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

The occurrence of any of the following events could materially and adversely affect our business, financial condition and results of operations. If any of these events occurs, the [**REDACTED**] *of the Shares could decline, and you may lose all or part of your* [**REDACTED**]. *You should seek professional advice from your relevant advisors regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected.

The mobile phone industry in emerging markets in which we primarily operate is highly competitive. There are approximately two hundred competitors in the industry, and market share is primarily concentrated among the leading competitors. We primarily compete with other companies that focus on developing and commercializing similar products and services. If we compete with players that offer competitive products and services at lower prices, or if we do not have or in the future fail to gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond as quickly and effectively to customer demand, new opportunities, technologies, regulatory requirements or industry standards as our competitors. We may also face competition from new entrants who may offer competitive products and services at lower prices in the future. Such new entrants may increase industry competition and adversely impact the sales, price, and profit margins of our products and services and our market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products and services in order to respond to such potential competitions, and we cannot assure you that such measures will be effective. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

We may not be able to manage our business as a whole effectively as our business covers multiple countries and regions.

Headquartered in China, we market and sell our products and services to multiple regions and countries, primarily in Africa, the emerging APAC markets, Latin America, the Middle East, and Central and Eastern Europe. As of December 31, 2025, we had established subsidiaries in 30 overseas countries and regions. During the Track Record Period our products were sold to over 100 countries and regions. Pursuant to our expansion plan, our business may further expand to other countries.

Managing a multinational business poses a number of challenges. For example, we are subject to various laws and regulations of a wide range of countries, with which we must constantly keep ourselves updated. When formulating business strategies, we need to take into account the situations of a wide range of countries, such as their economic, geopolitical and social conditions, market trends, consumer habits, competitive landscape, customs, culture and languages, with which we may not be entirely familiar and updated, making it difficult to make accurate and effective decisions and predictions. We may face difficulties in effectively managing a large pool of staff who speak different languages and come from different cultural background, as well as coordinating different teams and departments under a complex organizational structure. As our business grows, we may face even more challenges. If we are not able to manage our business as a whole effectively, our business, financial performance and future prospects may be adversely and materially affected.

If we fail to manage our growth and expansion effectively, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to continue growing at the same rate as we did, or as expected, or at all. Our results of operations may be affected by factors such as the supply and cost of raw materials that we use in our products. Specifically, if there is a shortage of or an increase in the cost of some of our raw materials, we may experience increases in the cost of our products. Our gross profit margin may decrease as a result of these cost increases.

In addition to the supply and cost of raw materials, our results of operations depend to a large extent on our ability to execute our growth plan and manage our expansion and growth successfully. The execution of our expansion plans may also require significant investment of capital and other resources and management attention, and we may face challenges in implementing them effectively or within the expected time frame. As a result, we may experience delays, cost overruns or other obstacles that may limit our ability to realize the full benefits of these initiatives. If we are unable to successfully execute our business initiatives and strategies, or if the benefits we realize are less than we estimate, our business, financial condition and results of operations may be adversely affected.

Our business and prospects depend on our ability to build our brands and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products. Any negative publicity, whether warranted or not, could adversely affect our business.

We believe that our brands are integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. Any loss of trust in our products and services could harm the value of our brands, which could reduce our revenue and profitability. The successful maintenance of our brands depends on our ability to provide high-quality and competitive products and services, customers' satisfaction with our products and services and after-sale services, our ability to maintain and strengthen business relationship with our customers and the increase in brand awareness through marketing activities. In addition, any negative publicity about us, our Directors, employees, brands, products and services, whether warranted or not, may adversely affect our reputation and business. Even if it is factually incorrect or based on isolated incidents, such negative publicity could damage our reputation and undermine the trust and credibility we have established with our customers and have a negative impact on our ability to attract new customers or retain our existing customers. If our brands and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

If we fail to successfully manage frequent product introductions and transitions, we may not remain competitive or be able to stimulate consumer demand.

Due to the competitive nature of the industries in which we compete, we need to continually introduce new products, services and technologies, improve existing products and services, effectively stimulate consumer demand for new and upgraded products and successfully manage the transition to these new and upgraded products. The success of new product introductions depends on a number of factors including, but not limited to, rapid technological development and advancements, timely and successful product development, market acceptance, inventory management and quality control. Accordingly, we may not be able to determine in advance the ultimate effect of new product introductions and transitions, which could materially and adversely impact our business operations, prospects and financial performance.

The expansion and profitability of our business depend on the level of consumer demand, which could be greatly affected by factors such as economic downturn and inflation globally.

Our business focuses on emerging markets. The success of our business depends, to a significant extent, on consumer demand in the emerging markets where we sell our products. Numerous external factors beyond our control can influence the level of consumer demand on our products. These factors include general economic conditions, inflationary pressures, recession concerns, geopolitical situation, disease outbreaks, interest rates, local foreign exchange rates and sales tax rates. As a result, we may have difficulty maintaining or expanding our revenue or customer base, which could have a material and adverse effect on our business, financial condition and results of operations.

