Record Period, certain of our subsidiaries had obtained High and New Technology Enterprises certification ("**HNTE**") and hence it was entitled to a preferential CIT rate of 15% for a valid period of three years. This qualification is subject to review by the relevant tax authority in the PRC for every three years. Moreover, multiple subsidiaries of our Group are small and micro enterprises, including and hence they are entitled to a preferential CIT rate of 20% for the Track Record Period. See "Financial Information — Description of Selected Consolidated Statements of Profit Or Loss And Other Comprehensive Income Line Items — Income Tax (Credit)/Expense."

To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, value-added and other taxes. Non-compliance with China tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to China tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. See "Financial Information — Description of Selected Consolidated Statements of Profit Or Loss And Other Comprehensive Income Line Items — Income Tax (Credit)/Expense." Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rate could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation. See "Financial Information — Description of Selected Consolidated Statements of Profit Or Loss And Other Comprehensive Income Line Items — Income Tax (Credit)/Expense." Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. The tax treatments of our transaction arrangements may be subject to interpretation by the respective tax authorities, and there can be no assurance as to the outcome of these examinations. If our weighted average effective tax rate was to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

The terms and conditions of our credit facilities impose customary financial covenants, and if we default on our credit facilities, it could have a material adverse effect on our results of operations and financial condition and make us vulnerable to adverse economic or industry conditions.

The terms and conditions of our credit facilities contain a number of restrictive covenants, including customary financial covenants. If our business, results of operations or financial condition is adversely affected, we may be unable to maintain compliance with these covenants. A breach of any of these covenants could result in an event of default under our credit facility. Upon the occurrence of an event of default, the bank could elect to declare any and all amounts outstanding under such facility to be immediately due and payable and terminate all commitments to extend further credit. Under such circumstances, we may need to seek alternate financing sources to fund our ongoing operations and to repay amounts outstanding and satisfy our other obligations under our existing credit facilities. Such financing may not be available on favorable terms, if at all. Consequently, we may be restricted in how we fund ongoing operations and strategic initiatives and deploy capital, and in our ability to make acquisitions and to pay dividends. As a result, our business, results of operations and financial condition may be further adversely affected if we are unable to maintain compliance with the covenants under our credit facilities.

Our interest-bearing indebtedness exposes us to interest rate risk in relation to our floating-rate debt, and our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, which may adversely affect our ability to raise additional capital to fund our operations.

During the Track Record Period, we incurred certain borrowings to finance our business operations and capital expenditures, and we expect that we may continue to do so in the future, which may increase our liquidity risk. As of December 31, 2023, 2024 and 2025, our borrowings amounted to RMB3,646.9 million, RMB2,749.8 million and RMB2,762.0 million, respectively. As of the same dates, our short-term borrowings amounted to RMB3,359.9 million, RMB2,403.7 million and RMB2,440.8 million, respectively. During the Track Record Period, the annual interest rate of our short-term borrowings ranged from 1.95% to 3.65%, respectively. We are exposed to interest rate risk resulting from fluctuations in interest rates. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We cannot assure you that we will not incur substantial indebtedness in the future. Significant indebtedness may: (i) make it more difficult for us to fulfill our obligations under such debt and expose us to default risk, which in turn could adversely affect our ability to continue as a going concern; (ii) require us to dedicate a larger portion of cash flows from operations to the repayment of principal and interest on our borrowings, thereby reducing the cash flows available for other purposes, such as working capital, capital expenditures and other corporate uses; (iii) place us under greater pressure in adverse economic or industry conditions; (iv) limit our flexibility in setting strategic objectives or responding to changes in our business or industry; (v) limit our ability to pursue potential strategic business opportunities; (vi) restrict our ability to incur additional indebtedness; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as insufficient cash to meet potential product liability and/or technological or equipment upgrade expenditures required for production; and (ix) constrain our financial budgeting. Each of the foregoing factors could materially and adversely affect our business, results of operations and financial condition.

Our business may be subject to restrictions under debt covenants and limitations, and we may be unable to raise additional debt or equity financing to compete effectively or to capitalize on new business opportunities. A breach of any restrictive covenants could result in a default under the relevant indebtedness. In the event of a default, the relevant lenders may require immediate repayment, which could trigger cross-defaults or cause other indebtedness to become immediately due and payable. If some or all of our indebtedness is accelerated and becomes immediately due and payable, we may not have sufficient funds available to repay such indebtedness, and we may not be able to refinance it.

