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

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements."

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the places where we operate; and (iii) risks relating to the **[REDACTED]**.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in an emerging and fast evolving market, and may face challenges in promoting and scaling our battery-swapping solutions.

The LEV energy replenishment market, especially the battery-swapping solution market, is relatively new and evolving rapidly. There is no assurance that it can continue to grow as rapidly as it has in the past. We may not have sufficient experience to address the risks to which companies operating in new or rapidly evolving markets may be exposed. The laws and regulations governing the LEV battery-swapping industry in China are still at a nascent stage and subject to further changes and interpretations. As the relevant markets, the regulatory environment or other conditions evolve, our existing battery-swapping solutions and products offerings may not continue to deliver the expected business results. As our business develops, we may continue to introduce new solutions and products, and adjust existing solutions and products, business model or operations in general. Any significant change to our business model or failure to achieve the intended business results may have a material and adverse impact on our financial condition and results of operations. Therefore, it may be difficult to effectively assess our future prospects. The LEV battery-swapping industry currently faces a range of challenges and uncertainties, such as the lack of universally accepted technical standards for LEV technology and batteries. Although the relevant regulatory authorities have issued policies related to battery-swapping technology for LEVs, there is no definitive timeline for the standardization of batteries. Consequently, our battery-swapping cabinets can only serve LEVs that are equipped with compatible battery modules and have sizes that fit within the constraints of our cabinets, which restricts the marketability of our cabinets. Looking ahead, should the MIIT introduce unified standards for LEV batteries, we may face significant expenses to align our existing and future solutions and products with these standards. In addition, you should consider our business and prospects in light of the risks and challenges that we encounter or may encounter, given the rapidly evolving market in which they operate and their limited operating history. These risks and challenges include our ability to, among other things:

- maintain and enhance relationships with riders, business partners, and other industry participants;
- comply with complex and evolving laws and regulations;
- improve operational efficiency;
- attract, retain and motivate talented employees, particularly in the areas of research and development, sales and marketing, as well as risk management;
- enhance technology infrastructure to support the growth of business and maintain the security of our data system and the confidentiality of the information provided and collected across such system;
- anticipate and adapt to changing market conditions; and
- defend against legal and regulatory actions, such as those involving intellectual property or data privacy claims.

Our future growth largely depends on customer acceptance and preference for LEVs, the battery-swapping model, and various battery-swapping technologies available.

Our business relies, to a large extent, on riders' acceptance and preference for LEVs which is subject to various factors, such as purchase price, power rates, convenience of battery-swapping, and governmental regulations. In addition, the market for LEVs is still rapidly evolving, characterized by changing technologies, competitive pricing, evolving government regulation and industry standards, and changing consumer demands and behaviors. Other factors that may influence the adoption of LEVs include:

- perceptions about LEV quality, safety, design, performance and cost, particularly if adverse events occur that is attributable to the quality or safety of LEVs;
- the range of distance over which LEVs may run on a single battery charge or swap and the speed of battery-swapping;
- concerns about electric grid capacity and reliability;
- the density and convenience of charging stations or battery-swapping stations;
- access to battery-swapping stations, standardization of commercial-use LEV battery-swapping systems, and riders' perceptions about convenience and cost of battery-swapping;
- the available governmental incentives to the LEV industry or future regulation requiring increased use of nonpolluting vehicles; and
- macroeconomic factors.

Furthermore, there are currently two primary methods for LEV energy replenishment: battery-charging and battery-swapping. While battery-swapping offers notable advantages, such as quicker energy replenishment and reduced battery wear, it is still relatively new compared to the more established charging model. As a result, it remains uncertain whether battery-swapping will become the predominant method for LEV energy replenishment in the future. Furthermore, there are different technologies for battery-swapping, and it is unclear which technology will become the preferred standard in the market. The future growth of our business will largely depend on the riders' acceptance and preference for LEVs, and acceptance of battery-swapping over battery-charging, among others. If the markets for commercial-use LEVs and battery-swapping do not grow as expected or develop more slowly than anticipated, our business, prospects, financial condition and operating results will be adversely affected.

We invest in and establish our own battery-swapping stations. If we are unable to manage and monetize these assets, or if the performance of such stations falls short of expectations, our business and prospects may be materially and adversely affected.

We operated 20,720, 22,092 and 21,400 self-operated battery-swapping cabinets as of December 31, 2023, 2024 and 2025, respectively. While we also sell battery-swapping equipment to our business partners to help them build their battery-swapping stations, our self-operated stations contributed to a significant majority of our revenue during the Track Record Period. In 2023, 2024 and 2025, our revenue generated from self-operated battery-swapping stations amounted to RMB692.7 million, RMB732.8 million and RMB715.5 million, respectively, accounting for 99.6%, 99.8% and 96.9% of our total revenue in the respective years. Operating these stations requires significant financial investments that encompass various aspects: upgrading, procurement and ongoing maintenance of machinery and equipment, as well as associated property and labor costs, which requires substantial investments to maintain the operational efficiency of these stations. If we are not able to manage or monetize these stations or the performance of such stations do not generate expected results, our business, results of operations and financial condition could be adversely affected. Furthermore, the heavy capital deployment into station infrastructure might limit our ability to invest in technology and R&D activities, potentially leading to adverse effects on our competitiveness and future growth. Additionally, operating in regional markets where we may not have the same level of market insight or resource allocation capabilities as local competitors can be challenging. This scenario could restrict our ability to gain operational efficiencies and competitive advantages in these markets, thus impacting the overall viability of our self-operated stations.

We face risks in connection with our cooperation with third-party site service providers.

Our battery-swapping stations are typically placed in or adjacent to commercial stores, residual communities, and shopping malls. We engaged site service providers to provide site services at our self-operated battery-swapping stations, including cabinet and battery charging services, site usage services for the deployment of our cabinets and batteries, and other operational support, during the Track Record Period. Such site service providers primarily include property owners and property management companies, among others.

We entered into site service agreements with site service providers, where they typically covenant that (i) they have the titles or rights to the sites, and they have the rights to authorize us to operate our battery-swapping business on the relevant sites; (ii) if there is any damages arising from issues relevant to such titles or rights, they will compensate us for all the losses; and (iii) if there is any change to site service providers' titles or rights, they need to notify us and facilitate the entry of new site service agreements with new service providers who have titles or rights. For other salient terms of the site service agreement, see "Business – Our Suppliers – Salient Terms of Agreements with Site Service Providers.

Despite the foregoing, we cannot assure you that our site service providers possess valid title or rights to the relevant sites. As advised by our PRC Legal Advisors, (i) the site service agreements entered into by us and our site service providers are valid, legally binding and enforceable, and are protected by law, provided no statutory invalidation circumstances prescribed by the Civil Code of the PRC exist such as contracting parties' malicious collusion to damage the legitimate rights and interests of others or violation of mandatory laws or regulations. The inability of our site service providers to furnish proof of site ownership does not, in itself, constitute grounds for contract invalidation; and (ii) as the site service agreements do not constitute property leasing under the PRC laws, we are not obligated to register any site service agreement with the relevant competent authorities for our use of any sites provided by our site service providers. However, we cannot assure you that our service providers' sites provided to us will not be challenged by third parties who claim ownership of use right of such properties or by the relevant competent authorities. If our service providers' rights to these properties where our stations are located are challenged and we are thus required to vacate such properties, we may not be able to identify suitable locations in time, at commercially acceptable terms, or at all. If we fail to find suitable alternatives, our business operations and results of operations could be materially and adversely affected.

In addition, we cannot guarantee that our site service providers possess all licenses, permits or approvals or have completed all prerequisite procedures required to provide site services at the swapping station locations. Furthermore, as we do not have control over our site service providers and their employees, if they do not possess the relevant licenses, permits, approvals or registrations required for them to provide site services, if they do not perform their obligations in accordance with our requirements or standards, if their work quality do not meet our requirements or standards, or if they fail to comply with the relevant laws and regulations when providing services to us, our business operations may be suspended, and our results of operations, financial condition and prospects may be materially and adversely affected. Although we may seek compensation for losses from our site service providers pursuant to the site service agreements, this recourse may be lengthy and costly and we may still face the challenges of identifying suitable alternative sites and potential disruptions to our operations.

We face risks associated with our sales of battery-swapping equipment to our business partners to build their battery-swapping stations, and any underperformance in this business segment or the battery-swapping stations of our business partners may adversely affect our business, financial condition, and results of operation.