If we fail to grow or retain our user base, or if user engagement ceases to grow or declines, our business and results of operation may be materially and adversely affected.

The size of our user base and the level of user engagement are critical to our success. Our business has been depending and will continue to significantly depend on our users and their loyalty in and level of engagement with our products and services. If users no longer view our products and services as useful and attractive as compared to competing offerings, we may not be able to increase or maintain our user base and the level of user engagement. User growth, retention and engagement are influenced by a number of factors, including our ability to identify and respond to evolving user demands; to develop and introduce competitive products and services in a timely manner and ensure their market acceptance; to continuously upgrade our technology; to sustain user acquisition through organic channels and paid promotion; to maintain stable product performance and a positive user experience; to compete effectively in a dynamic market; to address user expectations on privacy, data safety and security; and to adapt to applicable laws and regulatory requirements.

We have business in a number of countries and regions, which are subject to legal, regulatory, operational and other risks inherent in internal and cross-border operations.

We are subject to laws and regulations affecting our domestic and international operations in a number of areas. These PRC and foreign laws and regulations affect our activities including, but not limited to, in areas of labor, advertising, digital content, consumer protection, billing, e-commerce, promotions, quality of services, telecommunications, mobile communications and media, intellectual property ownership and infringement, tax, import and export requirements, anti-corruption, foreign exchange controls and cash repatriation restrictions, data privacy requirements, anti-competition, environmental, health and safety. In the case any of them is violated and leads to legal proceedings, it could disrupt our business, distract our management's attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

By way of example, laws and regulations related to mobile communications and media devices in the jurisdictions in which we operate are extensive and subject to change. Such changes could include, among others, restrictions on the production, assembly, distribution and use of devices. These devices are also subject to certification and regulation by governmental and standardization bodies, as well as by cellular network carriers for use on their networks. These certification processes are extensive and time consuming, and could result in additional testing requirements, product modifications, or delays in product shipment dates, or could preclude us from selling certain products.

Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make our products and services less attractive to our users, delay the introduction of new products in one or more regions, or cause us to change or limit our business practices. There can be no assurance that our employees, contractors, agents, or business partners will not violate such laws and regulations or our compliance policies and procedures.

We may be exposed to risks relating to fluctuations of raw material costs.

Our cost of inventories sold was RMB46,243.0 million, RMB52,657.7 million and RMB51,551.7 million in 2023, 2024 and 2025, respectively. We may be subject to fluctuations in the prices of raw materials, as well as in transportation and other necessary supplies or services, due to factors beyond our control, such as fluctuations in foreign currency exchange rates, changes in the geopolitical environment and economic conditions, natural disasters or changes in the supply and demand for raw materials, transportation and other necessary supplies or services. If that occurs, we may not be able to offset price increases by raising the prices of our products, in which case our profit margin will decrease. On the other hand, if the prices of our products increase significantly, we may lose our competitive advantage in the market. This in turn could result in loss of sales and customers. In both cases, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased custom duties, tariffs, taxes and other costs and political instability.

Sanctions and Export Control

The United States and other jurisdictions or organizations have implemented measures that impose economic sanctions and export controls against such countries or against targeted industry sectors, companies, entities and/or organization and individuals within such countries. For example, Cuba, Iran, North Korea, the Crimea region and the so-called Luhansk People's Republic and so-called Donetsk People's Republic regions are subject to sanctions by the United States which are broad-based and oriented geographically (the "**comprehensive sanctions**"). We cannot predict the implications of the ongoing Sino-U.S. trade situation and the resulting impact on our industry and the global economy.

During the Track Record Period, we have sold our mobile phones products and IoT products to 572 business customers located in certain regions subject to sanctions imposed by the United States, the European Union or the United Nations (the "**International Sanctions**"), including Burundi, Central African Republic, Democratic Republic of the Congo, Ethiopia, Guinea, Guinea-Bissau, Iraq, Lebanon, Libya, Mali, Myanmar, Niger, Russia, Somalia, South Sudan, Syria, Turkey, Ukraine, Yemen, and Zimbabwe (the "**Relevant Regions**"). Revenue generated from sales to customers in Relevant Regions was approximately RMB14,488.3 million, RMB14,562 million and RMB11,165 million in 2023, 2024 and 2025, respectively, accounting for 23.3%, 21.2% and 17.0% of our total revenue for the respective periods. Our mobile phones products and IoT products sold to customers in the Relevant Regions are used by local individual consumers for personal use and our contracts with such customers include clauses prohibiting any military use of our products. As of the Latest Practicable Date, we have not identified any indication that our mobile phones products and IoT products sold to the customers in the Relevant Regions have military applications. During the Track Record Period, we also procured agricultural products from 47 suppliers in Ethiopia. The purchase amounts were approximately RMB98.6 million, RMB61.8 million and RMB116.5 million in 2023, 2024 and 2025, respectively, accounting for 0.2%, 0.1% and 0.2% of the total procurement amount for the same periods. Our sales and procurement activities in the Relevant Regions are ongoing. As advised by our International Trade Controls Legal Advisor, our sales and procurement activities in the Relevant Regions did not constitute Primary Sanctioned Activities or Secondary Sanctionable Activities, given that (1) none of the Relevant Regions were comprehensively sanctioned countries at the time of the relevant transactions (our sales to Syria commenced in September 2025, after the comprehensive OFAC sanctions program against Syria was terminated on August 26, 2025), (2) our products sold to the Relevant Regions are not specifically designed for, nor predominantly marketed to, entities operating in industries subject to heightened or sectoral sanctions (e.g., defense, energy, or finance), and (3) none of our business customers and suppliers in the Relevant Regions during the Track Record Period were Sanctioned Targets at the time of the relevant transactions. Based on the due diligence conducted, the Sole Sponsor did not identify any matters that would reasonably cast doubt on the views of our International Trade Controls Legal Advisor.