Equity-settled share-based payments may cause shareholding dilution to our existing Shareholders and have an adverse effect on our financial performance.

We have adopted share incentive plans to remunerate our employees for their services and to incentivize and reward eligible individuals who have contributed to the success of our Group. In 2023, we incurred equity-settled share-based payment expenses of RMB11.4 million. Expenses related to share-based compensation have affected our profitability and may continue to do so in the future. If we issue any additional securities under any share-based incentive plans we may adopt going forward, such issuance may dilute the ownership interests of our shareholders. We believe that granting share-based incentive awards is crucial to attracting and retaining key employees, and we plan to grant additional share-based incentive awards in the future. As a result, our share-based compensation expenses may increase, which could have an adverse effect on our results of operations.

Our investments and acquisitions may not realize the expected benefits.

Historically, we made certain investments and acquisitions in accordance with our investment policies and internal procedures, which are subject to various risks. For instance, in 2025, one of our investments resulted in a one-off impairment loss of RMB145.1 million. We may continue to make investments and acquisitions pursuant to our investment policies and internal procedures in the future, which may involve risks and uncertainties, including the possibility of not achieving the anticipated business objectives, unexpected costs, insufficient returns on investment, and undiscovered issues during due diligence. Our investments in foreign countries may also be subject to regulatory approvals. Such factors may adversely affect our business, results of operations, and financial condition. Following these acquisitions, we may allocate resources to support the development of the acquired businesses or to integrate them with our existing operations. These processes carry inherent risks and uncertainties, and there can be no assurance that we will realize the expected benefits from these acquisitions.

Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition.

We may undertake partial or complete divestitures or other disposal transactions in the future in connection with certain of our businesses and assets, particularly those that are not closely related to our core focus areas or that may require excessive resources or financial capital, to help us achieve our objectives. These decisions are primarily based on our management's assessment of the business models and likelihood of success of these businesses. However, our judgment may be inaccurate, and we may fail to realize the desired strategic and financial benefits from such transactions. Our financial results could be adversely impacted by the loss of earnings and corporate overhead contributions or allocations associated with divested businesses.

Furthermore, reducing or eliminating our ownership interests in these businesses may negatively affect our operations, prospects, or long-term value. We may lose access to resources or expertise that would be beneficial to the development of our own business. Our ability to diversify or expand existing businesses or to enter new business areas may be diminished, and we may need to adjust our business strategy to focus more exclusively on areas where we already possess the necessary expertise. If we sell our interests prematurely, we may forgo gains that we otherwise would have realized. The process of selecting businesses to dispose of or spin off, finding buyers for such businesses or their equity interests, and negotiating prices for relatively illiquid ownership interests without readily ascertainable fair market values will require significant management attention and may divert resources from our existing operations, which could adversely affect our business.

We may face risks regarding the recoverability of deferred tax assets.

As of December 31, 2023, 2024 and 2025, we recorded deferred tax assets of RMB379.6 million, RMB388.1 million and RMB399.7 million, respectively. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based on the likely timing and amount of future taxable profits of the individual entities, together with related tax planning strategies. Although we estimate and recognize deferred tax assets in good faith, we cannot assure you that we will generate sufficient taxable profits in the future to fully utilize these deferred tax assets. If the value of deferred tax assets changes, we may be required to write down the deferred tax assets, which could affect our expenses, profit or loss, and financial condition in the relevant financial year.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, financial conditions and results of operations.

During the Track Record Period, we received government grants, many of which are non-recurring in nature. We recognized government grants as other income of RMB48.5 million, RMB49.2 million and RMB49.4 million in 2023, 2024 and 2025, respectively. In addition, we and certain of our subsidiaries are subject to preferential income tax treatments. For details, please see "Financial Information — Description of Selected Consolidated Statements of Profit Or Loss And Other Comprehensive Income Line Items — Income Tax (Credit)/Expense."

If we cease to be entitled to such government grants or preferential tax treatments, or if relevant PRC laws and regulations change, our other income and gains may decrease and/or our income tax expenses may increase, which could adversely affect our business, financial condition, results of operations and prospects. As these government grants are typically provided on a one-off basis, there is no guarantee that we will continue to receive or benefit from them in the future. In addition, we may not be able to successfully or timely obtain government grants or preferential tax treatments that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations and prospects.