We sell battery-swapping equipment to our business partners that have entered or intend to enter into the LEV battery-swapping industry. Our future growth is closely tied to our ability to encourage existing partners to make repeat purchases of our battery-swapping equipment and to extend our business partner base. As of December 31, 2023, 2024 and 2025, we helped our business partners build and operate battery-swapping cabinets of 304, 343 and 995, respectively. If we fail to generate sustained purchase demand from existing customers or to acquire new customers, our ability to further grow our business may be adversely affected. Our sales performance is subject to fluctuations in customer demand, which may be influenced by external factors such as technological change, evolving industry standards, competitive offerings, or shifts in partner strategies. In addition, securing long-term purchase engagement from customers requires ongoing effort to demonstrate value, align operational models, and maintain high service standards. Any failure to effectively manage these commercial relationships and expand our sales channels may materially and adversely affect our growth prospects, financial condition, and results of operation.

Furthermore, as such battery-swapping stations are not owned by us, and our participation in these stations' daily operation is limited to the service scope as requested by our business partners, we cannot exert the same level of control over these battery-swapping stations as we do over our self-operated stations. If the owners of these battery-swapping stations fail to obtain or renew the permits or licenses necessary for their operations in a timely manner or fail to maintain effective operational management of these stations, or if a significant number of our customers and their battery-swapping stations underperform or incur any disputes, our business, financial condition, and operational results may be adversely affected.

Operational disruptions at our battery-swapping stations could adversely affect our business, financial performance and results of operations.

Our battery-swapping stations are critical to the delivery of our services, and any operational disruptions could materially impact our business. Such disruptions may arise from various scenarios, including power outages, equipment failures, and technical malfunctions. Additionally, environmental or other regulatory requirements could impose restrictions on the operation of our stations, potentially leading to service interruptions or even the temporary shutdown of certain stations. These disruptions could lead to decreased service availability, customer dissatisfaction, and loss of revenue. Moreover, any prolonged interruption in the operation of our battery-swapping stations could significantly impact our ability to meet customer demand, maintain our market position, and achieve our business objectives. If we are unable to promptly address these operational challenges or if similar issues arise frequently, it could harm our brand reputation, financial performance, and growth prospects.

If we fail to upgrade and develop new solutions and products and technologies for our operations and solutions, we may lose competitiveness and our business, financial condition, and results of operations could be adversely impacted.

LEV battery-swapping industry is characterized by rapid technological evolution and frequent introduction of new solutions and products incorporating new technologies; therefore, our long-term success depends on our ability to continually develop new technologies, solutions, and products. We may not always be able to keep up with changes in LEV and battery-swapping technologies and, as a result, our competitiveness may suffer. In addition, developments in alternative technologies, such as battery charging, may materially and adversely affect our business and prospects in ways we do not currently anticipate. Any failure by us to successfully react to changes in existing technologies could materially harm our competitive position and growth prospects.

We view our technological advantages as our core competence to enhance our market competitiveness. We focus our R&D efforts across several key technologies and platforms, such as Zhizu Battery-swapping Application Platform, our cloud-based smart IoT platform, and Zhizu Brain, our algorithm-based decision-making platform, to empower our battery-swapping solutions. However, as the LEV and the LEV battery-swapping industries are rapidly evolving, we cannot be certain that our choices of technologies will become the industry mainstream, or we can accurately anticipate the way these markets will evolve. As a result, we cannot guarantee that our efforts will deliver the results as we anticipate. In addition, even if our technological advancements are in line with industry trends, we cannot assure you that all of our R&D efforts will lead to profitable products or solutions in the short term. In the event that our new technologies fail to achieve commercialization, or our products and solutions fail to be adopted by the market, our business prospects and financial condition could be materially and adversely affected.

We face increased competition and may not be able to compete effectively.

We compete with not only other battery-swapping service providers but also charging service providers. Our competitors may have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sales and support of their products and service offerings. Our competitors may also have longer operating histories, greater brand recognition and loyalty, and broader or closer relationships with LEV rental companies, riders or enterprises with rider resources than we do. Our competitors may be better at developing solutions and products, responding more quickly to new technologies and undertaking more extensive and effective marketing campaigns. In response to competition, we may have to lower or adjust our service fees charged and the prices of our hardware, which could materially and adversely affect business and results of operations. Additionally, we cannot assure you that more established companies, including delivery platforms that possess large, existing user base, substantial financial resources and sophisticated technological capabilities will not enter the markets in which we compete. Competitors may ultimately prove to be more successful or more adaptable to customer demand and new regulatory, technological and other developments. If we are unable to compete with such companies and meet the need for innovation in our industry, the demand for our services could stagnate or substantially decline, which could harm our business and results of operations.

We could experience increases in the cost of, or shortage or disruptions, in supply of components, raw materials and site services.

For our battery-swapping cabinets, the key components and raw materials include battery cells, connectors, and wiring harnesses. The prices for these materials are subject to fluctuations due to factors beyond our control, such as market conditions, global demand, and supply chain disruptions. Any significant increase in the cost of these materials could adversely impact our costs and profitability. Moreover, our battery-swapping solutions are directly influenced by site service costs comprising primarily charging fees for our cabinets and batteries and site usage fees. Therefore, any increase in site service prices could increase our costs, potentially reducing the demand from riders and negatively affecting our financial performance. If site service costs rise significantly, we may be forced to adjust our pricing strategies, which could further impact the competitiveness and adoption of our services in the market.

In addition, certain of our suppliers are subject to various regulations and are required to obtain and maintain various qualifications, government licenses and approvals. If any of these suppliers loses its qualification or eligibility because of its failure to comply with regulatory requirements, we may not be able to find alternative suppliers in a timely manner or at all. Moreover, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and services used in our operations. In addition, suppliers may fail to supply products that meet our quality standards. If we are unable to identify alternative materials or suppliers and secure approval for their use in a timely manner, our business, results of operations, financial condition and prospects could be adversely affected. Any change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of any existing supply contract could have an adverse effect on us.

As a result, any shortage or disruptions in supply of our components, raw materials and site service, arising from the above-mentioned reasons or other various reasons, such as strong market demand, available market supply, or acceptable commercial arrangement with our suppliers, could adversely affect our business operations, financial condition and results of operations.

We expect to invest in growth for the foreseeable future. If we fail to manage growth effectively, our business, results of operations, financial condition and prospects could be adversely affected.

Our battery-swapping network has expanded rapidly from our initial operations in Shanghai to covering over 90 cities across China as of the December 31, 2025. We expect to continue investing heavily in our growth for the foreseeable future. Our strategic initiatives include (i) deepening our penetration in the B-end instant delivery market to achieve a higher active user scale; (ii) expanding into the C-end consumer market (such as daily commuting); (iii) executing our asset-light operational models to form partnerships to operate battery-swapping stations; and (iv) accelerating our international expansion into Southeast Asia, beginning with our self-operated battery-swapping network in Indonesia. In addition, to support our hardware demands, we are constructing a new manufacturing facility in Anqing, Anhui Province, with a land area of approximately 108,000 sq.m, aiming to significantly increase our production capacity for smart swapping cabinets and lithium batteries.

Our future operating results depend to a large extent on our ability to manage our expansion and growth successfully. Risks that we face in effectively managing our growth include, among others:

- executing our diverse business strategies successfully, particularly in the unfamiliar C-end market and overseas jurisdictions where user behaviors and regulatory environments differ significantly from our historical B-end operations in China;

- managing a significantly larger organization with a growing number of employees across multiple regional operation centers and efficiently managing our sprawling network of business partners;

- scaling our IT infrastructure, Zhizu Cloud Platform comprising Zhizu Battery-swapping Application Platform and Zhizu Brain, to reliably monitor and support a massively growing network of hardware assets without experiencing system downtimes or latency;

- maintaining optimal asset utilization rates, such as the battery-to-user ratio and cabinet efficiency, and avoiding asset redundancy or inventory obsolescence while deploying new assets into new markets;

- controlling capital expenditures, managing our working capital, and securing sufficient external financing to fund our planned capacity expansion and international rollout; and

- ensuring the consistent quality, stability, and safety of our batteries and swapping cabinets as our production output scales up.

If we fail to manage our growth effectively, we may experience overcapacity, inefficient asset utilization, operational deficiency, or a decline in service quality. As a result, our revenue may decline or fail to grow as anticipated, and our business, results of operations, financial condition, and prospects could be materially and adversely affected.

