RISK FACTORS

An [REDACTED] in the Shares 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 Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the [REDACTED] of the Shares could decline, and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our future growth depends on attracting and retaining customers and distributors and developing ESS products that meet their needs.

During the Track Record Period, our growth strategy has focused on expanding our customer base, maintaining long-term relationships with key customers and distributors and offering ESS products suitable for different application scenarios and customer requirements. It requires us to match our products and system designs to end-customers' use cases, site conditions, grid-connection requirements and integration with other equipment or software. Therefore, our ability to continue growing our business depends on our success in providing such products and increasing sales to new and existing distributors and customers. There is no assurance that we will be able to do so, or that we will be able to continue responding effectively to changing customer preferences, evolving technical and safety standards and new application scenarios for ESS.

If we are unable to develop and launch competitive ESS products in a timely manner that address customers' actual needs and pain points, or if our new products fail to gain sufficient market acceptance or keep pace with industry trends, we may lose existing or potential business opportunities, be forced to reduce prices or accept less favorable commercial terms and suffer damage to our brand and market position. Any of these outcomes could materially and adversely affect our growth prospects, business, financial condition and results of operations.

Our business, gross profit margin and results of operations are highly susceptible to fluctuations in the price and availability of key raw materials.

Prices of raw materials constitute a significant portion of our cost of sales. During the Track Record Period, the cost of raw materials accounted for 86.0%, 82.4% and 90.9% of our cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Our main raw materials consist primarily of LFP battery cells, sheet metal parts, control modules, wire harnesses and electronic components. The prices and availability of LFP battery cells, in particular, are subject to wide fluctuations and may be affected by various factors beyond our control, including global supply and demand dynamics, market trends, supplier negotiations and changes in environmental regulations, trade policies or geopolitical conditions.

Volatility in key raw material prices can materially and adversely affect our gross profit margin. We typically enter into supply framework agreements with our suppliers of raw materials. However, a shortage of key raw materials could impact our purchase price and limit the number of products we are able to produce, thereby increasing our production costs. At the same time, if raw material costs increase, we may not be able to pass on such increases to customers in a timely manner, or at all, due to intense market competition and customer cost pressures, which would directly compress our gross margin. On the other hand, if raw material prices decrease, inventory purchased at previously higher prices may create a time lag before cost reductions are fully reflected in our cost of sales and we may have to sell our products at reduced prices, compressing our margins and potentially resulting in increased provisions for inventory impairment. Deterioration in business relationships with these suppliers could also lead to failure to source sufficient quantities of raw materials and components of satisfactory quality at acceptable costs. We have reduced relevant risks by engaging multiple suppliers for comparable raw materials and key components. However, there can be no assurance that a significant change in price of key raw materials or shortage in the supply of raw materials will not take place in the future. We have recorded in the past, and may in the future continue to record, gross losses and negative gross profit margins, partly because of the significant change in raw material price. See "Financial Information — Significant Factors Affecting Our Results of Operations — Fluctuations in Raw Material Cost" and "Financial Information — Our Gross Loss in 2024" for details. If we fail to manage raw material price fluctuation risks effectively, our business, financial condition, and results of operations may be materially and adversely affected.

Our business may be adversely affected by risks relating to distributors' performance and our relationships with distributors.

We sell the majority of our products through third-party distributors, whose performance is critical to our business. We have established a distributorship network with a large number of distributors around the world, and generated substantial revenue through sales to distributors during the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, 86.4%, 92.5% and 98.2% of our total revenue in the respective periods was generated from our sales to distributors. See "Business — Sales and Marketing — Our Customers — Our Distributors" for details. Our sales volumes depend in part on how effectively our distributors market and sell our products. The performance of our distributors may be influenced by a number of factors, including: (i) weaker-than-expected demand within the respective markets, (ii) intensifying competition within the respective markets, (iii) the strategies our distributors adopt in promoting our products, (iv) our distributors' own business and financial performance, (v) our distributors' ability to grow their customer base and penetrate new markets without creating channel stuffing risks, (vi) our distributors' strategies to extend the geographical coverage of our products, (vii) our ability to effectively manage the number of distributors in each geographical market to reduce the risk of cannibalization and (viii) our distributors' willingness to adhere to our recommended pricing guidance. As a result, our revenue may decline if they fail to meet their sales targets or lose market share in their respective territories.

Identifying, developing, managing and maintaining distributor relationships requires significant time and resources. There is no assurance that we will be able to renew distribution agreements with existing distributors, retain our key distributors on similar terms or find suitable replacements on commercially reasonable terms. The loss of, or a significant reduction in orders from, any key distributor could have an adverse impact on our revenue. At the same time, we also offer rebates or other sales incentives to certain distributors based on factors such as local market conditions, strategic importance and distributor capabilities. See "Business — Our Customers — Our Distributors — Arrangement with Our Distributors" for details. If rebate levels increase, or if we are required to provide additional rebates to maintain distributor relationships or support sales, our gross profit margins may be reduced. Rebate arrangements may also give rise to estimation and accrual risks, disputes over calculation or payment, channel conflicts or incentives for distributors to place orders ahead of actual end-user demand. If rebates, discounts or other sales incentives are not properly documented, approved and recorded, we may also be exposed to accounting, tax or other compliance risks. Any of the foregoing could adversely affect our business, financial condition and results of operations.

Further, if a distributor encounters financial difficulties or becomes insolvent, we may face bad debt exposure, disruption to our sales channels and difficulties recovering stranded inventory or outstanding receivables, with limited recourse available to us. Even where distributors do not become insolvent, they may delay payment or default on outstanding amounts, requiring us to make provisions for bad debts and adversely affecting our cash flow. For example, ESS products carry an inherent risk of fire, thermal runaway or other casualty events during storage, transportation, installation or operation. Distributors may hold significant quantities of our inventory at their own premises, and we have limited ability to monitor or control the conditions under which such inventory is stored or handled. If distributors fail to store or handle our products in accordance with our technical specifications or safety requirements, the risk of product degradation, malfunction or fire increases, and any resulting incidents could give rise to product liability claims against us. A fire or similar casualty event at a distributor's premises could result in the destruction of inventory, personal injury, property damage and third-party claims. If distributors do not maintain adequate insurance coverage of their own, any inventory losses arising from fire or other casualty events at their premises may not be recoverable, leaving us exposed to uncompensated write-offs, and addressing issues of this nature may also consume significant management time and resources.

Our distributors may also engage in the sale of our competitors' products. There can be no assurance as to the business affairs of such distributors or that these distributors, who act both for us and our competitors, will give our products higher priority, thereby reducing their efforts to sell our products. As independent companies, distributors make their own business decisions that may not always align with our interests. If our distributors do not effectively distribute our products, our financial results could be adversely affected.

Our business is exposed to fluctuations in demand across the residential and C&I ESS markets in which we operate as well as broader market conditions affecting such demand.

Our results of operations are significantly influenced by demand from downstream customers in the markets where we operate. Demand for our ESS products, which are primarily used in residential and C&I applications, is subject to various factors beyond our control, including (i) the pace of energy transition, retail electricity tariff structures, net metering policies and self-consumption incentives that directly affect homeowners' and businesses' decisions to invest in ESS; (ii) the availability and continuity of government subsidies, tax credits and other incentives targeted at residential and C&I energy storage installations; (iii) the financial capacity and investment appetite of C&I customers, which is sensitive to macroeconomic conditions, credit availability and energy price levels; (iv) seasonal fluctuations in installation and procurement cycles; (v) the status of government regulations, policies and economic incentives relating to renewable energy industries, as well as policies relating to clean energy, climate change and decarbonization generally; (vi) end-user demand for the downstream applications; (vii) concerns regarding the stability of the electrical grid and centralized power generation; (viii) developments in battery technology; (ix) end users' level of environmental consciousness and (x) industry-wide supply and demand imbalances, including periods of oversupply driven by rapid capacity expansion or demand contraction across the industry, which may depress market prices. Any adverse change in the foregoing factors could materially and adversely affect our business, results of operations and financial condition.

Further, our future growth also depends on perceptions about the quality, safety, performance and cost of ESS products and their continued acceptance and adoption by our end users, primarily households and commercial and industrial operators. The market for ESS solutions is still rapidly evolving, characterized by advancing technologies, competitive pricing, developing industry standards and shifting end-user demands and behaviors. Although demand for ESS solutions has grown in recent years, there is no assurance that this growth will continue. If we fail to maintain and grow our market position in light of these challenges, our business and growth prospects could be materially and adversely affected.