In addition, in recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and in-country transfer of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. As advised by our International Trade Controls Legal Advisor, the current U.S. government export controls should not have any material adverse effect on our business, given that (1) the majority of our products are not subject to the EAR, (2) our products that move in transit through the United States to customers in Latin America are subject to limited U.S. controls under the EAR, and (3) we have not identified any customers that were listed on the Entity List at the time of the relevant transactions, and we did not provide our products subject to the EAR to any prohibited regions or restricted customers. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. After due and careful inquiry, we have not identified any customers or suppliers that were listed on the Entity List at the time of the relevant transactions. However, if certain of our customers or suppliers, including our ODM and OEM providers, are listed on the Entity List and are subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

U.S. Tariff

Our products exported from China to the U.S. are subject to U.S. tariffs. Since early 2025, the United States government announced a series of tariff increases on imports from China. As of the Latest Practicable Date, it remained uncertain how the Sino-U.S. and the global trade situation will develop. In the event that our customers reduce their orders, be such due to a decrease in overall demand of our products and services, replacing us with other suppliers, downturn of the macro-economy or other reasons, our business, financial conditions and results of operation will be adversely affected. Additionally, in the event that we are required to lower our prices to secure orders from our customers, our business, financial conditions and results of operation will be adversely affected. We cannot assure you that our sales in the future will remain unaffected. During the Track Record Period, our revenue generated from our product sales to the U.S. amounted to approximately RMB137.7 million, RMB63.2 million and RMB7.3 million, respectively, accounting for 0.2%, 0.1% and 0.01% of the total revenue for the respective periods. Given that the revenue we generated from the U.S. represented an immaterial amount of our total revenue during the Track Record Period, our International Trade Controls Legal Advisor is of the view that U.S. tariff policies concerning China did not have any material adverse effect on our business operations and financial conditions. Based on the due diligence conducted, the Sole Sponsor did not identify any matters that would reasonably cast doubt on the views of our International Trade Controls Legal Advisor.

Furthermore, we have limited control over the countries to which our distributors sell or export our products and services. If the sales of our products and services by distributors are restricted, prohibited or become subject to any trade conditions under any international policies or international export controls imposed by any jurisdictions, the demand for our products and services may drop significantly and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Final Rule

In addition, on October 28, 2024, the U.S. Department of the Treasury (the "**Department of Treasury**") issued the "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern", effective January 2, 2025 to implement a new investment program that restricts investments by U.S. person and U.S.-controlled entities imposed by Executive Order 14105, "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern".

The Outbound Investment Security Program ("**OISP**") applies to an investment by a U.S. person involving "covered foreign person", who are persons associated with a "country of concern" and engaged in one or more "covered activities" in three sectors pertaining to national security technologies and products (such an investment is a "covered transaction"): (1) semiconductors and microelectronics, (2) quantum information technologies, and (3) artificial intelligence. Our International Trade Controls Legal Advisor is of the view that we are not a "covered foreign person" under the Final Rule, as we do not engage in any "covered activity" as defined therein. However, there is no assurance that the U.S. Department of the Treasury will take the same view as ours. If we were to be deemed a "covered foreign person," and if U.S. persons engaged in a "covered transaction" that involves the acquisition of our equity interests, such U.S. persons could be prohibited from making such acquisition before our equity interest are publicly traded, or could be required to make a notification pursuant to the Final Rule. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. Based on the due diligence conducted, the Sole Sponsor did not identify any matters that would reasonably cast doubt on the views of our International Trade Controls Legal Advisor.

We engage a limited number of suppliers for raw materials and the manufacture of our products.

We engage a limited number of suppliers for raw materials and the manufacture of our products. See "Business—Raw Materials and Suppliers—Major Suppliers." We may not be able to maintain our business relationships with our suppliers for reasons beyond our control. If that happens, we may need to secure alternative sources for the raw materials. Accordingly, if any of our suppliers, especially any of the five largest suppliers, fails to provide raw materials in a timely and satisfactory manner, or terminates their relationship with us, and if we are unable to secure alternative sources on a timely basis, our business and results of operation may be adversely affected.

We rely on Android for development of our Transsion OS, and any disruption to our access to Android or changes to Google's licensing terms could adversely affect our business operations.