If our battery-swapping solutions and hardware products do not meet customer expectations in terms of quality, stability, availability or user experience, our business, results of operations, financial condition and prospects may be adversely affected.

We may fail to provide quality solutions and products if we fail to continue to innovate on hardware design (such as developing higher-capacity lithium batteries and upgrading smart swapping cabinets), maintain a widespread and responsive local maintenance and rescue network, handle customer complaints properly or offer appropriate after-sale services, or if there are technical errors, system downtimes or other incidents affecting our swapping solutions, among others. If we do not quickly resolve such issues, our ability to retain users or sell additional solutions or products to existing customers could suffer, and our brand and reputation could be harmed, which in turn could adversely affect our business, results of operations, financial condition and prospects. Moreover, we believe the LEV battery swapping is highly scenario-specific, and our ability to offer solutions that tailor to different mobility needs is highly critical in our ability to attract and retain customers. For instance, B-end delivery riders typically demand high-frequency swapping, extended battery life, robust stability and cost-effectiveness, whereas C-end daily commuters prioritize convenience, flexible swapping, and ease of use. If we cannot offer products and pricing packages that cater to our customers' evolving demand, or if our competitors are better at addressing these requirements, we may lose our customers and our business, results of operations, financial condition and prospects may be adversely affected. In addition, we may not be able to maintain our relationship with major enterprise customers (such as delivery stations) for various other reasons and factors, including customers' own business model, the availability of comparable swapping solutions from competitors at a lower cost, and any macroeconomic factors. Any adverse development in these respects may adversely affect our user base, and in turn affect our business, results of operations, financial condition and prospects.

If we otherwise fail to increase sales of our solutions and products to our customers and expand our customer base, our business, results of operations, financial condition and prospects may be adversely affected.

Our ability to achieve broader market acceptance, increase revenue and market share, and achieve and sustain profitability will depend, to a significant extent, on our sales and marketing efforts to effectively increase the active user base of our swapping services and expand our customer network. In 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB78.3 million, RMB94.4 million and RMB80.4 million, respectively. Our operating results will suffer if these selling and marketing expenses do not generate more active users or customers as we anticipate. Additionally, our brand promotion and marketing activities, including our online live-streaming campaigns and offline station promotions, may not be well received by customers and may not result in the levels of user growth that we anticipate. If we fail to conduct our sales and marketing activities in a cost-effective way, we may incur considerable sales and marketing expenses, which could adversely affect our business, results of operations, financial condition and prospects. We may need to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. Failure to introduce new marketing approaches in a cost-effective manner and to retain existing users or attract new ones to our swapping network could reduce our market share and materially and adversely affect our business, results of operations, financial condition and prospects.

Higher labor costs and inflation may adversely affect our offline operations, including the provision of cabinet installation, daily maintenance and battery rescue services, and therefore adversely affect our business, results of operations, financial condition and prospects.

We rely on a large number of frontline operational staff and outsourced service vendors (such as third-party installation teams) to deploy and maintain our smart swapping cabinets and perform crucial offline services such as battery retrieval and rider rescue. Rising labor costs driven by factors such as inflation, changes in minimum wage regulations, labor market dynamics, or increased competition for skilled operational labor could exert upward pressure on our internal payroll and the fees that our third-party service providers charge us. This may significantly increase our cost in the provision of on-the-ground services, and therefore adversely affect our business, results of operations, financial condition, and prospects.

While we strive to manage and mitigate the impact of these rising labor costs through operational efficiencies, the utilization of our technology platforms, or technological innovations, these measures may not be sufficient to maintain our competitiveness and financial performance. There is no guarantee that we will succeed in effectively managing the impact of rising labor costs.

Our nationwide swapping and service network relies on our local operational teams, business partners, and third-party service providers to deliver high-standard performance, and we may not be able to manage the rapid expansion and compliant operations of such service network efficiently.

We rely on a combination of our direct operational teams, business partners, and other third-party service providers (such as site service providers) to deliver high-standard performance across our nationwide battery swapping and after-sales service network. This network is responsible for crucial on-the-ground services, including the installation of swapping cabinets, daily maintenance, battery retrieval, offline rescue for riders, and after-sales support. We may not be able to identify, attract and retain sufficient business partners or service providers with the requisite experience and resources to provide services that meet our quality standards. Our local business partners and third-party service providers may face various challenges during service provision, including but not limited to understaffing during peak seasons (such as summer months when delivery volumes and outsourced labor needs surge), sub-optimal technical skills, or poor customer service quality. Although we implement standardized operating system and provide training, we may not have effective control over the day-to-day operations of our business partners and outsourced personnel. Despite our efforts in quality control, we cannot assure you that our service providers and business partners will consistently provide such high-quality services. Any failure of our local teams, business partners, or third-party service providers to provide prompt and reliable performance may adversely affect our reputation, increase user churn rate, and in turn adversely affect our business, results of operations, financial condition and prospects.

Furthermore, our reputation and operations may be harmed by non-compliant or illegal actions of third-party service providers that are outside of our control. For example, the failure of our third-party service providers to operate in compliance with applicable laws and regulations could lead to administrative actions, interrupt our operations and result in claims against us. In the event that we become subject to administrative actions or claims caused by non-compliant or illegal actions of these third-party service providers, we may attempt to seek compensation from the relevant partners. However, such compensation may be limited. If no claim can be asserted against a third-party service provider, or amounts that we claim cannot be fully recovered from the third-party service provider, we may be required to bear such losses at our own costs. This could have a material and adverse effect on our business, financial condition and results of operations.

As of December 31, 2025, our swapping network covered over 90 cities across China. From 2023 to 2025, our business partners increased from five to 38, with covered cities growing from five to 37 over the same period. We also plan to expand our service network in overseas markets, starting with our self-operated swapping network in Indonesia. The expansion may not have the desired effect of increasing sales and enhancing our brand recognition in a cost-efficient manner. We may need to invest significant capital and management resources to manage existing business partners and service providers and enter into collaboration with new ones, and there can be no assurance that we will be able to improve the operational efficiency of our rapidly expanding swapping and service network.

Our solutions and daily operations are subject to safety risks, and any accidents that occur during the performance of our solutions may expose us to civil, labor, environmental and criminal liabilities and adversely affect our business, results of operations, financial condition and prospects.

The provision of our on-the-ground solutions, including the installation of smart swapping cabinets, daily maintenance, and battery rescue services, involves operational risks such as equipment defects, lithium battery thermal runaway, and misconduct by our frontline operational staff, business partners, and service providers. The personnel engaged by us or our third-party service providers may work in potentially dangerous conditions, such as handling heavy electrical equipment or moving batteries, which exposes us to potential liability for personal injury and other accidents, business interruptions, and the damage or destruction of property.

From time to time during our operations, we may experience work-related injuries among our frontline personnel. Furthermore, there may be isolated incidents of battery spontaneous combustion in the market, although they may be caused by riders' unauthorized charging or aging vehicle wiring rather than systemic failures of our equipment. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material safety accidents resulting in death or catastrophic property damage in our operations. However, the safety protocols and training of our operational teams, business partners, and service providers may not be adequate to prepare the professionals to perform the necessary activities without causing damage or accidents.

According to our contracts with third-party service providers, they generally assume safety responsibilities and risks during their work process, such as cabinet installation. Meanwhile, we maintain employer liability insurance for our frontline staff and product liability insurance for our batteries and swapping cabinets. However, such insurance coverage may not be adequate to cover all potential liabilities if severe safety accidents, such as major fires or explosions, occur during the installation, maintenance, or operation process. Although our agreements stipulate that third-party service providers will assume certain safety risks and responsibilities, we cannot guarantee that we will not become entangled in legal proceedings in relation to personal and property damages.

In addition, any accidents involving our products and solutions can cause our reputation to be severely questioned and subject us to the filing of lawsuits, administrative proceedings, and the launch of regulatory investigations against us. Following severe electric vehicle fire incidents in recent years, the PRC government has significantly enhanced its safety scrutiny over the battery swapping industry. A major safety accident, even if not at our fault, may subject us to possible imposition of substantial fines, mandatory product recalls, or other penalties, with a corresponding surge in our compliance and operating expenses. Any accidents that occur during the performance of our solutions may also severely damage our brand reputation and result in significant costs, and consequently, adversely affect our business, results of operations, financial condition and prospects.