We have limited control over our distributors, and our business may be adversely affected by risks relating to their compliance and conduct.

Most of our sales transactions with distributors are conducted through purchase orders and we are in the process of entering into framework agreements with our distributors. Subject to variations in market practice, we rely on a combination of framework agreements and purchase orders with standard terms to govern our business relationships with distributors. As a result, we have limited ability to manage their activities and the activities of any sub-distributor they engage. Even with respect to the distributors that have executed framework agreements with us, they may not perform their obligations under such agreements. For example, distributors may engage in unauthorized discounting or other activities that undermine our pricing strategy, create channel conflicts and damage our relationships with other distributors or direct customers. More broadly, we cannot assure that distributors will consistently comply with distribution agreements or conduct their business in a manner consistent with our reputation, brand image and internal standards. For example, since some distributors handle installation, commissioning and after-sales support, the quality of service they deliver directly affects end-customer satisfaction and our brand reputation. We have limited ability to oversee or control how distributors carry out these activities, and any failure on their part to provide adequate service could damage our brand and undermine customer confidence in our products. Also, although we have implemented reporting requirements to track distributor inventory levels, we rely on distributors to provide complete, accurate and timely information. Limited visibility into end-user demand and channel inventory may cause us to misjudge actual market conditions, resulting in excess inventory build-up, pricing pressures, missed sales opportunities or reduced margins. Non-compliance, misconduct, fraud or failure by distributors to perform their contractual obligations could harm our reputation, disrupt our sales channels, undermine customer confidence and expose us to legal liabilities, regulatory scrutiny and potentially costly litigation, regardless of whether any such claims are ultimately substantiated. We permit our distributors to engage sub-distributors, primarily installers, to assist in selling our products and install for end users. There is no assurance that sub-distributors will consistently comply with our standards and requirements. Any wrongdoing or failure by a sub-distributor to provide satisfactory service to end users could adversely affect our brand reputation and business.

Our distributors may accumulate excessive or obsolescent inventory.

We sell our products to distributors, who maintain their own inventories of our products. Our distributors and their sub-distributors, mainly installers, in turn distribute our products to end users through various channels. We may not be able to accurately track our distributors' inventory levels and promptly identify any excessive inventory build-up in the distribution channel. The risk of excessive or obsolescent inventory held by our distributors may increase during industry oversupply cycles or periods of rapid changes in product specifications, technology or market prices.

If our distributors accumulate excessive or aging inventory, they may reduce or delay future orders from us until their existing inventories are sold down. We may also face commercial pressure to provide price concessions, sales incentives, future price reductions or other support to facilitate inventory clearance or sell-through to end users, in some cases even where we are not contractually required to do so. Any such measures could reduce our average selling prices, compress our margins and adversely affect our revenue, profitability and results of operations.

Certain of our framework distribution agreements also contain price protection mechanisms, which we are in the process of phasing out for both existing and future agreements. See "Business — Our Customers — Our Distributors — Arrangement with Our Distributors" for details. Although we have a stringent approval process for price protection claims and have not approved any claims under these mechanisms since entering into the relevant agreements with our distributors, we cannot assure you that distributors will not seek price protection under these mechanisms or request other types of compensation from us in the future, particularly if market prices decline significantly after they have purchased inventory from us. If we are required to provide price protection to these distributors, our gross profit margin, financial condition and results of operations could be materially and adversely affected.

If we are unable to successfully execute our growth strategy, our business and prospects may be materially and adversely affected.

As our business continues to grow, we face increasing demands on our managerial, operational and financial resources and continue to encounter challenges in implementing growth strategies to keep pace with emerging opportunities. Managing this growth requires us to, among other things: (i) execute our strategies and business initiatives successfully; (ii) expand our distributor networks in both existing and new markets; (iii) develop or scale our manufacturing, sales, service facilities and service network; (iv) manage a larger organization with an expanding workforce; (v) control expenses and investments in anticipation of broader operations; (vi) strengthen our financial and management controls, inventory management, compliance programs and reporting systems; and (vii) identify and respond to new market dynamics and unforeseen challenges as they arise.

Failure to address any of these challenges in a timely and effective manner could create operational challenges or impact our ability to scale production to meet market demand. If we fail to manage our growth effectively, our revenue may decline or fail to grow, and our competitive position, business, results of operations, financial condition and prospects may be materially and adversely affected.

Our overseas expansion exposes us to legal, regulatory, political and operational risks that could adversely affect our business and financial performance.

During the Track Record Period, a significant portion of our revenue was generated from overseas customers, and we plan to further grow our global footprint as part of our strategy. Specifically, overseas sales represented 43.1%, 88.0% and 95.1% of our total revenue in 2023, 2024 and 2025, respectively. As we expand our international presence to serve a broader client base and penetrate new markets, it may subject us to various risks, including (i) changes in economic conditions, regulatory requirements, inflation, interest rates and foreign exchange fluctuations; (ii) challenges in recruiting and retaining qualified personnel in overseas markets, (iii) adapting products and services to local grid standards, legal or industry requirements and cultural norms, (iv) managing differences in local labor laws and labor union practices; (v) increased costs associated with marketing, distribution, after-sales service and customer support; (vi) supply chain disruptions and logistical challenges; (vii) political and social instability, including geopolitical events or civil unrest; (viii) requirements to obtain and maintain necessary registrations, licenses, approvals, permits and filings in local jurisdictions; and (ix) risks related to the effectiveness of risk management and internal control structures for overseas operations and other risks beyond our control, any of which could adversely affect our overseas operations and overall business performance.

In addition, we face compliance risks relating to data privacy, environmental, consumer protection, antitrust, anti-bribery, anti-corruption and anti-money laundering laws, as well as difficulties in protecting intellectual property, enforcing contracts, collecting receivables and managing risks arising from customer or supplier insolvency, misconduct or product boycotts. Also, as we operate in many different jurisdictions, we have conducted cross-border intragroup transactions in our ordinary course of business, which may result in an increased likelihood of tax audits, possibly leading to challenges in relation to, amongst other things, tax residence, permanent establishment and transfer pricing issues. The occurrence of any of these risks could increase our compliance costs, disrupt international operations, limit market access or result in significant liabilities, which could materially and adversely affect our business, financial condition and results of operations.

Our results of operations and growth are dependent in part on our ability to effectively manage our production capacity.

We manufacture our products primarily at our production facilities located in Suzhou, Taizhou and Zhuhai, PRC, and we have been expanding our production capacity to meet growing demand for our products. Our ability to meet customer demand depends on sufficient production capacity. If our existing capacity is inadequate, particularly during periods of increased demand, we may be unable to deliver products in a timely manner, which could harm customer relationships, result in loss of business opportunities and materially adversely affect our results of operations and financial condition.

As our business grows, we may need to expand capacity through new facilities or upgrades to existing production lines. We cannot assure that such expansion will be completed on time or within budget, or that required funding, sites, regulatory approvals, equipment, skilled personnel or other resources will be available as needed. Even after new facilities commence operations, we may fail to achieve expected ramp-up, utilization, yields or returns, particularly if market demand declines, which could result in disputes, unrecovered costs and adverse impacts on our business and financial condition.

In addition, our gross margins depend on achieving high utilization rates and production yields. Industry-wide capacity expansion, particularly in China, has increased the risk of structural overcapacity. We have experienced in recent years, and may experience in the future, underutilization at certain production centers. Low utilization or production inefficiencies arising from demand fluctuations, equipment failures, labor shortages or other operational disruptions could increase unit costs, compress margins and materially and adversely affect our business results.

We face intense competition in the global ESS industry.

The ESS market in which we operate is highly competitive and rapidly evolving. We face competition from established global and domestic manufacturers of lithium-ion battery and ESS. The competitive landscape continues to intensify as current industry participants expand their product offerings and new entrants, both from upstream battery producers and downstream solution integrators, enter the market.