Our operating system Transsion OS is customized based on the Android Open Source Project ("**AOSP**"). In addition, our smartphones require Google Mobile Services ("**GMS**"), the standard suite of Google applications for Android devices. We have entered into a licensing agreement with Google under which we receive a non-transferable and non-exclusive licence to distribute and reproduce GMS, and we are required to comply with Google's compatibility standards. As a result, our business operations are to a certain extent dependent on our continued availability and stability of the Android platform. If Google were to terminate our licensing agreement due to breach of compatibility standards or other requirements, or if Google were to impose new fees, restrictions, or compatibility requirements on AOSP or GMS, we may face challenges in maintaining the compatibility, functionality or user experience of our devices. In such circumstances, we may need to devote additional resources to adapt our operating system, which could increase our costs and adversely affect our business operations, financial condition and results of operations.

We engage ODM providers to design, develop and manufacture and OEM providers to manufacture some of our products.

We engage (i) ODM providers to participate in the design, development and manufacture of some of our products and (ii) OEM providers to participate in the manufacture some of our products to optimize operational efficiency and diversify our product range. See "Business—Research and Development—Our Collaboration with ODM Providers" and "Business—Production—Our Collaboration with ODM and OEM Providers." The number of our ODM and OEM providers were 18, 22 and 24 in 2023, 2024 and 2025, and the costs arising from such outsourcing arrangements amounted to RMB4,556.3 million, RMB5,916.0 million and RMB5,592.7 million in 2023, 2024 and 2025, respectively. However, we cannot assure that our ODM and OEM providers will have sufficient capacity to meet the increasing demand for our products, which could result in delayed launch of new products and product delivery and harm our market reputation and consumer relationship. Any prolonged production lead time may affect our abilities to manage inventory and implement our demand planning policies and procedures to ensure that scheduled production meets anticipated market demand. Any material deterioration in our relationships with such business partners, any significant business challenges faced by them, or any failure on their part to produce products consistent with our standards or in accordance with contractual or regulatory requirements could affect our product quality or supply, cause consumer dissatisfaction and harm our brands. Further, any leakage, plagiarism or disclosure of confidential information during the process of design, development or production by ODM and OEM providers could damage our reputation and jeopardize market competitiveness and may further subject us to legal proceedings and potential liabilities.

We are subject to risks in relation to our distributors.

We engage distributors to expand our sales network and product reach. As of December 31, 2023, 2024 and 2025, we engaged 3,405, 3,262 and 3,586 distributors, respectively. Revenue generated from sales to distributors accounted for over 99.0% of our total revenue in each period during the Track Record Period. Our success therefore is subject to the performance of our distributors and our ability to maintain long-term relationships with them. Any significant underperformance in maintaining or sourcing additional orders from our distributors, or unexpected cessation of cooperation may materially and adversely affect our business, financial condition and results of operations.

We cannot guarantee our distributors' strict adherence to these agreements or our prompt detection of any noncompliance. Any of their failure to fulfill contractual obligations or noncompliance with applicable regulatory requirements could negatively impact our business, leading to potential reputation damage, reduced sales volumes, costly litigation, or additional costs in finding new alternative distributors. In addition, we cannot assure you whether our distributors can effectively market and sell our products successfully or maintain their competitiveness. If our distributors fail to promote and sell our products successfully, our business, financial condition and results of operations may be materially and adversely affected.

During the Track Record Period, some of our distributors may engage sub-distributors. We generally do not have direct contractual relationships with these sub-distributors, which limits our ability to enforce compliance with our sales policies, quality standards and pricing strategies. See "Business—Sales and Distribution Network—Our Sales Channels and Network—Distributorship—Sub-Distributors." In the event that any sub-distributor fails to comply with our sales policies or meet their obligations to their customers, there could be a negative impact on the demand for our products, which could result in a material and adverse effect on our business and results of operations.

We may not be able to obtain or maintain adequate intellectual property rights or trade secrets protection for our products and may become involved in lawsuits to protect or enforce our intellectual property.

Our success depends in a large part on our ability to protect our proprietary technology as well as our products and services from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We protect the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. See "Business—Intellectual Property." The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products and services in any or all such fields.

In addition, competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming, and may divert our management attention and focus from business development. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be issued in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products, services or the respective candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and damages and may have to redesign or suspend the sales of products involved.

Many of our products include or rely on third-party intellectual property, which requires licenses from these third parties. We have entered into worldwide intellectual property cross license agreements with a number of global technology leaders in the mobile telecommunications market. However, companies in the mobile telecommunications market, some of which are our competitors, seek intellectual property protection for their products and technologies. These companies may allege that certain features of our products or services fall within the coverage of their patents. Therefore, these companies may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products and services.

For instance, standard-essential patents ("**SEPs**") are patents on inventions that are essential to a specific technology standard. Under the SEP regime, any product that implements the specific standard must use the patented technology. We license or procure certain types of SEPs from third parties, including those relating to cellular communication technologies and audio and video technologies. Our licensing arrangements with third parties typically have a term of three to five years, and set out the scope of licensed technologies and products, mainly SEPs for our mobile phones. The licensing fees are typically payable on a quarterly or annual basis. Our reliance on such third-party intellectual property is primarily due to the nature of the mobile telecommunications industry, which involves a large number of patents and technologies, many of which are subject to SEPs and therefore require licensing arrangements. Given the large number of SEPs across various standardized technologies, together with the territorial nature of patent protection and the complexities in determining the actual necessity of the SEPs, we may encounter various forms of litigation, adjudication or arbitration in the course of negotiating license agreements with SEP holders.