We may be liable for personal and property damages caused by the use of our battery-swapping related products. Any quality issues related to our products could result in a loss of customers and may subject us to product liability claims, product recalls and reputational risks.

The use of our hardware products, particularly lithium batteries and smart swapping cabinets, involves inherent safety risks, including the risk of thermal runaway, fires, or explosions. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material catastrophic personal or property damage claims caused by the systemic failure of our products. However, there have been isolated incidents of spontaneous battery combustion in the market, which were primarily attributed to rider misuse, unauthorized charging, or aging vehicle wiring. We may be held liable for personal injuries and property damages if such accidents are ultimately attributed to defects in our products. We may incur significant time and expenses to respond to customers' or third parties' claims against us, and we may not be able to successfully obtain indemnification from upstream suppliers for all, or any, claims.

We currently maintain product liability insurance covering our batteries and swapping cabinets. However, if a severe safety accident occurs, our insurance coverage might be insufficient to fully cover all damages sought, and the claim process might be prolonged. As a result, any material product liability claim or litigation could have a material and adverse effect on our business, results of operations, financial condition and prospects. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation.

If any products sold or leased by us are alleged to be unsafe or defective, we may experience a significant loss of active users and may have to recall them from the market. We actively monitor battery health through our BMS system and Zhizu Battery-swapping Application Platform and will execute proactive battery recalls or system disablements when abnormal parameters are detected. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any mandatory governmental product recall, nor had we experienced any material product liability claim. Nevertheless, we cannot assure that widespread recalls will not occur, or material claims will not be filed against us in the future. Any product recalls or any claims against us, regardless of merit, can strain our financial resources, hurt our brand reputation and consume the time and attention of our management. If any claims against us are successful, we may incur substantial liabilities, and our reputation may be severely damaged.

Our insurance coverage may not be sufficient to cover all losses associated with our business operations.

We maintain different types of insurance policies, including social insurance and accident insurance for our employees and product liability insurance, which we deem necessary for our operations and in line with industry practice. See "Business – Insurance." We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Maintaining the trusted brand image of our solutions and products is critical to our success, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, results of operations, financial condition and prospects.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with our customers and other participants within the LEV battery swapping ecosystem. Any loss of trust in our solutions and products could harm the value of our brand, which could reduce our revenue and profitability. Our ability to maintain our position as a trusted brand for LEV battery-swapping solutions and products is based in large part upon the quality of our solutions and products, users' satisfaction with our solutions and products, and the increasing brand awareness through marketing and brand promotion activities. Any public perception that our solutions and products are defective or otherwise unsatisfactory, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new users or retain our current users. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our products and solutions, it may be difficult to maintain and grow our user base and customer base, and our business and growth prospects may be materially and adversely affected.

We recorded net liabilities and net current liabilities positions as of the end of each of the Track Record Period.

As of December 31, 2023, 2024 and 2025, we recorded net liabilities of RMB91.2 million, RMB78.8 million and RMB70.6 million, respectively, and net current liabilities of RMB767.2

million, RMB783.5 million and RMB701.3 million, respectively. Such position was primarily due to significant upfront investments in capital expenditures for swapping station-related assets and/or redemption liabilities, as applicable.

A net liabilities position may raise concerns as to our financial condition, liquidity and ability to sustain operations, and may adversely affect our ability to obtain additional financing on commercially reasonable terms, or at all. In particular, potential lenders or investors may perceive us as having higher credit risk, which could result in higher financing costs, more stringent covenants or dilution of existing shareholders' interests in the event of equity financing. In addition, a sustained net liabilities position may limit our operational flexibility, restrict our ability to make necessary capital expenditures, and adversely affect our capacity to withstand adverse business, economic or industry conditions. It may also impact our compliance with certain financial covenants under existing or future financing arrangements, if any, and could result in a breach of such covenants.

Although we expect our financial position to improve as our business continues to grow and our operating performance improves, there can be no assurance that we will be able to return to a net assets position in the near future or at all. If we are unable to improve our net assets position, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We rely on the service of certain key members of our executive management team, qualified technical, engineering, sales and operational personnel, and other key employees. The loss of any of them may adversely affect our business, results of operations, financial condition and prospects.

Our continued success is and will continue to depend to a significant extent on the efforts and abilities of us to retain the key members of our executive management team, and to make sure each of them is and will continue to be actively engaged in our management and determines our strategic direction. The departure of any of the key individuals from or their reduced attention to us could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are and will continue to be dependent upon the services of members of our executive management team. Our future performance will also depend on their continued services and continuing contributions to formulate and execute our business plan and to identify and pursue new opportunities and service innovations. The loss of services of any of these individuals, or the ineffective management of any leadership transitions, could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, results of operations, financial condition and prospects.

Our success also depends, in part, on the continuing ability to identify, hire, attract, train and develop and retain highly qualified personnel. Competition for employees can be intense and the ability to attract, hire and retain them will depend on our ability to provide competitive compensation. For instance, we may face challenges in recruiting and retaining specialized technical talents, such as embedded software developers, to support our R&D capabilities, and we historically experienced relatively high turnover rates among our frontline sales and operational personnel. We may not be able to attract, assimilate, develop or retain qualified personnel in the future. The inability to recruit and retain qualified personnel in the future could have an adverse effect on our business, results of operations, financial condition and prospects.

Any of our expansion into international markets will expose us to additional tax, compliance, market and other risks and there can be no assurance that any such expansion will be successful.

We have expanded and plan to continue to expand our operation into international markets, such as Southeast Asia. Our operations in international markets are expected to expose us to various risks, including but not limited to those arising from:

- operating our business across a significant distance, in different languages and among different cultures;
- differing demand dynamics for our solutions and products, such as varying preferences for short-term solutions among local users;
- competition with local competitors which may have greater resources and more favorable market positions;
- establishing relationships with local electric motorcycle companies, regulators and commercial partners;
- deploying battery-swapping infrastructure and hardware in overseas markets;
- establishing service networks in overseas markets;
- compliance with applicable laws and regulations, including those with respect to privacy, intellectual property, data protection, consumer protection, anti-corruption, trade barriers and economic sanctions, and the risk of penalties if our practice is deemed to be noncompliant;
- obtaining required government approvals, licenses or other authorizations;
- varying levels of internet adoption and infrastructure;
- foreign exchange controls and exchange rate fluctuations;
- public health emergencies and containment measures;
- potentially adverse tax consequences;
- higher costs of doing business internationally, including increased accounting, travel, infrastructure, and legal compliance costs;
- the effectiveness of training, motivation and management of our employees;
- the diversity of customers preferences and demand and our ability to anticipate or respond to such preferences and demand;
- changes in the political and economic environments in the countries where we operate, and the imposition of new duties or other protectionist measures; and
- the occurrence of acts of terrorism or similar events, conflicts, civil unrest or situations of political instability.

These or other factors may deter our international expansion plans, distract our management attention, or cause us to incur significant costs in these markets, which could have an adverse effect on our business, results of operations, financial condition and prospects.

Our overseas operations may subject us to governmental economic sanctions and export controls laws, which could subject us to liability and impair our ability to compete in overseas markets.

Our planned overseas operations may subject us to various applicable sanctions and export controls regulations. We have sold and will continue to sell our products to overseas customers and partners in foreign countries and regions, such as Southeast Asia. In the event that any of these countries or regions imposes economic sanctions or enforces import restriction or tariffs in relation to our products, our business, results of operations, financial condition and prospects may be adversely affected. In addition, in the event that any of the countries or regions where we may procure materials from imposes export controls, tariffs, trade restrictions or other trade barriers on any of the components or raw materials supplied to us, we may not be able to obtain a steady supply of necessary components or raw materials at competitive prices, and our business, results of operations, financial condition and prospects may be materially and adversely affected.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments, and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. We take precautions to prevent our products from being provided to any target of these sanctions. However, we cannot assure you that our products and solutions would not be provided to those targets through independent distributors or agents despite such precautions, which is out of our control. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business, results of operations, financial condition and prospects.

Further, applicable sanctions and export controls laws and regulations may be revised, and potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions. If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers' demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the Export Administration Regulations or other applicable regulations.

We may need to raise additional funds and these funds may not be available when needed on favorable terms, if at all.