Specifically, we are increasingly exposed to competitive threats arising from the vertical integration strategies of utility providers, large-scale commercial and industrial system owners and renewable energy developers, some of whom have commenced building or investing in independent ESS integration capabilities or upstream battery manufacturing. This shift towards vertical integration may lead certain customers to reduce their reliance on third-party suppliers, including us, for certain ESS products. Any significant reduction or cessation of procurement from our major customers could have a material adverse effect on our revenue, market position and profitability.

In addition, our industry is subject to intense pricing pressure. As subsidies for downstream ESS applications decline and an increasing number of regions approach grid parity, the cost of solar PV and energy storage, as well as overall market prices for products such as inverters, have come under sustained downward pressure, while competition from other industry participants has intensified. While we do not intend to engage in price wars, there can be no assurance that such strategic approaches will prove successful or that our products will gain sufficient market traction. Should our products fail to achieve anticipated market acceptance or price competitiveness, we may lose market share, and our business, results of operations and financial condition could be materially and adversely impacted.

Our business is capital-intensive and may require additional funding to finance our operations, which may not be available or on terms acceptable to us.

We are engaged in a capital-intensive industry that requires significant ongoing investments in areas such as the construction and upgrading of our production facilities, purchasing manufacturing equipment and supporting continuous research and development initiatives. We may require additional cash resources to finance our continued growth or other future developments. To sustain our business expansion and enhance our production capacity, we anticipate continuing to incur substantial capital expenditures going forward. Our reliance on external funding is further highlighted by our net losses and net cash outflows from operating activities in certain years in the past.

We expect to fund our future capital commitments and operating expenses from cash generated from operations, banking facilities and the net [REDACTED] from the [REDACTED]. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. We may not be able to obtain additional funds or on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, general market conditions for capital raising and debt financing activities and economic, political and other conditions in the markets in which we operate. Additional equity or equity linked financing may dilute the interests of our shareholders, and debt financing, if available, may involve restrictive covenants and could restrict our operational flexibility and reduce our profitability.

Our future success depends on our ability to innovate and respond to rapid technological changes and our significant investments in R&D may not yield the desired results.

Ongoing technological innovation is essential to our ability to compete and succeed in the dynamic energy storage industry, which is marked by rapid product advancements and frequently shifting market demands. To support our competitive position, we have continued to make substantial investments in R&D. Our R&D costs amounted to RMB58.5 million, RMB81.6 million and RMB103.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 8.1%, 11.1% and 4.1% of our total revenue for the respective periods.

The outcomes of R&D activities are inherently unpredictable. There is no assurance that our R&D initiatives will achieve intended results within expected timelines or budgets, or that they will result in commercially successful or widely accepted ESS products. The rapid pace of technological change in our industry means that our products and technologies could be rendered obsolete by disruptive innovation from competitors. While we are developing capabilities in next-generation technologies, a failure to respond to industry shifts or to anticipate market developments could diminish our competitiveness and erode our market share. We also face risks that new or existing competitors may introduce products with equal or superior performance, potentially at more attractive price points.

We may be subject to financial and reputational risks due to product quality issues, product recalls and product liability claims.

Due to the complexity of our ESS product development and manufacturing processes, our products may contain undetected defects or failures that are difficult to identify and may be time-consuming, expensive or impossible to correct. ESS products are also complex in nature and can, in the event of failure, release energy in a manner that causes personal injury or property damage. Any such defects, failures or performance problems, or the perception thereof, could result in, among other things: (i) significant expenditure of financial and development resources, including product recalls; (ii) loss of existing or potential customers, distributors or other business partners; (iii) interruptions or delays in sales; (iv) delayed or lost revenue; (v) failure to obtain or delays in achieving market acceptance; (vi) delays in the development or release of new products, features or improvements; (vii) negative publicity and reputational harm; (viii) future sales credits or refunds; (ix) diversion of management resources; (x) breach of warranty claims; (xi) product liability claims, lawsuits or redesign efforts arising from personal injury or property damage; and (xii) the expense and risk of litigation or governmental investigation. We cannot assure you that product liability claims will not be brought against us in the future, and any meritorious claim could require us to pay substantial damages and generate significant negative publicity about our products and business. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

Moreover, our products may be subject to misuse or improper handling by end users. Such misuse could result in accidents, personal injury or property damage. Even where we are not at fault, we may nonetheless be subject to product liability claims, regulatory investigations or negative publicity arising from such incidents. Defending against such claims, regardless of their merit, could be costly and time-consuming, and any associated reputational harm could undermine customer confidence in our products and brand, which could materially and adversely affect our business and results of operations.

At the same time, our installation and after-sales service providers may expose us to potential liability for personal injury, accidents, business interruptions and property damage or destruction. We cannot guarantee that these service providers will strictly follow the instructions and guidance we provide, which may result in customer complaints or claims against us relating to product quality or safety, whether or not any underlying product defect is attributable to us. An accident, even one for which we are not at fault, may attract heightened regulatory scrutiny and result in increased operating expenses, which could damage our reputation and result in significant costs to resolve.

Our insurance might be insufficient to cover full business risks, which could negatively impact our financial condition and results of operations.

We maintain insurance to cover certain potential risks, such as product liability insurance, property insurance and employee insurance, but we cannot assure you that our insurance coverage will be adequate to protect us against all potential claims or that we will be able to maintain such coverage on acceptable terms in the future. Our insurance policies are subject to deductibles and limits, and any claim that exceeds our coverage could require us to incur substantial costs. Furthermore, we may not be fully indemnified if liabilities arise from faulty components provided by our suppliers. Any significant uninsured or underinsured product liability claim could have a material adverse effect on our business, financial condition and results of operations.

In addition, our third-party service providers may fail to purchase insurance or maintain effective insurance, and may not be able to fully, or at all, pay the damages resulting from accidents. We cannot assure you that our insurance coverage or our third-party service providers' 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 policy 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.

Our operations depend on a stable and adequate supply of energy at reasonable prices.

Our manufacturing operations require substantial and consistent consumption of electricity and other energy sources. As a result, our production volumes and costs are susceptible to fluctuations in the price and supply of energy. The price and supply of energy may be affected by factors outside our control, including macroeconomic conditions, government regulations on power use, inflationary pressures and unexpected events such as natural disasters or technical issues at our energy suppliers.

If energy prices rise sharply, and we are unable to transfer these increased costs to our customers due to market competition, our profit margins could be squeezed. In addition, any major disruption in the supply of electricity or other energy forms could halt or delay our manufacturing activities. We cannot guarantee that we will not face unforeseen energy shortages or significant cost increases in the future. Such occurrences could materially and adversely impact our cost of sales and results of operations.

We rely on third-party service providers for certain services, and their performance may impact our business and reputation.

We rely on third-party service providers for a number of services, such as logistics, IT and cloud infrastructure and after-sales support. In terms of logistics, we use third party logistics service providers to deliver certain of our work-in-progress and finished products. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors affecting our production process, we may lose customers and sales, and our reputation may be negatively impacted.

Moreover, this risk could be accentuated in our overseas operations, where certain after-sales services are provided by third-party service providers. We have limited control over the quality and timeliness of the services provided by these third parties. If our service providers do not perform to our satisfaction, we may not be able to find suitable replacements in a timely manner or on commercially reasonable terms, which could increase our operating costs and disrupt our business. Furthermore, any service failures by our third-party providers, particularly in customer-facing roles such as after-sales support, could directly harm our brand reputation and customer relationships in our key markets.

At the same time, we may not be able to continue or renew our contractual arrangements with our existing service providers, particularly if disputes arise or if we are unable to cooperate on terms acceptable to us. This could result in operational disruptions, delivery delays or higher transportation costs. If we experience a breakdown in our relationships with existing providers or fail to engage new providers that can ensure accurate, timely and cost-efficient services, we may incur additional costs or suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations.

Our reputation is key to our business, and any negative publicity could adversely affect our prospects.

Our reputation and brand are critical to maintaining trust with our customers, distributors and end users, and to sustaining our competitive position in the markets in which we operate. Any damage to our reputation or brand could materially harm our business. Our reputation for delivering high-quality, reliable ESS products and strong customer service is a key driver of our business success. Negative publicity, whether accurate or unfounded, relating to our Company, business, products, shareholders, affiliates, directors, officers, employees, business partners and other third parties could significantly impact our brand image and commercial outlook. This risk is accentuated by our dependence on third-party partners for sales and after-sales services in certain overseas markets, where we could exercise limited oversight over service standards. If these partners fail to provide prompt or effective customer support, our reputation and relationships with customers in important growth markets may suffer. We cannot assure you that such negative news or publicity would not damage our reputation or brand image. As reputation and word-of-mouth are critical in certain markets we operate, any damage to our brand could result in a loss of customer confidence and have a material adverse effect on our business, financial condition and results of operations.