During the Track Record Period, we were involved in a number of SEP cases in China and overseas. See "Business — Legal Proceedings and Compliance — Legal Proceedings" for more details. We may not be able to identify or avoid intellectual property infringement activities, primarily because whether a product infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. Rights that have not been revealed through our searches of relevant public records. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive, time-consuming and may divert management attention and internal resources. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raising their claims, we may be required to suspend our sales efforts of the relevant products or services in controversy, redesign, re-engineer or rebrand such products or services, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

We depend on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers.

Our continued success depends and will continue to depend to a significant extent on our efforts and abilities to retain the key members of our management team. Our continued success also depends on and will continue to depend on our efforts and abilities to make sure each of them is and will continue to be actively engaged in our management and our strategic planning. Our future performance will also depend on their continuing services and contributions to formulate and execute our business plan and to identify and pursue new opportunities. 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, financial condition, results of operations and prospects.In addition, our success depends on our ability to attract and retain a large number of other qualified employees, especially technical personnel. We cannot assure you that we will be able to attract, assimilate, develop or retain the qualified personnel necessary to support our future growth. Even if we attract and retain qualified personnel, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

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

During the Track Record Period, certain customers (individually or collectively, the "**Relevant Customer(s)**") settled payments with us through accounts belonging to parties (individually or collectively, the "**Relevant Payor(s)**") other than the contractual counterparties under the corresponding sales and purchase agreements (the "**Relevant Payment Arrangements**") entered into between us and such Relevant Customers. See "Business—Third-Party Payment Arrangements." We face various risks related to these

Relevant Payment Arrangements, including: (i) third-party payers who are not contractually obligated debtors may seek to reclaim funds from us; (ii) potential risks arising from our limited understanding of the source and use of funds by third-party payers; and (iii) claims that may be made by the liquidators of third-party payers. If any claims are made by third-party payers or their family members, creditors or liquidators, or if any legal proceedings are initiated or brought against us regarding any third-party payments, we may need to allocate additional financial and management resources to address these claims or legal proceedings, which could adversely affect our business and financial performance.

We also face potential money laundering and sanction risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payers. We cannot assure you that we will not be liable to any penalties or other legal consequences or investigation or inquiry by any government authorities in relation to money laundering or other compliance issues associated with the third-party payers or the Relevant Payment Arrangements.

It may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in the jurisdictions in which we operate where circumstances necessitate in the course of overseeing us as a [REDACTED] company by the regulations in Hong Kong.

We will be regulated by the SFC and other applicable laws and regulations in Hong Kong upon the [**REDACTED**]. Our Directors and we will be required to provide the SFC with all information relating to our business that is necessary for its investigation of our affairs as may be required under Hong Kong laws or regulations. We have business operations in certain countries that are not members of the International Organization of Securities Commissions Multilateral ("**IOSCO**") or full signatories to the IOSCO Multilateral Memorandum of Understanding ("**IOSCO MMOU**") (Collectively, the "**Non-IOSCO Countries**," each a "**Non-IOSCO Country**"). Certain countries are Non-IOSCO MMOU Countries and have not signed any regulatory cooperation agreement or memorandum of understanding with the SFC or the Stock Exchange, therefore it may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in these countries where circumstances necessitate in the course of overseeing us as a [**REDACTED**] company by the regulations in Hong Kong. Our relevant internal control systems and protocols may not be effective in providing the information requested by the regulators and we may not be able to provide timely response to regulatory requests. See "Business—Our Operations in Non-IOSCO Countries."

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may make acquisitions of, or investments in, businesses or technologies that are complementary to our business in the future. The process of identifying and consummating acquisitions, investments, and the subsequent integration of new assets and businesses into our existing business, requires attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Investments, acquired assets or businesses may not generate the expected financial results, strengthen our competitive position or achieve our goals and business strategy. Acquisitions or investments could require significant cash and result in dilutive issuances of equity securities, goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business or investment. We may also incur costs and management time on transactions that are ultimately not completed.