We face potential liability and harm to our business based on the nature of our business and the content distributed by us.

Marketing may result in litigation relating to copyright or trademark infringement, public performance royalties or other claims based on the nature and content of advertising that is distributed by us. Our PRC Legal Advisors have advised that under the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**"), where an advertising operator provides advertising design, production or agency services with respect to an advertisement, it shall ensure that the advertisement that it prepares or distributes is true and in compliance with applicable laws, rules and regulations. For instance, it shall ensure that such advertisement does not contain prohibited content (such as superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination, infringement of the public interest, or content which is detrimental to the health of minors or individuals with disabilities), does not contain products which are prohibited or restricted (for instance, anesthetic, psychotropic, toxic or radioactive drugs, breast-milk substitutes, tobacco, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics, and other products the production and sale of which are either prohibited or subject to specific restrictions and requirements) and does not infringe the legal rights and interests of third parties. Advertising operators shall, in accordance with the relevant provisions, establish and improve their management of registration, examination and file management. In the event of the violation of the above or where the advertising operator knows or should have known that the advertisement is false, fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator's advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend its business or revoke its business licenses under certain serious circumstances. Such advertising operators may be held jointly and severally liable with the advertiser's customer for the damages thus caused to consumers or third parties. Under the Advertising Law, "advertising operators" include any natural person, legal person or other organization that provides advertising design, production, or agency services to advertisers for their advertising activities.

Moreover, we leverage AI to generate marketing creative content for our clients. Our PRC Legal Advisors that our customers are considered to be advertisers under the Advertising Law. However, if the content generated or distributed by these services violates relevant laws, and if we fail to prove that such violation arises out of the content provided or approved by clients, we may not be able to seek indemnification from them. In addition, in such cases, our clients may seek compensation from us even if there is no compensation clause in the agreement, and we may not be successful in defending ourselves. This could lead to negative publicity, monetary damages, and legal defense costs.

Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

We are subject to various labor-related laws and regulations in the PRC and other jurisdictions where we operate. For example, PRC laws and regulations require us to participate in various government-sponsored employee benefit plans. These benefit plans include social insurance, housing provident funds, and other welfare-oriented payment obligations. According to applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and pay social insurance premiums and housing provident fund contributions for employees. According to the Interpretation (II) by the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), issued by the Supreme People' Court on July 31, 2025, and implemented on September 1, 2025, where an employer and an employee agree or the employee promises the employer that no social insurance contributions are required, the People' Court shall deem such agreement or promise invalid. During the Track Record Period, we did not make adequate contributions to social insurance and housing provident funds for certain of our employees in strict compliance with the requirements of the relevant laws and regulations. There are no records of related administrative penalties. However, we cannot assure you that new laws or regulations, or changes in the enforcement of existing laws, will not require us to make additional contributions or impose late payment penalties, which could adversely affect our financial condition and results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches. A breach in our cybersecurity, or failure to protect confidential information, may result in legal and financial exposures and reputational damages.

We rely on information technology networks and systems for electronic communications among our personnel, suppliers, customers, and other business partners, as well as to synchronize demand forecasts, order placements, and manufacturing and service status and capacity with our manufacturers and logistics providers. Our business involves the storage and transmission of data related to our business, suppliers, customers, and other business partners. Some of our information technology systems are managed by third parties and may be vulnerable to damage, disruptions, or shutdowns due to failures during software, database, or component upgrades or replacements, power outages, hardware failures, computer viruses, cyberattacks, telecommunication failures, user errors, or catastrophic events. Any such breach could compromise our networks and the information stored therein, potentially resulting in legal and regulatory actions, disruptions to operations and customer services, and damage to our business reputation and future operations. If we fail to effectively and timely resolve these issues, our business, results of operations, and financial condition could be materially and adversely affected, and we could experience delays in reporting our financial results.

Our success relies largely on the continued service of our senior management and key technical personnel. Any loss of key personnel may materially and adversely affect our business, financial condition and results of operations.