Our brand and reputation may also be harmed by misleading marketing by competitors or third parties, potentially exposing us to regulatory investigations or third-party claims that require significant time and resources to address. There is no assurance that we will be able to effectively refute any such allegations within a reasonable time, or at all. Anonymous allegations against us or our business partners may also be posted on social media platforms, which may publish such content without verifying its accuracy and afford us little or no opportunity to respond. Any damage to our reputation could impair our ability to attract and retain customers and adversely affect our market share and financial condition.

Our production costs may be affected by labor costs and labor relations.

Our business relies on our ability to foster strong relationships with our workforce and to manage labor costs efficiently. Labor costs have been fluctuating and may rise in the future due to various factors, including inflationary pressure, changes in minimum wage standards, government mandates on employee benefits, social insurance contributions or market competition for skilled workers. Rising labor costs could increase our overall production costs. We may not be able to fully pass on such cost increases to our customers through higher product prices in a timely or effective manner, which could negatively affect our margins. In addition, sustained increases in labor expenses may require us to adjust workforce allocation or enhance automation, which could lead to temporary inefficiencies and additional investment.

At the same time, we seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. See "Business — Employees" for details. However, we cannot assure you that labor disputes will not occur in the future. Any deterioration in labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage. Any such event could lead to loss of key personnel, business interruptions, increased costs associated with recruitment and training and loss of institutional know-how, any of which may materially and adversely affect our business, financial condition, results of operations and prospects.

We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities due to, among others, failure to comply with safety measures and procedures.

Our manufacturing processes involve the use of hazardous chemicals. We are therefore subject to inherent risks of industrial accidents, including fires, explosions and chemical spills, which could result in production disruptions, personal injury and environmental contamination. We are also required to comply with increasingly stringent laws and regulations governing production safety, environmental protection and occupational health. Although we maintain strict internal control and safety and environmental management systems, we cannot assure you that accidents will not occur or that we will always be in full compliance with all applicable regulations. Any safety or environmental incident could result in significant liability, penalties, reputational harm and remediation costs, and could have a material adverse impact on our business, financial condition, and operating results.

Any failure to maintain an effective quality management system could adversely affect our business and reputation.

The success of our business relies heavily on the consistent quality and dependability of our products. To safeguard this, we have implemented a comprehensive quality management system spanning R&D, supplier management and raw materials inspection, production process and final product release. The performance of this system is influenced by factors such as the competency of our team, and their rigorous compliance with established procedures and standards. Additionally, we must adhere to multiple product safety laws and industry standards where we market our products. However, we cannot assure you that our quality management system will always be effective or that our products will always be free of defects. Should our quality control measures fail, it could result in the loss of necessary certifications, potential product recalls or harm to our brand reputation. Any such occurrence could have a material adverse impact on our business and results of operations. See "Business — Quality Control" for details.

We might experience manufacturing disruptions due to our dependence on third-party suppliers for manufacturing equipment.

We purchase the majority of our production equipment from third-party suppliers based on our technical specifications and quality requirements for ESS manufacturing. While we maintain rigorous supplier selection and management protocols, there is no assurance that our equipment suppliers will always fulfill their contractual duties to our satisfaction or on the required timeline. Any supply shortage or delay in procuring or upgrading such equipment could adversely affect our ability to expand or optimize our production capacity, which may in turn have a material adverse impact on our business growth, operations and financial condition.

We may experience delays or failures in obtaining or renewing necessary governmental approvals and permits for our operations and expansion projects.

Our operations and expansion projects require us to obtain various approvals, permits, licenses and certificates from governmental authorities in the PRC and other jurisdictions in which we operate or plan to operate. Various completion inspections are also required before we can commence production at any new facilities. We cannot assure you that we will not encounter obstacles that delay or prevent us from obtaining or renewing such approvals or completing such inspections. Any significant delay or failure in this regard could disrupt our development plans and production activities.

Our ESS products rely on highly technical software and hardware, and any failures could adversely affect our business.

The design and production of ESS products are built around proprietary hardware and software, such as BMS, thermal management components and monitoring platforms such as our Dyness App. These systems must operate safely, efficiently and reliably under complex and varied grid conditions, which requires a high degree of sophistication in component selection, hardware integration, control algorithms and system compatibility.

Due to the inherent complexity of these systems, our software and hardware may contain undetected defects, failures, design flaws or security vulnerabilities that may be difficult to identify during the design or production stages and may only become apparent after deployment or through long-term operation. Although we proactively monitor product performance and aim to implement software updates, patches or hardware fixes in a timely manner as needed, there can be no assurance that all bugs or defects will be detected and resolved promptly or to the satisfaction of our customers. If we are unable to prevent or effectively remedy errors, bugs or defects in our software and hardware, our brand and reputation may be harmed, we may lose customers or revenue, or we may incur liability for damages, any of which could adversely affect our business and results of operations.

At the same time, we are in the process of incorporating functions leveraging AI technology into our products, for example, to provide end customers with AI-driven energy management capabilities. However, AI technology carries inherent risks and challenges. AI algorithms may be flawed, and the underlying data may be incomplete or biased, which could limit the acceptance of our AI-enhanced products. The legal and regulatory framework governing AI remains uncertain and continues to evolve, and we may be subject to increased regulatory scrutiny or other legal liability as a result. Any of the foregoing could adversely affect our business, reputation or financial results.

We may face challenges from emerging energy storage and power technologies that could impact demand for our ESS products.

Our ESS products currently incorporate LFP battery technology, a type of lithium-ion battery. New battery chemistries, materials or architectures, as well as non-battery storage solutions, may be developed and gain commercial acceptance. If these alternatives offer better performance, safety, lifecycle costs or pricing than our current LFP-based ESS products, customers may shift away from our solutions and demand for our products could decline. Moreover, new power generation, transmission, distribution or end-use technologies may emerge that materially reduce or even eliminate the need for energy storage in our target applications. If such technologies become widely adopted and end products no longer require ESS products, the addressable market for our products could shrink significantly.

In addition, new types of industrial equipment, machinery or applications may emerge and may not rely on battery-based power systems at all. If new power systems replace lithium-ion batteries where our ESS products currently use, our existing technology could become less competitive or obsolete. We may be required to devote substantial resources to developing or acquiring new technologies, and there is no assurance that we would be able to do so successfully or on a timely basis. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

Our business depends on our ability to obtain, protect and enforce our intellectual property rights.

We rely on a combination of patent, trademark, copyright and trade secret protection laws in PRC and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our intellectual property rights. We also enter into confidentiality agreements with our key employees and third parties who may access our proprietary information, and we rigorously control access to our proprietary technology and information. However, intellectual property protection may not be sufficient, and we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. In addition, policing any unauthorized use of our intellectual property is difficult, time-consuming and costly, and the measures we have taken may be inadequate to prevent the misappropriation of our intellectual property. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations. On the other hand, third parties may claim that the technology or content used in our operation of online stores or our service offerings infringes upon their intellectual property rights. The possibility of intellectual property claims against us increases as we continue to grow, particularly internationally. Such claims, regardless of merit, may result in our expenditure of significant financial and management resources, injunctions against us or payment of damages. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on terms acceptable to us or at all. These risks have been amplified by the increase in the number of third parties whose sole or primary business is to assert such claims. As of the Latest Practicable Date, we were not involved in any legal proceeding against parties who we believe are infringing upon our intellectual properties.

The changes in trade relationships and tariff policies could negatively affect our operating results and cause fluctuations in demand for our products and solutions.