In addition, our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product, technology or investment, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or issues with employees or customers. Additionally, we may be subject to litigation or other claims in connection with the acquired company, including claims from terminated employees, former shareholders or other third parties, which may differ from or be more significant than the risks its business faces. We may also face retention or cultural challenges associated with integrating employees from the acquired company into our organization. If we fail to identify, consummate, and integrate our acquisitions or investments, our business, financial condition and results of operations may be adversely affected.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

During the Track Record Period, we conducted our operations through subsidiaries in China and multiple overseas jurisdictions, with an aggregate intra-group transaction amount of RMB204.9 billion, RMB216.4 billion and RMB227.0 billion in 2023, 2024 and 2025, respectively, to expand our operation in the international markets. Our intra-group transactions primarily include (i) purchase and sales of raw materials and finished goods, (ii) transactions of rights to use intangible assets, (iii) intra-group services, and (iv) loan transactions. Under the applicable laws and regulations in the jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. Our global operations are structured through subsidiaries across multiple jurisdictions. We could face material and adverse tax consequences if the relevant tax authorities determine that the certain intra-group transactions of ours are not conducted on an arm's length basis and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. In the event of a transfer pricing adjustment, our tax liabilities could increase. Furthermore, if we fail to rectify our transfer pricing arrangement within the limited timeframe as required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

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

We cannot assure you that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or are entitled to enjoy will not be terminated. We and certain of our subsidiaries enjoy a preferential income tax treatment during the Track Record Period. For details, see Note 11 to the Accountants' Report in Appendix I to this document. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by tax authorities, the termination of any of the various types of preferential tax treatment we enjoy could adversely affect our business, financial condition and results of operations.

In addition, during the Track Record Period, we benefited from government grants or subsidies. Some of such government grants or subsidies are non-recurring in nature. We recorded government grants under other income of RMB418.4 million, RMB662.3 million and RMB396.5 million in 2023, 2024 and 2025, respectively. For details, see Note 6 to the Accountants' Report in Appendix I to this document. Any discontinuation, reduction or delay of any government subsidies would have an adverse impact on our business, financial condition and results of operations.

Fair value changes on financial instruments may adversely affect our results of operations and financial condition.

We made investments in certain financial products during the Track Record Period and recorded a carrying amount of financial assets at fair value through profit or loss ("**FVPL**") of RMB14,371.1 million, RMB13,507.6 million and RMB11,413.7 million as of December 31, 2023, 2024 and 2025, respectively. Our financial assets primarily consist of wealth management products and equity investments. See Note 3.6 to the Accountants' Report in Appendix I to this document for further details.

We face exposure to fair value change for the financial assets at FVPL. Going forward, we may continue to invest in financial products. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, stability of the capital markets and regulatory environment, will result in fair value gains on the financial products we invest in or we will not incur any fair value losses on our investments in the financial products in the future. If we incur such fair value losses, our results of operations and financial condition may be materially and adversely affected. Even if we generate fair value gains, our investments may earn yields substantially lower than anticipated. In addition, the fair value of these financial products may fluctuate significantly, which contributes to the uncertainties in valuation. Any failure to realize the benefits we expected from these financial products may materially and adversely affect our business and financial condition.

We have granted and may continue to grant share-based awards, which may adversely affect our results of operations and financial condition.

We have established share incentive schemes to grant shares to eligible employees. We recorded share-based compensation expenses of RMB324.2 million, RMB382.2 million and RMB134.5 million in 2023, 2024 and 2025, respectively. The fair value of restricted shares was impacted by the closing price of our Company's shares on the grant date, the time value of the options as well as other factors. See Note 30 to Accountants' Report in Appendix I to this document. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our financial performance and ownership interests of our Shareholders may be affected by the share-based compensation as the expenses associated with share-based compensation will decrease our net profit and the establishment of a new share incentive plan may potentially dilute the ownership interests of our Shareholders. On the other hand, if we reduce the amount of shares or other share-based compensation awards, we may not be able to attract or retain key personnel by offering them incentives linked to the value of our Shares.

The recoverability of our deferred tax assets is subject to accounting uncertainties.

According to our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other relevant factors. Therefore, actual results may differ from these accounting estimates. As of December 31, 2023, 2024 and 2025, we recorded deferred tax assets of RMB743.9 million, RMB657.1 million and RMB516.0 million, respectively. Based on our accounting policies, deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories and accruals of expenses not yet deductible for tax purposes. The realization of deferred tax assets mainly depends on our management's judgment as to whether future taxable amounts will be available to utilize those temporary differences and losses. If sufficient profits or taxable temporary differences are not expected to be generated or are less than expected, a material reversal of deferred income tax assets may arise in future period.

We are subject to credit risk due to delay in payment and defaults of customers.

We are exposed to credit risks related to delays and defaults of our trade receivables due from our customers in the ordinary course of our business. We may grant credit terms to some of our customers. As of December 31, 2023, 2024 and 2025, our trade receivables were RMB1,965.1 million, RMB3,376.5 million and RMB3,726.3 million, respectively. In 2023, 2024 and 2025, our average trade receivables turnover days were 10.6 days, 15.2 days and 20.9 days, respectively. Fluctuations and extension of trade receivables turnover may adversely affect our cash flow and liquidity. See "Financial Information—Selected Balance Sheet Items—Current Assets/Liabilities—Trade Receivables" for details. We make periodic collective and individual assessment on the recoverability of trade receivables based on historical settlement records and past experience as well as current external information, and may provide for impairment when there is no reasonable expectation of recovery. If the credit-worthiness of our customers deteriorates or if our customers fail to settle their trade receivables for any reason, we may incur additional impairment loss. We may not be able to recover our trade receivables in a timely manner, or at all. As a result, our financial condition and results of operations may be adversely affected. We also utilize credit insurance to manage the risk of customer defaults. However, our credit insurance may not fully cover all losses. Any reduction in coverage or denial of claims could adversely affect our financial condition and results of operations.