We operate in a capital-intensive industry and may need to raise additional capital in the future to further scale and expand our battery swapping network and business. We may raise additional funds through the issuance of equity or debt related securities, or through obtaining credit from government or financial institutions. There is no certainty that additional funds will be available on favorable terms when required, or at all. If additional funds cannot be obtained when needed or on favorable terms, our business, results of operations, financial condition and prospects could be adversely affected. If we raise funds through the issuance of debt securities or through loan arrangements, the terms of which could require significant interest payments, contain covenants that restrict our business, or other unfavorable terms. In addition, to the extent we raise funds through the sale of additional equity securities, our shareholders would experience additional dilution.

We have been and intend to continue investing in R&D, which may not generate the results we expect and therefore may adversely affect our short-term cash flow, liquidity and profitability.

We have been investing heavily in our R&D to maintain our capabilities in the design, development and production of smart batteries and cabinets as well as digital technology platforms, and to keep pace with the industry's technological evolution. Our R&D expenses were RMB44.9 million, RMB30.2 million and RMB29.9 million in 2023, 2024 and 2025, respectively, representing 6.5%, 4.1% and 4.0% of our total revenue in the same years, respectively. We may continue to incur significant research and development expenses in the future.

However, there can be no assurance that our R&D efforts will deliver the benefits we anticipate. The results of our R&D activities are inherently uncertain, and we may not be able to obtain and retain qualified R&D personnel. Even if we succeed in R&D and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D results. New technologies could render our technologies, technological infrastructure or solutions that we are developing or plan to develop obsolete or unattractive, thereby limiting our ability to recover related development costs, which could adversely affect our revenue, profitability and market share. As such, our R&D efforts may not contribute to our future results of operations or such contribution may not meet our expectations or even cover the costs of our R&D efforts, which may materially and adversely affect our business, results of operations, financial condition and competitive position.

Our development strategies may not succeed, which may materially and adversely affect our business, financial condition and results of operations.

We have implemented comprehensive business strategies, including developing new technologies and expanding our operations. We have been and will continue introducing new solutions and products and improving existing ones to meet evolving market demand and customer needs. The success of our growth initiatives, strategies and operating plans depends on various factors, such as market conditions, competition, regulatory requirements, technological changes, economic conditions and customer preferences. These factors may be difficult to predict or control, and if they do not develop as we expect, our growth initiatives, strategies and operating plans may not be successful in enhancing our business as anticipated.

There can be no assurance that our strategies are accurate or correct in terms of aligning with the market development, including technological advancements, industry trends and end-user preferences. If any of our business strategies are proven to deviate from such market development, it could have a negative impact on our business, financial condition and results of operations. In addition, we may fail to obtain the necessary resources to fund our future plans or employ suitable personnel to manage our expanded business. If we are unable to develop and introduce new solutions and products and improve existing solutions and products in a cost-effective and timely manner, our business, financial condition, results of operations and competitive position would be materially and adversely affected.

We collaborate with business partners to expand our sales and operation network. If we are unable to maintain, expand and manage our sales and operation network successfully, our business, financial condition, results of operations and prospects would be materially and adversely affected.

We utilize a mix of direct operation and a partnership model to expand our market coverage and our user base. During the Track Record Period, the number of our business partners increased from five in 2023 to six in 2024 and further to 38 in 2025. Under this partnership model, our business partners typically purchase our battery-swapping equipment, such as smart swapping cabinets and batteries, and operate independently in their respective cities using our software platforms. We have limited control over the day-to-day operations of our business partners. Their effectiveness in expanding local customer base directly impacts our market share and revenue. If we fail to effectively manage them, or if they engage in unauthorized practices, such as offline price dumping that disrupts our market pricing system, fail to provide adequate local maintenance, or violate our operational guidelines, our brand reputation, user experience, and overall business could be severely harmed. Furthermore, if we are unable to identify and secure reliable business partners for new markets or renew contracts with existing high-performing ones, our expansion strategy and financial prospects will be materially and adversely affected.

Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with applicable laws and regulations of the PRC may subject us to penalties and have an adverse impact on our financial conditions and results of operations.

In accordance with the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) and other relevant laws and regulations, China has established a social insurance and housing provident fund system. Social insurance includes basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. An employer is required to make contributions to the statutory social insurance and housing fund for its employees in accordance with the rates provided under relevant regulations and withhold the contribution amounts to be paid by the employees themselves. Pursuant to applicable PRC laws and regulations, if the employer fails to register and establish an account for housing provident fund contributions, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the expiration of the time limit shall result in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Furthermore, in light of the Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in 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)》) (the "**New Judicial Interpretation**"), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Moreover, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated as the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions. For more information, see "Regulatory Overview – Regulations on Labor."

During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions to the social insurance and housing provident fund for our employees as required by relevant laws and regulations. For more details, see "Business – Social Insurance and Housing Provident Funds. As of the Latest Practicable Date, we had not been required to settle the outstanding amount of social insurance payments and housing provident fund contributions, nor had we been imposed with administrative actions, fines or penalties on us with respect to this incident by the competent government authorities. However, we cannot assure you that the relevant government authorities will not impose new requirements on us according to laws, regulations or local policies published by the relevant government authorities in the future, such as ordering us to make supplemental social insurance and housing provident fund contributions, imposing late fees or fines on us or ordering us to take other measures, any of which may materially and adversely affect our business, financial condition and results of operations.

Our leased properties may be subject to non-compliance or challenges that could potentially affect our future use of them.

We have leased certain properties in China for storage, production, employee dormitories and office premises. See "Business – Our Properties – Leased Properties" for details. Pursuant to the Measures for Administration of Lease of Commodity Properties (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases.

As of the Latest Practicable Date, 14 of our 19 lease agreements in China had not been registered. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of lease agreements. If any of our leases is terminated or becomes unenforceable as a result of challenges from third parties, we would need to seek alternative properties and incur relocation costs. Any relocation could lead to disruptions to our operations and adversely affect our business, financial conditions and results of operations. As our leases expire, we may face difficulties renewing them, either on commercially acceptable terms or at all. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition.

We may not be able to protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.

There can be no assurance that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual properties, unfair competition, defamation or other violations of our rights by our employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which may be time-consuming and expensive to resolve and could divert our management's attention regardless of the outcome, and adversely affect our business, financial condition and results of operations.

It can be difficult to register, maintain and enforce intellectual property rights in the jurisdictions where we operate. Laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may infringe intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims.

We may inadvertently infringe on third-party IP rights, leading to costly litigation or licensing fees. We use open-source software, which carries risks if not managed in compliance with license terms. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed upon by our products, solutions, services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in the PRC or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert our management's attention and other resources from our business and operations to defend these claims, regardless of their merits.

Additionally, the application and interpretation of the PRC laws relating to intellectual properties, and the procedures and the standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in the PRC are still evolving, and there can be no assurance that the PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of any third party, we may be subject to liability for our infringing activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives of our own. In such events, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Confidentiality agreements and non-compete covenants with employees may not adequately protect our proprietary rights.

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our key employees, there can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual properties will not otherwise become known to third parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary rights could adversely affect our business, financial condition, results of operations and competitive position.

We may be adversely affected by any negative publicity concerning us and our battery swapping business, shareholders, affiliates, directors, officers, other employees, business partners, other third parties as well as the industry in which we operate, regardless of its accuracy, that could harm our reputation and in turn adversely affect our business, results of operations, financial condition and prospects.

Our ability to attract and retain customers is highly dependent upon the public perceptions of our battery swapping solutions and products, trustworthiness and business practices. Negative perceptions or publicity about us and our business, shareholders, affiliates, directors, officers, employees, business partners, other third parties as well as the LEV battery-swapping industry, even if related to isolated incidents (such as local battery fire accidents), could erode trust and confidence and damage our reputation among existing and potential customers. In turn, this could decrease the demand for our solutions and products, increase regulatory scrutiny and detrimentally affect our business. In addition to traditional media, there has been an increasing use of social media platforms and similar devices in China, including instant messaging applications, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. Negative publicity concerning these parties could be related to a wide variety of matters, including, but are not limited to:

- alleged misconduct or other improper activities committed by our directors, officers, and employees, as well as our business partners;
- false or malicious allegations or rumors about us or our directors, shareholders, affiliates, officers and employees;
- complaints by our customers about our solutions and products;
- security breaches of private customer or transaction data;
- employment-related claims relating to alleged employment discrimination, wage and hour violations; and
- governmental and regulatory investigations or penalties upon us.