We operate within a global supply chain, and our ESS products are sold globally. As such, we face risks associated with tariffs and other trade protection measures. Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to broader and substantially higher tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. Regarding tariffs, for example, in February 2025, the United States imposed a 20% tariff on certain categories of Chinese goods (the "**Fentanyl Tariff**"). Subsequently, on April 2, 2025, the United States imposed a 10% baseline tariff on all imports from its trading partners, along with additional country-specific tariffs for various countries, as adjusted from time to time (the "**Reciprocal Tariff**"). Following the U.S.-China leaders' meeting in October 2025, the President of the United States issued executive orders on November 4, 2025 that, among other things, reduce the Fentanyl Tariff from 20% to 10%, effective November 10, 2025, and continue the suspension of heightened China-specific Reciprocal Tariff rates through November 10, 2026, thereby maintaining the 10% Reciprocal Tariff baseline on imports from China during that period. The United States and China are engaged in ongoing trade discussions, but there is no assurance that the higher tariffs will be suspended further or that a long-term agreement will be reached, and there is no assurance that the tariff policy will remain in its current form. At the same time, on February 20, 2026, the U.S.

Supreme Court issued its opinion affirming the lower court's ruling, striking down the tariffs implemented pursuant to the IEEPA, including the Reciprocal Tariff and the Fentanyl Tariff. Following this decision, the administration rescinded the IEEPA-based tariffs but concurrently imposed a 10% temporary import surcharge under Section 122 of the Trade Act of 1974 on imports from all U.S. trading partners for a 150-day period commencing on February 24, 2026, and discussed plans to impose other tariffs in reliance on other statutory authorities. On May 7, 2026, the U.S. Court of International Trade ruled that the Section 122 tariffs are unlawful. The court's injunction currently applies only to the specific plaintiffs, and the tariffs remain in effect for all other importers while the administration pursues an appeal. The U.S. tariff policies are rapidly evolving, and the final outcome, including the timing, impact and potential legal challenges regarding any newly implemented tariffs, is highly uncertain. At the same time, the U.S. government has imposed, and continues to modify, a series of tariffs on goods imported from China, including Section 301 tariffs under the Trade Act of 1974, which currently apply at different rates to certain of our products exported to the United States.

In addition, trade actions and tariff measures in other jurisdictions, including anti-dumping and anti-subsidy investigations, may result in the imposition of tariffs, duties or other restrictive measures on our products. Any additional tariff may increase the price of our products imported to the various market and reduce their competitiveness. Our distributors or customers who import our products may wish to pass on the additional tariff to us. Even if the tariff is not passed on to us, the reduced competitiveness of our products could lead to the reduction or cancellation of their purchase orders from us, and tariffs could generally negatively affect economic conditions in China and other countries and regions, which could adversely affect our business. Tariffs, quotas and local content rules may further raise production costs, impacting the profitability and competitiveness of our products. The international tariff policies are rapidly evolving, and the final outcome, including whether the tariff level can be implemented as proposed, is highly uncertain. Any additional tariff may increase the price of the end products imported to the U.S. market and reduce their competitiveness.

We are subject to governmental export and import controls and economic sanctions, which could affect our ability to compete in certain markets or expose us to liability in certain jurisdictions.

Exports, re-exports and transfers of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, EAR have broad jurisdiction, covering both U.S.-origin items and certain foreign-produced items, such as those containing more than a de minimis level of controlled U.S. content or those subject to FDPR. The BIS also maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, and BIS has imposed complex and restrictive rules applicable to doing business with persons on them. The restrictions applicable to Entity List parties include licensing requirements for exports, re-exports or transfers of items on lists of controlled items maintained by the U.S. government, which in most cases prevents these named entities from receiving essentially any item subject to U.S. export controls, including, in some cases through the application of the EAR's foreign direct product rules, to items produced wholly outside the United States. In addition, on September 29, 2025, the BIS issued an interim final rule extending Entity List and MEU List restrictions to non-listed foreign entities that are 50% or more owned, directly or indirectly and in the aggregate, by parties on the Entity List or certain other restricted party lists (the "**Affiliates Rule**"). However, the United States has suspended implementation of the Affiliates Rule for one year beginning November 10, 2025. As a result, this extension of Entity List restrictions is not expected to apply during the suspension period unless BIS issues implementing rules to the contrary or the suspension is modified or revoked. We screen our counterparties to determine if they are subject to applicable economic sanctions or export control restrictions. During the Track Record Period, we sold our products to certain countries or regions that are subject to various sanctions programs. Except for one customer designated on the BIS Entity List, none of these products were sold to customers designated on the Entity List in those regions or otherwise subject to economic sanctions. None of the products sold to such customer or to those countries or regions incorporated 10% or more by value of US-origin content, were the direct product of controlled U.S. technology or otherwise involved transfer, export or re-exports of items subject to the EAR, including under the FDPR. Accordingly, we do not believe that these sales gave rise to any material compliance risk.

However, sanctions and export control laws and regulations are constantly evolving, and changes in diplomatic relationships between countries may lead to new requirements or restrictions. New requirements or restrictions could increase scrutiny of our business or create additional compliance challenges, including the risk that certain business activities may be viewed by relevant authorities as inconsistent with applicable sanctions or export control requirements. Therefore, we may need to incur additional costs and devote management resources to monitoring, assessing and mitigating related compliance risks in the future. As we grow our business globally, we may also become subject to other restrictions under applicable export control laws and regulations. As a result, increased compliance costs and operational challenges arising from adhering to complex export control regulations and sanctions could strain our resources. As export control and sanctions regimes continue to develop, we cannot assure you that our future business will be free from sanctions risk or that our activities will at all times conform to the expectations or requirements of the authorities in the United States or any other jurisdiction. Future changes may affect our relationships with existing distributors, customers or suppliers, restrict our ability to source certain components or technologies, require us to obtain additional licenses or approvals before fulfilling orders, leading to decreased sales of our products. We also have limited visibility into, and no control over, the countries or destinations to which our customers may on-sell or deploy our products. If our products become subject to trade restrictions or sanctions imposed by any jurisdiction, demand for our products in those markets may decline and our ability to continue serving affected customers may be constrained. Our business and reputation could be adversely affected if any such authority determines that our future activities constitute a violation of applicable sanctions or provide a basis for sanctions designation against us. Any of the foregoing could adversely affect our business, results of operations, financial condition and prospects.

Our business and growth prospects heavily rely on the retention and engagement of key executives and skilled employees.

Our future success is significantly dependent upon the continued service of our key executives and other key employees. If we lose the services of any member of senior management or key employees, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to find new hires, which could disrupt our business and growth.

Additionally, the ESS industry faces ongoing competition for experienced talent, and we must continually attract, train and retain a capable workforce to ensure smooth business operations. The success of our global expansion and ongoing technology upgrades depends largely on our ability to secure and keep high-quality employees. We cannot guarantee that we will always be able to recruit or keep the necessary qualified staff required to execute our strategic plans, or that we can do so without substantially increasing our compensation expenses.

We may face risks in relation to our investments in associate companies.

As part of our strategic efforts to deepen ties with major industry players, we have made, and may continue to make, investments in associate companies. These investments, and any future business cooperation with such associates, expose us to several risks, including but not limited to (i) our associate company might pursue business strategies or economic goals that do not align with ours; (ii) our associate company may experience financial difficulties or be unable or unwilling to fulfill their obligations under relevant agreements; or (iii) as we do not exercise full control over the day-to-day management and decisions of these associates, their business results may fall short of our expectations.

Moreover, the financial results of our associate companies, which are included in our accounts under the equity method, could affect our own operating results. We cannot assure you that our associate companies will be profitable. Any losses recorded by them would negatively impact our results of operations. Furthermore, our investments in associate companies are illiquid, and we cannot assure you that we will receive any dividends from them to generate a cash return on our investment. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We may be involved in legal and other proceedings from time to time.

We may, from time to time, be subject to various litigation, legal or contractual disputes, claims or administrative proceedings in the ordinary course of our business, including, but not limited to, various disputes with or claims from our distributors, end customers, suppliers, business partners and other third parties. Ongoing or threatened litigation, legal or contractual disputes, claims or administrative proceedings may divert our management's attention and other resources. Furthermore, any litigation, legal or contractual disputes, claims or administrative proceedings that are initially not of material importance may escalate and become important to us, due to a variety of factors such as the subject matter of the disputes, the likelihood of loss, the monetary amount at stake and the parties involved. If any adverse verdict, judgment or award is rendered against us or if we settle with any third parties, we may be required to pay significant monetary damages or assume other liabilities. In addition, negative publicity arising from litigation, legal or contractual disputes, claims or administrative proceedings may damage our reputation and have a material and adverse impact on our business, results of operations and financial condition.