If we fail to effectively manage our inventory, our business, financial condition and results of operations may be materially and adversely affected.

Our inventories primarily consist of raw materials, work in progress, finished goods and consigned materials for processing. As of December 31, 2023, 2024 and 2025, we had inventories of RMB10,443.4 million, RMB8,663.4 million and RMB8,902.9 million, respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. In 2023, 2024 and 2025, our average inventory turnover days were 64.6 days, 65.8 days and 62.1 days, respectively. Any fluctuation and extension of inventory turnover may adversely affect our cash flow and liquidity. See "Financial Information—Selected Balance Sheet Items—Current Assets/Liabilities—Inventories" for details.

In addition, we manage our inventory levels based on market forecast and a first-in, first-out policy and maintain a safety stock level. It may be difficult to accurately forecast demand and determine the appropriate levels of inventory we should maintain. Any change in customer demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales and business prospects. If the actual demand is lower than our forecast demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. If we are required to lower sale prices to increase the demand for our product sales to reduce inventory level, our profit margins might be adversely affected. If the actual demand is higher than our forecast demand, we may not be able to fulfill all the orders we receive to maximize our revenue. As a result, the market share of our products may be adversely affected. Any of the above may adversely affect our business, financial condition and results of operations.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate, our business, financial condition and results of operations may be materially and adversely affected.

Under the laws and regulations in PRC and other jurisdictions where we operate, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation. We may become subject to additional license, approval and other requirements as we develop and expand the scope of our business and engage in different business activities. In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. We may not be able to maintain or timely renew our licenses and certificates when their current term expires. Furthermore, 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 relevant government. If we fail to apply for, maintain or renew the licenses, permits, or registrations required for our operations, we may be subject to fines and additional penalties. Resolving such deficiencies and enhancing compliance may require additional operational expenses and divert our management attention. Additionally, we may experience negative publicity due to such deficiencies. As a result, our business, financial condition and results of operations may be adversely affected.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers and other third parties, which would affect our business, financial condition and results of operations.

We face various operational risks in connection with our operations, which can result in, among other things, damage to our assets, personal injury or fatalities, monetary losses and legal liability. We may not have adequate or any insurance to cover such operational risks. If we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Even if the amounts and claims are within the limits and scope of our insurance coverage, the insurance provider may not be able to make the compensation payment to us in a timely manner.

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

We may be subject to claims, litigation and disputes, various legal and administrative proceedings, and any resulting damages. In addition, agreements we entered into may include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Regardless of the merit of particular claims, legal and administrative proceedings may be costly and time consuming and may divert our management attention. We may be affected by legal or administrative proceedings and claims in the future. If one or more legal or administrative matters were resolved against us or an indemnified third party, we may incur additional expenses to cover compensatory or punitive monetary damages, disgorge any relevant profits, establish remedial measures or comply with injunctions or specific performance. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses.

We may face fluctuations in exchange rates between the U.S. dollar and other currencies that we use or receive in the course of our business. We recorded gains of exchange rate changes on cash and cash equivalents of RMB16.6 million in 2023, and recorded loss of exchange rate changes on cash and cash equivalents of RMB61.9 million and RMB239.1 million in 2024 and 2025, respectively. Fluctuations in exchange rates may be affected by a number of factors, such as economic and political developments. It is difficult to predict how market forces may impact the exchange rates in the future and uncertainties related to exchange rates may materially and adversely affect our business and financial condition.

Revaluation of Renminbi may have an adverse effect on your [**REDACTED**]. For example, to the extent that we need to convert Hong Kong dollars we receive from this [**REDACTED**] into Renminbi for our operations, appreciation of Renminbi against Hong Kong dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for any dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us. As a result, fluctuations in exchange rates may have an adverse effect on your [**REDACTED**] in our Shares.

Failure to fully comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds may subject us to fines and other legal or administrative sanctions.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. We may be required to make additional contributions to social insurance fund and/or housing provident fund and pay late payments and fines under PRC laws and regulations. We cannot assure you that we will not be subject to any order to rectify this in the future, nor can we assure you that there are no, or will not be any, relevant employee complaints against us. Any such order may adversely affect our business, financial condition, results of operations.

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in compliance with the relevant PRC laws and regulations in the future, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. We estimate that the aggregate shortfall of social insurance and housing provident fund contributions accounted for approximately 0.1% of our total revenue in each period during the Track Record Period. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management center may require us to pay the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. If these enforcement actions were taken by relevant authorities, our financial condition and results of operations could be materially and adversely affected.

Failure to renew our leases or comply with PRC property-related laws and regulations regarding certain of our properties and leased properties could adversely affect our business.

We lease properties mainly for office purposes. If we enter into lease agreements in the future where the lessor is not the owner of the property and the lessor has not obtained consent from the owner or their lessor for sub-lease, or if the property was mortgaged before it was leased to us, our lease could be invalidated or terminated as a result of challenges by third parties. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, financial condition and results of operations.