The availability of information on instant messaging applications and social media platforms is virtually immediate as is its impact without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our company, shareholders, directors, officers and employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

Furthermore, our brand name and our business may be harmed by aggressive marketing and communication strategies by competitors and third parties. We may be subject to government or regulatory investigation or third-party claims as a result and we may be required to spend significant time and incur substantial costs to react to and address these consequences. There is no assurance that we will be able to effectively refute each of the allegations within a reasonable period of time, or at all. Additionally, public allegations, directly or indirectly, against us or our business partners, may be posted online by anyone on an anonymous basis. Social media platforms may not necessarily filter or check the accuracy of information before publishing them and we are often afforded little or no time to respond. As a result, our reputation may be adversely affected and our ability to attract and retain customers and maintain our market share and our financial conditions may suffer.

We are subject to evolving regulatory requirements regarding the end markets of our solutions and products and solutions, such as the "New National Standard" for LEVs, local motorcycle bans and battery safety regulations, which may adversely impact our operations.

Our operations are highly sensitive to regulatory changes in the PRC. The PRC government has implemented the "New National Standard" (新國標) for LEVs, requiring 48V batteries to undergo mandatory 3C certification. While our self-produced 48V batteries have obtained this certification, many users in the market currently operate 60V or 72V batteries, which strictly classify their vehicles as electric motorcycles. Currently, over 300 cities in China ban or restrict motorcycles, creating compliance uncertainties for electric motorcycle users (including our delivery riders). Due to frequent LEV safety accidents, local enforcement is becoming increasingly strict, with cities like Shanghai, Beijing, Shenzhen, and Guangzhou transitioning strictly to the New National Standard. A strict, uniform enforcement of the New National Standard or intensified local crackdowns on high-voltage LEV could abruptly reduce the demand for our high-capacity swapping services, which would negatively impact our revenue and asset utilization.

Furthermore, government regulations have imposed stringent requirements on LEV safety in general and in the context of battery fire protection. While we believe that the enhancement of battery safety standards and the implementation of the New National Standard could present a market opportunity for our solutions and products, evolving regulatory requirements could also be challenging to satisfy and may adversely affect our portfolio of solutions and products and business operations. Government safety regulations are subject to changes driven by a number of factors that are beyond our control, including new technologies, adverse publicity regarding recalls and safety risks of lithium-ion batteries, accidents involving thermal runaway or fires, domestic and foreign political situations, and litigation relating to battery safety as well as data privacy. New legislation or changes in the regulatory requirements with respect to the LEV battery swapping industry could adversely affect our business, and requires continuous monitoring of laws and regulations and an ongoing compliance process to ensure that we are in compliance with existing laws and regulations in each market where we operate. Our compliance cost could be substantial given the evolving nature and complexity of the relevant laws and regulations.

Data privacy and security regulations, such as China's Data Security Law and overseas local data protection rules, impose strict compliance obligations.

We are subject to various laws and regulations concerning data security and privacy. Recently, the governments worldwide have placed increasing emphasis on privacy and data protection regulations. The PRC government, in particular, has implemented a series of laws, regulations and policies to safeguard personal data.

For instance, on June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安

全法》) (the "**Data Security Law**," effective since September 1, 2021). The Data Security Law sets out a number of obligations on data security undertaken by entities and individuals engaged in data-related activities. It also prohibits any individual or entity in China from providing data stored in China to foreign judicial or law enforcement departments without the approval of the competent authorities in China. And on November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》, effective since June 1, 2017, amended by the SNPC on October 28, 2025 and such amendment effective on January 1, 2026), and pursuant to which, the State is to advance the development of a socialized service system for cybersecurity, and encourage related businesses and institutions to carry out cybersecurity services such as certification, testing and risk assessment. According to the Measures for Cybersecurity Review (《網絡安全審查辦法》) jointly promulgated by the Cyberspace Administration of China (the "**CAC**"), the NDRC, the MIIT, the MPS, the Ministry of State Security (the "**MSS**"), the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration (the "**NRTA**"), the CSRC, the National Administration of State Secrets Protection (the "**NASSP**") and the State Cryptography Administration (the "**SCA**") on December 28, 2021 and effective on February 15, 2022, entities meeting certain standards shall apply for a cybersecurity review.

Pursuant to the Measures for Cybersecurity Review Measures, critical information infrastructure operator(s) ("**CIIOs**")that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. According to the Measures for Cybersecurity Review, before purchasing any network products or services, a CIIO shall assess potential national security risks that may arise from the launch or use of such products or services, and apply for a cybersecurity review with the cybersecurity review office of CAC if national security will or may be affected. In addition, network platform operators who possess personal information of more than one million users and intend to be listed at a foreign stock exchange must apply for the cybersecurity review. Furthermore, when members of the cybersecurity review working mechanism determine that certain network products and services or data processing activities have affected or may affect national security, the Cybersecurity Review Office shall, following approval through the prescribed procedures by the Central Commission for Cybersecurity and Informatization, conduct a review in accordance with the provisions of these Measures. Our PRC Legal Advisor made a telephonic consultation on a named basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心, CCRC) which is the competent institution entrusted by the CAC to set up cybersecurity review consultation hotline. The CCRC confirmed that the term "**[REDACTED]** in a foreign country" under the Measures for Cybersecurity Review does not apply to **[REDACTED]** in Hong Kong, and thus the obligation to proactively apply for cybersecurity review by an entity seeking **[REDACTED]** in a foreign country shall not be applicable to the proposed **[REDACTED]**. And during the Track Record Period and up to the Latest Practicable Date, we have not received any notices, requests, or orders requiring us to undergo a cybersecurity review.

Our failure or perceived failure to comply with data privacy and security laws could lead to potential legal proceedings or actions initiated by government entities or other parties, which may materially and adversely impact our reputation, thereby harming our business, financial condition and results of operations.

We are subject to risks related to properly and timely obtaining and maintaining the requisite licenses, permits, registrations and filings applicable to our business according to evolving legal requirements.

The LEV battery-swapping industry in which we operate is highly regulated. Under mainland China laws and regulations, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation, including China Compulsory Certification (3C certification) for our batteries, and environmental and fire safety approvals for our manufacturing facilities. For more information, see "Business – Licenses and Permits." As a fast-growing company that is continuously exploring new approaches to conduct our business and capture growth opportunities, we may become subject to additional license, approval and other requirements as we develop and expand our business scope and engage in different business activities.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. Nevertheless, there can be no assurance that we will be able to obtain and/or renew all of the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner, or at all. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate, we may be subject to penalties such as the imposition of fines and discontinuation or restriction of our operations. Furthermore, due to the evolving interpretation and implementation of existing laws and the adoption of additional laws and regulations, the licenses, permits, registrations or filings we hold may be deemed insufficient by the PRC government, which may restrain our ability to expand our business scope. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

Moreover, as we expand our business internationally, we may encounter additional requirements with respect to permits and licenses in the countries in which we operate. For example, we have registered overseas subsidiaries in Singapore and Indonesia and plan to launch our self-operated battery swapping network in Indonesia. If our overseas operations are deemed under applicable local laws as required of certain permits and licenses, we would be subject to certain compliance requirements, such as filing of notification and obtaining permission. Despite our commitment to obtaining and maintaining the requisite licenses, permits, registrations and filings applicable to our business, complying with local license, permit, registration and filing requirement applicable to us requires continuous efforts and could be costly, and delays in obtaining these licenses and permits may hinder our ability to expand, which may adversely affect our business and results of operations.

Our employees, business partners and other third parties may engage in intentional or negligent misconduct, or violate our internal policies and laws, which could impair the quality of our solutions, products and service, cause us to lose customers or subject us to liabilities.

We risk compromising the quality of our solutions and products if our employees, business partners, and other third parties such as suppliers of raw materials and components and technical service providers, do not perform in accordance with our standards. We have internal policies and guidelines to monitor and ensure the solutions and products delivered to our customers are of satisfactory standard. In addition, we have adopted and strictly implemented a series of procedures designed to verify the integrity and qualifications of our employees before they are engaged, and of partners prior to any cooperation. However, there can be no assurance that such verification procedures will always be effective.

Nevertheless, we cannot guarantee that our employees, business partners and other third parties will not engage in any intentional or negligent misconduct. Furthermore, we may be exposed to the risks of fraud or other unlawful activities committed by our employees, business partners and other third parties. Fraud or other unlawful activities by them may include making unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights, misusing sensitive customer information and engaging in bribery or other unlawful payments. In any such event, we could incur liability to our customers or any other third parties.