We may be unable to detect, deter or prevent all instances of fraud or other misconduct committed by our employees, outsourced labor, suppliers, distributors or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, suppliers, distributors or other third parties, which could result in financial losses, legal liabilities and sanctions imposed by governmental authorities, and could adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery or other misconduct involving any of the foregoing parties that had a material and adverse impact on our business, results of operations, financial condition or prospects. However, we cannot assure you that no such instances will arise in the future, or that we will be able to prevent, detect or deter all such misconduct. Any misconduct committed against our interests, whether involving undetected past acts or future acts, could have a material and adverse effect on our business, results of operations, financial condition and prospects.

Increasing ESG-related regulation may raise our compliance costs.

Growing awareness of ESG issues, including packaging recycling, clean energy, environmental protection and carbon emissions, has led to evolving and increasingly stringent laws and regulations, particularly in the PRC. These developments may require us to devote additional resources to compliance and increase our operating costs. While we recognize the importance of ESG and have implemented measures to support sustainable development and comply with applicable laws and regulations, we cannot assure you that such measures will effectively mitigate the associated risks or enable us to adapt to rapidly changing ESG-related regulatory requirements. Any failure to comply with existing or newly enacted ESG-related laws and regulations could subject us to administrative penalties, fines, operational restrictions or suspension, and could materially and adversely affect our business and financial condition. Although we have established safety and environmental management systems, see "Business — Environmental, Social and Governance Matters" for details, we cannot assure that accidents will not occur or that we will always be in full compliance with applicable laws and regulations. If regulatory authorities impose more stringent production safety, environmental or occupational health standards in the future, we may be required to incur substantial additional costs to comply, or may be unable to do so at reasonable cost or at all, which could materially and adversely affect our business, financial condition and results of operations.

Our business may be impacted by geopolitical uncertainties and other political, social and economic instabilities that lead to business interruptions.

Geopolitical uncertainties, such as war, military conflicts and general regional instability, strategic rivalries among major economies, acts of terrorism, health emergencies, widespread outbreaks of infectious diseases and other political, social and economic instability and geopolitical tensions, including the impact of potential changes in tariffs or sanctions and escalating trade wars, could lead to business interruptions and cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our distributors, customers and suppliers especially those in the Middle East. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers, or to receive materials from our suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

We face risks associated with leased properties.

During the Track Record Period, we leased properties primarily for use as our production and research facilities, office premises, warehouses and employee residences. Pursuant to the applicable PRC laws and regulations, property lease agreements are required to be registered with the relevant local housing administrative authorities. As of the Latest Practicable Date, one of our lease agreements for properties in the PRC had not been registered with relevant authorities in the PRC. We cannot assure you that we will not be subject to any penalties arising from the non-registration of lease agreements in the future. As advised by our PRC Legal Advisor, according to applicable PRC administrative regulations, the lessor and the lessee of a property lease agreement are required to file the property lease agreement with relevant government authorities within 30 days after the execution of the property lease agreement. Notwithstanding that failure to complete such lease registration would not affect the validity of such lease agreements, failure of filing made within a stated period of time may cause a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed.

We are subject to various risks relating to certain third-party payment arrangements.

During the Track Record Period, certain of our distributors settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding sales and purchase agreements. During the Track Record Period, the settlement amounts under such third-party payment arrangements were RMB10.1 million, RMB36.4 million and RMB137.3 million for the years ended December 31, 2023, 2024 and 2025, respectively. We have been managing and rectifying the third-party payment arrangements. See "Business — Sales and Marketing — Our Customers — Third-party Payment Arrangements" for details. As confirmed by Frost & Sullivan, it is not uncommon in the energy industry in the markets where we operate for distributors to settle payments through third-party payers for convenience and efficiency, particularly in cross-border transactions, or to use the accounts of their related parties to settle corporate transactions with suppliers. However, we faced various risks related to such arrangement, including: (i) third-party payers who are not contractually obligated debtors may seek to reclaim funds from us; (ii) potential money laundering risks due to our limited knowledge about the source and purpose of funds used by third-party payors; 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. If any civil or criminal claims or legal proceedings are brought against us demanding the return of payments or alleging violations of applicable laws, we may be required to devote significant financial and managerial resources to our defense. If we are required to comply with any adverse court ruling, we may have to return payments received for products and services already sold, which could materially and adversely affect our business, results of operations and financial condition.

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

Companies operating in the PRC are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of employees in mainland China. According to applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and contribute to social insurance funds and housing provident fund for the benefits of their employees.

During the Track Record Period, we and certain of our PRC subsidiaries did not make adequate contribution to social insurance and housing provident funds for certain employees as required by relevant PRC laws and regulations. According to our PRC Legal Advisor, on the premise that there are no material changes in the current relevant policies and regulations regarding social insurance and housing provident funds and the enforcement and supervision requirements of local governments, and that no mass complaints or reports occur or relevant litigation or arbitration is initiated by employees, the risk is remote that the Company and its relevant PRC subsidiaries will be centrally required by the competent social insurance and housing provident fund authorities to make up for the contributions and be subject to material administrative penalties due to the aforementioned non-compliance during the Track Record Period.

However, there is no assurance that our historical and current practices with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in the PRC. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. See "Regulatory Overview — Regulations on Employment, Social Insurance and Housing Provident Fund" for details. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in the PRC, we may be exposed to penalties or be required to compensate employees. Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous and may involve substantial financial resources as well as other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, among other things. Such events could impact our results of operations and financial condition.

Failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We collect and store business, operational and transaction data generated in the course of, or in connection with, our business operations, including data relating to our transactions with customers, suppliers and other counterparties, as well as personal data of customers and data relating to their equipment. Such data is typically stored on localized servers and cloud infrastructure in the relevant overseas markets. We are subject to an increasing number of data protection laws and regulations across the jurisdictions in which we operate. They are becoming increasingly stringent and continue to evolve, with regulatory requirements frequently changing, which requires us to devote resources to adapting to new rules, maintaining robust internal controls and carrying out ongoing risk management.

Although we believe we have implemented stringent data security and compliance policies, cyberattacks, system failures, malware, ransomware, phishing and other security threats continue to evolve, and no technical safeguards can provide absolute protection. In addition, our reliance on third-party service providers for certain data and system operation and maintenance functions may further increase the risk of data breaches and loss of control over data security. Any failure, or perceived failure, to comply with these requirements, or any concerns about our practices relating to the collection, use, storage, retention, transfer, disclosure or other processing of personal data, whether raised by end users, distributors, employees, third-party service providers or other business partners and whether or not founded, could damage our reputation and adversely affect our results of operations.

As we expand our business internationally, we are, and may increasingly become, subject to data privacy and security laws, regulations and contractual obligations across a growing number of jurisdictions. These frameworks may impose conflicting requirements across different markets. Interpretation and enforcement practices also remain uncertain and are likely to continue to develop in ways that are difficult to predict. Complying with new or amended laws and regulations may substantially increase our costs, require changes to our business practices or oblige us to obtain additional approvals, make regulatory filings or complete other regulatory procedures. To the extent we are found by regulators to be non-compliant, we may be subject to fines, orders to suspend our operations, other regulatory or disciplinary sanctions, or removal of our mobile application from app stores. Negative publicity regarding actual or perceived violations of privacy rights, whether directed at us or others in our industry, may also make users reluctant to share their data with us and could lead to a broader decline in the use of connected services, reducing demand for our products.

We have adopted data privacy policies governing how we collect, store, process and use user data. See "Business — Data Privacy and Cybersecurity" for details. Nonetheless, any failure or perceived failure by us, our external service providers or business partners to comply with applicable data privacy and security requirements may result in regulatory proceedings, fines, penalties or enforcement orders, as well as actions brought by end users, distributors, employees or other business partners, including class action litigation in certain jurisdictions. Compliance with applicable data privacy laws also requires substantial ongoing expenditure and resources, including continual evaluation and adaptation of our policies and processes on a jurisdiction-by-jurisdiction basis. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We depend on information technology and other infrastructure that are exposed to certain risks, including cybersecurity risks.