As of December 31, 2025, we had not completed the lease registration for certain properties leased by our Company and our major subsidiaries in China with the relevant land and real estate administration authorities. See "Business—Properties—Lease Properties." As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements. However, the potential aggregate amount of maximum fine will be approximately RMB210,000 if we fail to rectify within the prescribed period after receiving notices from the relevant PRC government authorities.

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

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, public health hazards, such as the outbreaks of widespread epidemics, public security hazards or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. We cannot assure you that any backup systems will be adequate to protect us from the effects of natural disasters, public health and public security hazards or other events. Any of the foregoing events may give rise to interruption, breakdowns, system failures or internet failures, which may result in the loss or corruption of data, malfunctions of software and hardware, and adversely affect our ability to produce our products and services. As a result, our business, financial condition and results of operations may be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

Conversion of RMB into foreign currency and remittance of foreign currency out of the PRC under certain circumstances are subject to Chinese foreign exchange regulations. If there are unfavorable changes in exchange rates, or if PRC government implements regulatory policies that limit our ability to convert RMB into foreign currency, we may not have sufficient foreign exchange to meet our foreign exchange needs. Under current PRC foreign exchange regulations, certain current account transactions such as profit distributions, interest payments and trade-related expenses can be conducted in foreign currency without prior approval from the SAFE, as long as certain procedural requirements are met. However, capital account transactions such as capital transfers, direct investments, securities investments and repayment of borrowings are subject to foreign exchange policies and require prior approval from the SAFE or registration with the SAFE or authorized banks. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC 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 H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues Concerning Individual Income Tax (《財政部國家稅務總局關於個人所得稅若干政策問題的通知》) issued on May 13, 1994, foreign individuals are exempt from individual income tax on dividends received from foreign-invested enterprises. Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of Hong Kong (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) issued by the STA effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC 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 STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. The interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [**REDACTED**] in our H Shares may be materially affected.

There may be uncertainties in effecting service of legal process and enforcing judgments against us, our Directors and senior management.

We are a company incorporated under the laws of the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. It may not be possible for [**REDACTED**] to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or other countries. On January 18, 2019, the Supreme People's Court and the Hong Kong Special Administrative Region Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese 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**"). The New Arrangement was issued on January 25, 2024 and came into effect on January 29, 2024, seeking to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and Chinese Mainland. The New Arrangement does not include the requirement for a choice of court agreement in writing by the parties. There may be uncertainties in the enforcement of a judgment rendered by a Hong Kong court in Chinese Mainland if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for [**REDACTED**] to effect service of process against certain of our assets or Directors in the PRC in order to seek recognition and enforcement of judgments by non-PRC courts, including a Hong Kong court, in Chinese Mainland.

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

On February 17, 2023, the CSRC released 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 "**Trial Measures**") and five relevant guidelines, which became effective on March 31, 2023. Pursuant to the Trial Measures, PRC domestic companies which, after the overseas offering and listing, offers subsequent securities in the same overseas market or conducts offering and listing in other overseas markets (the "**Future Offerings**"), shall complete the filing procedures of, and report relevant information to, the CSRC. Based on the foregoing, for the Future Offerings after the proposed [**REDACTED**], we are required to comply with the filing procedures of the CSRC. It is uncertain whether we can, or how long it will take us to, complete filings procedures in connection with the Future Offerings. We may be subject to approval, filing or other requirements by other PRC government authorities under the PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on the Future Offerings.

RISKS RELATED TO THE [REDACTED]

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

As our A Shares are listed on the Shanghai Stock Exchange and our H Shares will be [**REDACTED**] on the [**REDACTED**], we will be required to comply with the applicable [**REDACTED**] and other regulatory regimes of both jurisdictions unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources to ensure our compliance with the [**REDACTED**] of both jurisdictions. Following the [**REDACTED**], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [**REDACTED**] on the [**REDACTED**]. Under current laws and regulations in China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. There is no trading or settlement between the H Share and A Share markets. With different [**REDACTED**] characteristics, the H Share and A Share markets have divergent [**REDACTED**] volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. Therefore, you should not place undue reliance on the trading history of our A Shares when making your [**REDACTED**] decision in our H Shares.

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

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. There can be no guarantee that an active [**REDACTED**] market for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our H Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our H Share may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The [REDACTED] and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

The [**REDACTED**] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies based in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the [**REDACTED**] of and [**REDACTED**] for our H Shares. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] of our H Shares.

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

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

The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.

Immediately upon the completion of the [**REDACTED**], assuming the [**REDACTED**] and the [**REDACTED**] are not exercised, our Controlling Shareholders will control approximately [**REDACTED**]% of the voting power at our general meetings. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the [**REDACTED**] of our H Shares.

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

We declared and paid dividends of RMB3,866.8 million, RMB4,130.2 million and RMB2,622.8 million in 2023, 2024 and 2025, respectively. We protect our Shareholders' interest by ensuring a consistent dividend policy. There is no assurance that we will be able to declare or distribute dividends of any amount in any year in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. See "Financial Information—Dividends and Dividend Policy" for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

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