Any claims could subject us to costly litigation and affect our financial condition, and may distract the attention of our management regardless of whether the claims have merit. Any claims could result in complaints from our customers or other third parties, regulatory or legal liabilities or damages to our reputation.

We might experience work stoppage, labor shortage and other labor related matters, which may disrupt our normal operation and adversely affect our reputation and results of operations.

We have implemented comprehensive policies and measures to protect the welfare and working conditions of our employees, including providing competitive remuneration packages comprising salary and allowances and performance-based bonuses, training and insurance. For more information, see "Business – Our Employees." Despite our best efforts, we cannot guarantee we will not face any labor-related issues, including labor disputes, strikes or the inability to attract and retain qualified workers, which may lead to work stoppage or labor shortage and significantly impact our ability to meet customer demands and fulfill orders within the expected time frames. Furthermore, such labor-related matters could incur additional costs associated with resolving labor disputes, hiring temporary workers or implementing contingent plans to mitigate the impact of labor shortage. These additional expenses, coupled with potential revenue losses from delayed deliveries, may negatively affect our profitability and overall results of operations.

Our risk management and internal control systems may not be adequate or effective.

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified.

While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective. For more information, see "Business – Risk Management and Internal Control." Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures as our business continues to expand rapidly, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Defects in our software or algorithms, or any malfunction, unexpected system failure, interruption, insufficiency or security breaches of our information technology networks and systems, could materially and adversely affect our reputation, business and results of operations.

Our battery swapping solutions rely on complex software, IoT platforms and AI algorithms. Despite rigorous testing, our software (such as our user apps and battery management systems) may contain bugs, errors, or vulnerabilities that are not discovered until after deployment. Such defects could lead to system failures, safety incidents, or negative user experiences, resulting in reputational damage and potential liability.

In addition, we rely on information technology networks and systems for electronic communications among our personnel, customers, business partners and suppliers and for synchronization with our smart swapping cabinets and lithium batteries on battery status, location, order placements and swapping network management. These information technology systems, some of which are managed by third parties (such as our cloud service providers), may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems.

Failures in information technology systems, as well as defects in our software and algorithms, especially those related to battery safety (such as thermal runaway prevention) and associated data, could potentially lead to problems with our solutions and products, resulting in physical injuries or even fatalities to instant delivery riders, daily commuters and other individuals. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

Computer malware, viruses, ransomware, hacking, phishing attacks and other network disruptions could result in security and privacy breaches, loss of proprietary information and interruption in service, which would adversely affect our business, results of operations, financial condition and prospects.

Computer malware, viruses, physical or electronic break-ins and similar disruptions could lead to interruption and delays in our battery swapping services and operations and loss, misuse or theft of data. Computer malware, viruses, ransomware, hacking, phishing attacks or denial-of-service attacks against online networks have become more prevalent and may occur on our systems. Any attempts to disrupt our services or systems could harm our business, introduce liability to data subjects, result in the misappropriation of funds, be expensive to remedy, result in fines, penalties or other liabilities and damage our reputation or brand.

Even with the security measures implemented by us, such as web application firewalls (WAF), distributed denial-of-service (DDoS) protection, encrypted transmission, regular penetration testing, and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, burglary, human errors, acts of vandalism, or other events. Although we had not experienced any material data breaches or cyber-attacks during the Track Record Period and up to the Latest Practicable Date, efforts to prevent cyberattacks and similar disruptions are expensive to implement.

We may experience service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, third-party service providers, human or software errors and capacity constraints. We rely on data carrier networks to support reliable operation, management and maintenance of our smart swapping cabinets, battery status monitoring, rider authentication, and payment processing, all of which depend on reliable connections with wireless communications networks. If our services are unavailable when users attempt to access them, they may seek other services, which could reduce demand for our solutions and adversely affect our business, results of operations, financial condition and prospects.

We rely on third-party cloud service providers to operate certain aspects of our service. Interruptions, delays in service or inability to increase capacity with our cloud service providers could impair the use of our services and subject us to liability, which could adversely affect our business, results of operations, financial condition and prospects.

We currently serve customers using third-party cloud services. All our services are housed in third-party data centers operated in local markets, and we employ redundant backup cloud service providers for all services. Any outage or failure of such cloud service providers could negatively affect our smart swapping cabinets and lithium batteries' connectivity and performance. Furthermore, we depend on connectivity from our hardware products to our cloud service providers through cellular service and virtual private networking providers. Any incident affecting the cloud service providers' or cellular and/or virtual private networking service providers' infrastructure or operations, whether caused by fire, flood, storm, earthquake, power loss, telecommunications failures, breach of security protocols, computer viruses and disabling devices, failure of access control mechanisms, natural disasters, war, criminal act, military actions, terrorist attacks and other similar events could negatively affect the use, functionality or availability of our products and services.

Any damage to, or failure of, our systems, or those of our third-party cloud service providers, could interrupt or hinder the use or functionality of our battery swapping solutions. Impairment of or interruptions in our solutions may reduce our revenue, subject us to claims and litigation, cause customers to terminate their usage, and adversely affect renewal rates and our ability to attract new customers. Our brand and reputation will also be harmed if customers and potential customers believe our services are unreliable. Any such events could adversely affect our business, results of operations, financial condition and prospects.

Our sales and results of operations are subject to seasonal variations.

Our battery-swapping solutions and product sales are dependent on the demand from LEV users, such as delivery riders. In China, the instant delivery industry typically experiences a peak in the summer months, leading to an increase in active riders due to the influx of summer workers, while the demand typically drops during the winter and the Chinese New Year holiday period as many delivery riders return to their hometowns. Consequently, the demand for our solutions is higher in the third quarter of the year and lower in the first quarter of the year. We expect the impact of seasonality on our business to remain in the future. As a result of these seasonal variations, we believe that comparisons of our operational results between different quarters within a single fiscal year or across different fiscal years are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance.

We may be involved in administrative actions and penalties, legal proceedings and disputes, which could materially and adversely affect our reputation, business, results of operations and financial condition.

We operate in a regulated environment and may be involved in administrative actions and penalties, legal proceedings and commercial or contractual disputes in the ordinary course of our business. For instance, we initiated a litigation regarding defected batteries against one battery supplier. See "Business – Legal Proceedings and Compliance – Legal Proceedings" for details. In addition, we are subject to on-site inspection by the relevant administrative authorities, which may require us to adjust the location of our cabinets. We cannot assure you that we will not be involved in various legal proceedings, regulatory investigations and other disputes with customers, suppliers, or employees 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, administrative penalties and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgments, arbitration and legal proceedings against us, significant administrative penalties, or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

We are subject to risks related to online payment through third party channels.

We accept payments through major third-party online payment channels in China such as Alipay and WeChat Pay. We may also be susceptible to fraud, user data leakage and other illegal activities in connection with the various payment methods we offer. In addition, our business depends on the billing, payment and escrow systems of the third-party payment service providers to maintain accurate records of payments by customers and collect such payments. If the quality, utility, convenience or attractiveness of these payment processing and escrow services declines, or if we have to change the pattern of using these payment services for any reason, the attractiveness of our battery swapping solutions could be adversely affected. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers which could change or be reinterpreted to make our current acceptance of payment through major third-party online payment channels a violation of relevant rules, regulations or requirements. If we fail to comply with these rules or requirements properly or timely, we may be subject to fines and higher transaction fees and become unable to accept payments from our customers through the online payment methods that we currently adopt, and our business, results of operations, financial condition and prospects could be adversely affected.

We are subject to environmental, health, and safety (EHS) regulations. Changes in EHS compliance requirements could have an adverse impact on our business, operating results and financial condition.

Our operations must comply with EHS laws. Violations could lead to fines or production shutdowns. Additionally, with the rising awareness of EHS issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the EHS-related laws and regulations applicable to us. For more information, see "Business – Environmental, Social and Governance." There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing EHS-related laws and regulations or the promulgation of new EHS-related laws and regulations may increase our compliance costs, and accordingly may have an adverse impact on our business, results of operations and financial performance.

Our operations may be disrupted by natural disasters, pandemics, or force majeure events.

Natural disasters or outbreaks could suspend or affect our operations and delivery. Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19 pandemic, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business.

Moreover, natural disasters such as snowstorms, earthquakes, fires and floods can cause physical damage to our production facilities, equipment and inventory which could result in production delays, inventory shortages and obsolete, which could increase our impairment and costs for repairs and replacements. Additionally, these events can lead to power outages, communication interruptions and transportation disruptions, further hampering business operations.