We rely on our computer systems and cloud or network infrastructure to conduct and monitor the daily operations of our manufacturing facilities, and to collect accurate up-to-date financial and operating and other transaction data for business analysis. We also rely on such systems and infrastructure to collect, process and store data concerning our customers, business partners and employees. Therefore, our business is dependent upon the continued maintenance and enhancement of our computer systems and network infrastructure. Such systems and infrastructure are subject to certain risks, such as malfunction and cybersecurity risks. Although we have devoted significant resources to develop our security measures against cybersecurity issues, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate or implement adequate measures to protect against these attacks. There is no assurance that we will not be subject to any of those cybersecurity issues in the future.

Certain parts of our IT infrastructure are currently hosted by third-party cloud service providers, and the functionality of our products and services depends in part on the performance of those providers. Any outage, disruption or failure affecting such cloud service providers could impair product connectivity and performance. Any incident affecting the infrastructure or operations of these third-party providers, whether caused by natural disasters, power outage, telecommunications failure, security breach, computer viruses or other malicious code, failure of access control mechanisms, war, criminal acts, terrorist attacks or similar events, could impair the use, functionality or availability of our products and services, which could adversely affect our business, reputation, financial condition and results of operations. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

Our risk management and internal control systems may not be sufficient to protect us against the various risks inherent in our business.

We have implemented risk management and internal control systems with respect to our business operations. However, we cannot assure you that our risk management and internal control systems are adequate or effective to fully protect us against the potential risks inherent in our business. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations and prospects may be materially and adversely affected.

Further, the successful implementation of our risk management and internal control systems depends on our management, employees and subcontractors. We cannot assure you that our management, employees and subcontractors will strictly observe and adhere to relevant measures and policies. We cannot assure you that our management, employees and subcontractors will be able to carry out relevant measures and policies without human errors or mistakes. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in a material and adverse effect on our business and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION

Failure to collect our trade receivables and other receivables in a timely manner may adversely affect our liquidity.

We may not be able to collect our trade and other receivables in a timely manner and may face difficulty collecting receivables for reasons beyond our control, such as customers delaying payment past the relevant credit periods granted or being unable to pay us when payments are due. We recorded trade receivables (net of loss allowance) of RMB90.0 million, RMB221.1 million and RMB463.1 million as of December 31, 2023, 2024 and 2025, respectively. Any significant delay or default in our collection of trade receivables or other receivables may impose pressure on our cash flow and working capital and reduce the pool of available financial resources relative to our expectations and expenditure plans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our revenue and cost of sales are subject to foreign exchange fluctuations.

Certain of our trade receivables and trade payables, as well as a portion of our recognized assets and liabilities, are denominated in currencies other than the functional currency of the Company, being RMB, which exposes us to foreign exchange risks. In 2023, 2024 and 2025, our non-RMB denominated revenue was RMB311.4 million, RMB645.7 million, and RMB2,402.7 million, respectively, representing 43.1%, 88.0% and 95.1% of our total revenue.

In 2023 and 2024, we recorded net foreign exchange loss of RMB0.2 million and RMB0.7 million, respectively. In 2025, we recorded net foreign exchange gain of RMB59.3 million. We cannot predict future exchange rate fluctuations, and we cannot assure you that we will not incur any net exchange loss in the future. While we have actively managed our currency risks, such measures may not be effective or economically feasible under all circumstances. See Note 30 of Appendix I to this Document for further details on foreign currency risk exposures and related sensitivity test.

Our warranty provisions may be inadequate to cover future warranty claims.

Subject to product type, applicable local laws and regulations and market practice in the jurisdictions in which we operate, we generally provide a five- to ten-year warranty for our residential ESS products and C&I ESS products. We make provisions under the warranties of products sold taking into account our recent claim experience. In 2023, 2024 and 2025, we recorded provisions of RMB20.4 million, RMB26.3 million and RMB55.9 million, respectively. There is no assurance that these provisions will be sufficient to cover future warranty claims. If actual warranty claims exceed our estimates, or if we become subject to significant and unexpected warranty claims in the future, we may incur substantial additional expenses, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Our indebtedness could adversely affect our cash flow, increase our vulnerability to economic conditions and limit or restrict our business activities.

We have incurred, and may in the future incur, indebtedness that may impact the manner in which we conduct business or our access to external sources of liquidity. In addition to interest payments, a significant portion of our cash flow may need to be used to service our indebtedness, and, therefore, may not be available for use in our business. Our ability to generate cash flow is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond our control. Our indebtedness could have a significant impact on us, including, but not limited to: (i) increasing our vulnerability to general adverse economic and industry conditions; (ii) requiring us to dedicate a significant portion of our cash flow from operations to payments on our indebtedness, thereby reducing the amount of our cash flow available to fund working capital, potential acquisitions and capital expenditures, and for other general corporate purposes; (iii) limiting our flexibility in planning for, or reacting to, changes in our business and our industry; (iv) restricting us from making strategic acquisitions or exploiting business opportunities; (v) necessitating the divestiture of certain of our assets or businesses in order to generate cash to service our indebtedness; (vi) limiting our ability to continue paying dividends; or (vii) limiting our ability to borrow additional funds.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our financial performance and results of operations.

We received government grants and enjoyed certain preferential tax treatments under relevant favorable tax policies during the Track Record Period. In 2023, 2024 and 2025, we recorded government grants in other net income of RMB11.3 million, RMB12.6 million and RMB16.5 million. Government subsidies and economic incentives supporting renewable energy technologies, which form part of the broader ESS ecosystem, may be reduced, withdrawn, amended or allowed to expire in the markets in which we operate. We may not be able to continue to enjoy similar government grants and preferential tax treatment in the future as they are non-recurring in nature. The discontinuation of any of our government grants or current tax treatments could adversely impact our net income and materially increase our tax obligations. Government grants and preferential tax treatments are subject to review of authorities and may be adjusted or revoked at any time in the future. We cannot guarantee that government grants and preferential tax treatments to which we and certain of our subsidiaries are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not change their position and discontinue any of our current tax treatments, potentially with retrospective effect.

We recorded net current liabilities as of December 31, 2025, and net losses and net cash outflows from operating activities in 2023 and 2024, and we may experience such circumstances in the future.

As of December 31, 2025, we recorded net current liabilities of RMB494.6 million. In addition, we incurred loss for the year of RMB182.3 million and RMB377.7 million in 2023 and 2024, respectively; we recorded net cash used in operating activities of RMB213.5 million and RMB377.0 million in 2023 and 2024, respectively. We cannot assure you that we will not record net current liabilities, net losses or net operating cash outflows in the future. If we record net current liabilities, net losses or net operating cash outflows in the future, we may not have sufficient working capital to cover our operating costs and we may have to fund our operations through bank borrowings or other financing arrangements on unfavorable terms, resulting in increased finance costs. Also, we may not be able to meet our payment obligations, including our trade and other payables, in a timely manner. As a result, our business, financial position and results of operations could be materially and adversely affected.

The preferential tax treatments granted by the PRC government may become unavailable.

We and certain of our PRC subsidiaries are subject to the PRC EIT at a statutory rate of 25%. Several of our subsidiaries were accredited as "High and New Technology Enterprises" or otherwise qualified for a preferential income tax rate of 15% in accordance with relevant PRC regulations.

There is no assurance that these preferential tax treatments will continue in the future, or that our subsidiaries will be successful in renewing such status upon expiry. If preferential status is not renewed or is withdrawn, the relevant subsidiaries would be subject to the standard 25% enterprise income tax rate, which could increase our overall tax burden and reduce net profits. In addition, changes in PRC or overseas tax law, administrative practices, or interpretations by relevant tax authorities could materially affect our income tax expense, effective tax rate, and overall results of operations. We cannot guarantee that future legislation or implementation will not detract from our current tax advantages or retrospectively impact benefits we currently receive.

Failure to adequately manage our inventory could adversely affect our business, financial condition and results of operations.

To support our operations and meet customer demand, we must maintain appropriate inventory levels. We determine inventory levels based on historical sales, customer orders, demand forecasts, supply chain capacity and raw material price trends, but actual market demand may change materially between order placement and delivery. However, due to the potential fluctuations in raw material price, the lead time between demand forecasting, production planning and final sale to end customers and the inherent difficulty of accurately forecasting demand, inventory management involves significant uncertainty.