Management and R&D capabilities are one of the key factors for our business development and competitive advantages. Our sustainable growth relies heavily on our ability to maintain a highly skilled senior management and technical team. We place great emphasis on cultivating and recruiting management and technical talent to ensure effective coordination and successful implementation of our management and R&D activities. To maintain the motivation and stability of our core management and technical personnel, we have established incentive schemes that encourage technical innovation, effectively ensuring the stability of our R&D system and continuous improvement of our R&D capabilities. However, due to intense competition for talent, we may face risks of losing core management and technical personnel.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings, and the public dissemination of malicious statements related to us that could harm our reputation and cause us to lose market share, customers and revenue.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties. Such conduct includes complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time. Additionally, allegations against us may be disseminated by anyone, whether or not related to us. Social media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. The occurrence of any of these events may harm our reputation, and in turn may cause us to lose customers and revenue.

We may suffer losses caused by the occurrence of extraordinary events, including natural disasters or outbreaks of contagious diseases.

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events, especially in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations with respect to our global supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the production capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

Foreign exchange regulations may limit our business and results of operations and our ability to remit dividends. Fluctuations in exchange rates could result in foreign currency exchange loss.

Conversion and remittance of foreign currencies are subject to foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the current PRC foreign exchange regulation, 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 relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

Failure to comply with present or future environmental, safety and occupational health regulations and standards may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to regulations and standards relating to environmental, safety, and occupational health matters where we operate. Under these laws and regulations, we are required to maintain safe production conditions and to protect the occupational health of our employees. However, there can be no assurance that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

In addition, our manufacturing process produces pollutants such as wastewater, waste gas, and industrial solid waste. The discharge of such pollutants from our manufacturing operations into the environment, if in violation of relevant regulations, may give rise to liabilities that may require us to incur costs to remedy such discharge. There can be no assurance that the situations that will give rise to environmental liabilities will be discovered, or that any environmental laws adopted in the future will not affect our operating costs and other expenses. Should stricter environmental protection standards and regulations be imposed in the future, there can be no assurance that we will be able to comply with such new regulations. Any increase in the manufacturing costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

Non-PRC resident holders of our H Shares may be subject to mainland China income tax obligations.

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

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of

20% and gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》) (Guo Shui Han [2011] No. 348) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of mainland China at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us.

However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70).

As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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

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

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of mainland China with "de facto management bodies" located in mainland China may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the "**Circular 82**"), specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within mainland China as major controlling shareholders under the laws of foreign countries (regions) will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within mainland China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in mainland China; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within mainland China; and (iv) at least half of the directors with voting rights or senior management reside within mainland China. The SAT has subsequently provided further guidance on the implementation of Circular 82.

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

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or senior management.

Most of our assets are situated in the PRC. In addition, most of our Directors and senior management reside in the PRC, and are PRC citizens. As cross-border service of process is typically cumbersome and time-consuming, it may be difficult for investors outside of mainland China to effect service of process upon us or our management residing in mainland China. As mainland China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments, you may fail to enforce in courts in mainland China the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us or our Directors or senior management.

On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed 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 "**Arrangement**"), which came into effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland China. The Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the mainland China even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the mainland China, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the Arrangement.

Developments in the legal systems of certain geographic markets in which we operate could materially and adversely affect us.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. We are subject to evolving laws and regulations in markets where we operate. Laws and regulations that are recently enacted in our industry may not comprehensively cover all aspects of economic activities. In particular, the interpretation and enforcement of these laws and regulations may be subject to future implementations. We cannot predict the effect of future legislative developments in the jurisdiction where we operate, including the enactment of new laws, amendments to existing laws or the interpretation or enforcement thereof. Changes to laws and regulations applicable to our industry could lead to new and unexpected challenges. The history of prior enforcement activity, or lack of enforcement activity, cannot be predictive of future enforcement actions. Therefore, our business operations are subject to increased uncertainties and risks. Any enforcement actions against us could have a material adverse effect on us.

Any litigation or governmental investigation or enforcement proceedings may be protracted and may result in substantial cost, diversion of resources and management attention, negative publicity, and damage to reputation. As a result, our business, results of operations and financial condition may be adversely affected. It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial conditions and results of operations.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC shareholders.