RISKS RELATING TO DOING BUSINESS IN THE PLACES WHERE WE OPERATE

Changes in economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in the jurisdictions where we operate could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Substantially all of our business, assets and operations are located in China. Accordingly, our business, financial condition and results of operations are subject to the economic, political, social and regulatory environment in the PRC.

During the past decades, the PRC government has taken various actions to promote the market economy and the establishment of sound corporate governance of business entities. Through strategically allocating resources, regulating the payment of foreign currency denominated obligations, setting monetary policy and providing governmental policy support to particular industry or companies, it also exerts significant influence over China's economic growth.

Our performance has been and will continue to be affected by China's economy, which, in turn, is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China's economic growth. There can be no assurance that we will be able to predict all the risks and uncertainties that we face in relation to current economic, political, social and regulatory developments, which might be beyond our control, and materially and adversely affect our business and operations as well as our financial performance.

We may be affected by currency exchange regimes and exchange rate fluctuations.

We are subject to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities in currencies other than RMB which is our functional currency. The value of RMB against other currencies may fluctuate, subject to changes resulting from relevant government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rates between the RMB and other currencies in the future.

Complying strictly, properly or timely with the current and evolving environmental protection, fire protection, drainage or health and safety laws and regulations requires continuous efforts and could be costly, we could become subject to fines and penalties or incur costs that could have an adverse effect on our business, results of operations, financial condition and prospects.

We are subject to numerous environmental protection, fire protection, drainage or health and safety laws and regulations, including the Environmental Protection Law of the PRC and Fire Protection Law of the PRC. As advised by our PRC counsel, we had been compliant with such laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date. However, the cost of compliance with such laws and regulations is substantial. In addition, as we continue to expand our battery swapping network and business scale, we cannot assure you that there will not be suspected violations in the smart swapping cabinets and batteries that result in us becoming subject to governmental investigations or penalties, which may include cessation of operation, fines, and confiscation of illegal gains. Despite our commitment to being law-abiding and rule compliant, any complying with environmental, fire protection, drainage or health and safety laws and regulations requires continuous efforts and could be costly.

Changes in currency conversion policies may adversely affect the value of your [REDACTED].

We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of operating costs and expenses and payments of dividends declared in respect of our H Shares, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy our foreign currency-denominated obligations. Under existing PRC foreign exchange regulations, the foreign exchange expenditure under the current items shall be paid by an institution with its self-owned foreign exchange upon valid documents or with the foreign exchange purchased from any financial institution operating the foreign exchange sale or settlement business in accordance with the administrative provisions of the foreign exchange administrative department of the State Council on the payment and purchase of foreign exchange. In addition, the foreign exchange expenditure under the capital items shall be paid by an institution with its self-owned foreign exchange upon valid documents or with the foreign exchange purchased from any financial institution operating the foreign exchange sale or settlement business in accordance with the administrative provisions of the foreign exchange administrative department of the State Council on the payment and purchase of foreign exchange. If the administrative provisions require the approval of a foreign exchange administrative organ, the approval must be obtained before making foreign exchange payments. According to relevant foreign exchange rules, where any material imbalance in international receipts and payments occurs or may occur, the PRC government may implement necessary safeguards and other measures. There can be no assurance that regulations regarding the remittance of RMB into or out of the PRC will not change in the future.

Holders of our H Shares may be subject to income tax obligations in China.

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Non-Chinese resident individuals are required to pay individual income tax at a rate of 20% under IIT law for the interests, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the SAT (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), when a tax rate of 10% is not applicable, the withholding company (i) may make an application for return of the excess tax amount on behalf of such foreign individual pursuant to due procedures if the applicable tax rate is lower than 10%; (ii) shall withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; and (iii) shall withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%.

If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your **[REDACTED]** in our H Shares may be materially affected.

We may be subject to additional regulatory requirements under new laws and regulations on overseas [REDACTED] and [REDACTED] issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas **[REDACTED]** by China-based companies and propose to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-**[REDACTED]** companies.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") along with five relevant guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures require, among others, that PRC domestic companies that seek to initially **[REDACTED]** and **[REDACTED]** securities in overseas markets, either directly or indirectly, shall file the required documents with the CSRC within three business days after its application for overseas **[REDACTED]** is submitted. As advised by our PRC Legal Advisors, the **[REDACTED]** will be considered a direct overseas **[REDACTED]** and **[REDACTED]** activity by a PRC domestic company under the Overseas Listing Trial Measures. A rescission of any such approval or filing obtained by us would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may materially adversely affect our ability to finance the development of our business. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future **[REDACTED]**, **[REDACTED]** or any other **[REDACTED]** activities, we cannot guarantee that we could complete such filing procedure in a timely manner, or at all.

Payment of dividends is subject to laws and regulations in regions where we operate.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Service of process upon us or our Directors or senior management who reside in China, or foreign court judgments enforcement against us or them would be subject to certain legal procedures and requirements.

Substantially all of our assets are located in China and the majority of our executive Directors and senior management reside in China. Therefore, it may not be possible for **[REDACTED]** to directly effect service of legal process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management.

On July 14, 2006, China and Hong Kong 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 Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) ("**Arrangement**"), which came into effect on August 1, 2008. Pursuant to the Arrangement, a party with an enforceable final court judgment rendered by any designated Mainland court or any designated Hong Kong Special Administrative Region court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the relevant Mainland court or Hong Kong Special Administrative Region court. Similarly, a party with an enforceable final judgment rendered by a Mainland court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement, in which a Hong Kong Special Administrative Region court or a Mainland court is expressly identified as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a Hong Kong Special Administrative Region court's verdict in the PRC if the parties to the dispute did not agree to a written choice of court agreement. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong Department of Justice entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. The Arrangement was superseded upon the effectiveness of the New Arrangement on January 29, 2024 but remained applicable to a "written choice of court agreement" entered into before the New Arrangement taking effect. However, there can be no assurance that all final judgments will be recognized and effectively enforced by the relevant courts.

RISKS RELATING TO THE [REDACTED]

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

Prior to completion of the **[REDACTED]**, there has been no public market for our H Shares. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares. However, there can be no assurance that an active **[REDACTED]** market for our H Shares will develop or be sustained after completion of the **[REDACTED]**.

Pursuant to applicable PRC laws, all of the Shares in issue as of the date of this document will be subject to a lock-up period of one year from the **[REDACTED]**. If an active public market for our H Shares does not develop following completion of the **[REDACTED]**, the market price and liquidity of our H Shares could be materially and adversely affected. The **[REDACTED]** is the result of negotiations between our Company and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**), which may differ significantly from the market price at which our H Shares will be traded following completion of the **[REDACTED]**. The market price of our H Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

A future or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and dilute shareholdings of holders of H Shares.

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

Because the [REDACTED] per Share is higher than the net tangible book value per Share, purchasers of our H Shares in the [REDACTED] will experience immediate dilution.

The **[REDACTED]** of our H Shares is higher than the net tangible book value per Share immediately prior to the **[REDACTED]**. Therefore, 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. For more information, see "Appendix II – Unaudited **[REDACTED]** Financial Information" to this document.

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.

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

Our management may spend the **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return. See "Future Plans and **[REDACTED]**." However, our management will have discretion as to the actual application of our **[REDACTED]** from the **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the **[REDACTED]** from this **[REDACTED]**.

We cannot assure you whether and when we will declare and pay dividends.

Distribution of dividends shall be formulated by our Board of Directors at their discretion and may be subject to Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, operating and capital expenditure requirements, distributable profits as determined under IFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation and any other factor determined by our Board of Directors from time to time as being relevant to the declaration of dividend payments. As a result, our historical dividend distributions are not indicative of our future dividend distribution policy. There can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. For more information, see "Financial Information – Dividend."

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the trading price and trading volume of our H Shares may decline.

The trading market for our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the trading price and volume of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume of our H Shares to decline.

Certain facts, forecasts and statistics derived from official government 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 those relating to the general economy, LEV battery swapping industry, from information provided by official government sources and other third-party sources. We have not independently verified information and statistics from official government sources, and there can be no assurance as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. 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 can be no assurance that our market opportunity estimates will materialize 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.

Forward-looking statements 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.

[REDACTED] should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

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]**. **[REDACTED]** 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.