We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the customer demand, we may experience inventory obsolescence and inventory shortage risk. We have in the past experienced, and may in the future experience, excess inventory that needs to be sold on less favorable terms as a result of significant fluctuations in raw material prices and inaccurate assessments of customer demand, which may result in inventory write-downs. See "Financial Information — Our Gross Loss in 2024" for details. As of December 31, 2023, 2024 and 2025, our inventories were RMB812.5 million, RMB511.1 million and RMB781.1 million, respectively. During the years ended December 31, 2023, 2024 and 2025, we recorded impairment loss of inventories of RMB50.6 million, RMB84.6 million and impairment reversal of inventories of RMB10.0 million, respectively, in connection with the sales of certain legacy inventory. This could require us to sell inventory at discounted prices, adversely affecting our profitability. On the other hand, if we underestimate the demand for our products, we may not be able to have a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

We may not be able to timely fulfill our obligations in respect of contract liabilities to our customers or at all.

Our contract liabilities primarily represent advance payments received from customers. As of December 31, 2023, 2024 and 2025, our contract liabilities totaled RMB51.6 million, RMB40.2 million and RMB85.5 million, respectively. The recognition of these contract liabilities as revenue is subject to our future performance of contractual obligations. The continued operation of our production facilities may be substantially interrupted and materially and adversely affected due to a number of factors, many of which may be beyond our control. As a result of disruption to any of our production facility or any problems in manufacturing our products, we may fail to fulfill our contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based compensation.

We have adopted share incentive schemes for the benefit of our Directors, senior management and key employees who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of our Group. See "Appendix IV — Statutory and General Information — Share Incentive Plan" for details. To further incentivize our Directors, senior management, key technicians and key employees, we may pay additional share-based payment in the future. Issuance of Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Such share-based payments may also increase our expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in the markets in which we operate could have a material adverse effect on our business and results of operations.

Substantially all of our operations are located in the PRC. As a result, our results of operations, financial condition and prospects are substantially affected by economic, political, social and legal developments in the PRC. In general, the PRC government regulates its economy and related industries through the implementation of industrial policies, and regulates the macro-economy of the PRC through fiscal and monetary policies. The PRC government has also exerted a significant impact on China's economic growth through strategic resource allocation, control of foreign currency denominated debt payments, monetary policy and preferential treatment for specific industries or companies. Any significant changes in the PRC government's policies or Chinese laws could have a material impact on China's overall economic growth. Although China's economy has grown significantly over the last few decades, its growth rate has slowed down in recent years. Due to the current economic, political, social and regulatory developments, it may be difficult for us to predict all the risks and uncertainties we may face, and a slowdown of China's economy may have a material adverse effect on our business and results of operations, in particular: (i) during a period of economic slowdown, there is a greater likelihood that more of our customers or contractual parties could become delinquent in respect of their obligations to us; (ii) we may not be able to raise additional capital on favorable terms, or at all; or (iii) trade and capital flows may further contract as a result of protectionist measures introduced in certain markets, which could cause a further slowdown in economies and materially and adversely affect our business and prospects.

In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the PRC's renewable industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to the changes in the macroeconomic conditions. Any future calamities, such as natural disasters, the outbreak of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect economic growth in the PRC, Asia and elsewhere in the world.

As such, if the PRC's economy experiences significant adverse developments or a significant downturn, our business, financial condition and results of operations would be materially and adversely affected.

Uncertainties with respect to the legal system for certain geographic markets could limit the legal protections available to you and us.

There is inherent unpredictability in the legal systems of the markets where we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion by refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third-party conduct, or threats aimed at extracting payments or benefits from us.

It is also possible that new laws and regulations are adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could impact our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations. Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the whole industry and affect our business, financial condition, and results of operations.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings 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 emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed 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-listed companies.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, and failure to comply with which may materially affect our business, results of operations or financial conditions.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial conditions and business prospects.

We are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Payment of dividends, if any, will be subject to relevant regulations. See "Regulatory Overview — Regulations Relating to Foreign Exchange and Overseas Investment" for details.

We are a Chinese mainland enterprise, and we are subject to the PRC tax on our global income. As such, any gains on the sales of H Shares and dividends on the H Shares may be subject to the Chinese mainland income taxes.

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

As of December 31, 2025, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese mainland resident individuals on the sale of shares of the Chinese mainland resident enterprises listed on overseas stock exchanges. As advised by our PRC Legal Adviser, in practice, Chinese tax authorities have not yet levied individual income tax on gains derived by non-Chinese mainland resident individuals from the transfer of shares of domestic enterprises listed overseas. However, it cannot be ruled out that, following the implementation of relevant laws and regulations and adjustments in tax administration practices, income derived by non-Chinese mainland resident individuals from the transfer of H shares is subject to taxation. If the Chinese mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-Chinese mainland resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence do not have tax treaties or arrangements with the Chinese mainland may not qualify for benefits under such tax treaties or arrangements.

It may be difficult to effect service of process or to enforce any judgments obtained from non-PRC courts against us or our management residing in the PRC.

We are a company incorporated under the PRC laws, and a majority of our assets are located in the Chinese mainland. In addition, most of our Directors and senior management reside in the PRC. As a result, it may be complex for investors to effect service of process outside the Chinese mainland upon us, our Directors or senior management or to enforce judgments obtained against us in courts outside the Chinese mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the Chinese mainland only if the jurisdiction has a treaty with the Chinese mainland or if the jurisdiction has been otherwise deemed by the courts of the Chinese mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the Chinese mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in the Chinese mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and their liquidity and [REDACTED] may be volatile.

Prior to this [REDACTED], there has been no public market for our Shares. The initial [REDACTED] for our Shares will be the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] for our Shares following this [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the [REDACTED] on the Stock Exchange. There is no assurance that this [REDACTED] will result in the development of an active, liquid public [REDACTED] market for our Shares.

Holders of our Shares are subject to the risk that the price of our Shares could fall during the period before [REDACTED] of our Shares begins.

The determination of the [REDACTED] for our Shares is anticipated to take place on the [REDACTED]. Nevertheless, our Shares will not begin [REDACTED] on the Stock Exchange until delivery is completed. Therefore, investors may be unable to sell or transact in our Shares during this interim period. The value and [REDACTED] activity of the Shares may be subject to significant volatility. Various factors, including changes in our revenue, net profits, cash flow, announcements about new investments, strategic partnerships, acquisitions and fluctuations in [REDACTED] of our products or those of competitors, may all lead to considerable shifts in the [REDACTED] of our Shares. Such events could result in abrupt and marked changes in both their price and [REDACTED]. We cannot guarantee that these circumstances will not arise in the future. As a result, holders of our Shares should be aware of the risk that, owing to unfavorable market conditions or other negative events occurring between the sale and the commencement of [REDACTED], the price of our Shares could decline prior to [REDACTED].

Future sales or perceived sales of substantial amounts of our Shares in the public market could negatively affect the price of our Shares and our ability to raise additional capital in the future.

The [REDACTED] of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, the issuance of new shares or other securities or the perception that such sales or issuances may occur. Future sales, or perceived 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. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

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

Future sales or major divestment of Shares by our Controlling Shareholders may materially and adversely affect the prevailing [REDACTED] of our Shares.

Our Shares held by our Controlling Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed "[REDACTED]" in this document. However, we cannot assure you that after the restrictions of the lock-up periods expire, our Controlling Shareholders will not dispose of any Shares. The sale of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our Shares.

Our Controlling Shareholders have substantial influence over the Company, and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will be entitled to exercise approximately [REDACTED]% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

While dividends may be paid out of distributable profits under our Articles of Association, no dividends were distributed during the Track Record Period. Distributable profits mean our net profits for a period, plus the distributable profits or net of accumulated losses, if any, at the beginning of such period, less statutory reserve fund appropriations to the general risk reserve, transaction risk reserve, and discretionary surplus reserve (as approved by our shareholders' meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our shareholders, even if our financial statements prepared in accordance with IFRSs indicate that our operations have been profitable.

Furthermore, any future determination of dividends will also depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, capital adequacy ratio, operating and capital expenditure requirements and other factors that our Board may consider relevant. We cannot assure you that the factors we take into consideration will not change in the future.

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

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

Investors should read the entire document carefully and should not rely on information from other sources.

Prior to the publication of this document, there may have been coverage in the media regarding us, the [REDACTED] or our Controlling Shareholders, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.