According to the Announcement of the SAT on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or SAT Circular 7, promulgated by the SAT in February 2015 and further revised in October and December 2017, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly through the transfer of the equity interests of an offshore holding company (other than the purchase and sale of shares issued by a PRC resident enterprise in public securities market) without a reasonable commercial purpose, the PRC tax authorities have the power to reassess the nature of the transaction and treat the indirect equity transfer as a direct transfer. As a result, the gain derived from such transfer, i.e., the transfer price minus the cost of equity, will be subject to PRC withholding tax at a rate of up to 10%. Under the terms of SAT Circular 7, a transfer that meets all of the following circumstances shall be directly deemed as having no reasonable commercial purposes: (i) over 75% of the value of the equity interests of the offshore holding company are directly or indirectly derived from PRC taxable properties; (ii) at any time during the year before the indirect transfer, over 90% of the total properties of the offshore holding company are investments within PRC territory, or in the year before the indirect transfer, over 90% of the offshore holding company's revenues is directly or indirectly derived from PRC territory; (iii) the function performed and risks assumed by the offshore holding company are insufficient to substantiate its corporate existence; or (iv) the foreign income tax imposed on the indirect transfer is lower than the PRC tax imposed on the direct transfer of the PRC taxable properties.

On October 17, 2017, the SAT released Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), or SAT Public Notice 37, effective from December 1, 2017. SAT Public Notice 37 made certain key changes to the current withholding regime including, such as (i) the withholding obligation for non-resident enterprise receiving dividend arises on the day the payment is actually made rather than on the day of the resolution to declare the dividends; (ii) the provision that non-resident enterprise shall self-report tax within seven days if their withholding agents fail to withhold is removed, etc.

We and our non-PRC resident investors may be subject to filing obligations in such transactions, under SAT Circular 7. For transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist with the filing under SAT Circular 7. As a result, we may be required to expend valuable resources to comply with SAT Circular 7 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circumstances, which may have a material adverse effect on our financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

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

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

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

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be **[REDACTED]** on the Stock Exchange. Under current 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 trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes and liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the **[REDACTED]** performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the **[REDACTED]** of our H Shares, and vice versa. 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 **[REDACTED]** history of our A Shares when evaluating the investment decision in our H Shares.

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

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

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

The price at which our H Shares will **[REDACTED]** after the **[REDACTED]** will be determined by the marketplace, which may be affected by various factors beyond our control, including:

- our financial performance;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, ourselves and the industry in which we operate;
- an assessment on the prospects for, and timing of, our future revenue and cost;
- structures that independent research analysts may publish, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities;
- general market sentiment regarding the industry we operate in;
- changes in laws and regulations of China;

- our actual or perceived failure to compete effectively in the market; and
- political, economic, financial and social conditions.

In addition, the Hong Kong Stock Exchange has from time to time experienced significant volatility in **[REDACTED]** prices and volumes that have affected the market prices of securities of companies quoted on the Hong Kong Stock Exchange. As a result, **[REDACTED]** in our H Shares may experience volatility in the market price of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

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

Additionally, the declaration, payment and amount of any future dividends are subject to the discretion of our Directors after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at a Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of China. See "Financial Information — Dividends" for further details of our dividend policy.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

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

If the **[REDACTED]** of our H Shares is higher than the net tangible book value per Share immediately prior to the **[REDACTED]**, purchasers of our H Shares in the **[REDACTED]** will experience an immediate dilution. Existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible assets value per share of their shares.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and as a result the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may:

- further limit our ability or discretion to pay dividends;
- increase our risks in adverse economic conditions;
- adversely affect our cash flows; or
- limit our flexibility in business development and strategic plans.

Certain facts, forecasts and statistics derived from external sources contained in this document may not be reliable and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this document, particularly the section headed "Industry Overview", from information provided by various public sources, industry associations, independent research institutes and other third-party sources. Our Directors and Joint Sponsors have exercised reasonable care in selecting and identifying the information sources, and believe that the sources of such information are appropriate sources for such information. We have taken reasonable care in extracting and reproducing such information. The information from official government sources has not been independently verified by us, the Joint Sponsors, **[REDACTED]**, **[REDACTED]**, or any other party involved in the **[REDACTED]**, and no representation is given as to its accuracy. In addition, we cannot assure you that information in this document is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere or similar metrics we used, and such information may not be complete or up-to-date. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this document, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time and there is no guarantee that our market opportunity estimates will materialize in customers using our products and services as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this document, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

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

The **[REDACTED]** is being made solely on the basis of the information and representations contained in this document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this document should not be relied upon in making an **[REDACTED]** decision with respect to the securities being **[REDACTED]**. Prior to the publication of this document, there has been coverage in the media regarding us and the **[REDACTED]**, which may have contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. Investors should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and the **[REDACTED]** may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.