*An **[REDACTED]** in our Shares involves various risks. You should carefully consider all the information in this Document and in particular the risks and uncertainties described below before making an **[REDACTED]** in our H Shares. The following is a description of what we consider to be our material risks. The occurrence of any of the following risks could materially and adversely affect our business, financial condition and results of operations. If any of these events occurs, the **[REDACTED]** of our Shares could decline and you may lose all or part of your **[REDACTED]**.*

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to timely and cost-effectively develop advanced technologies and offerings that satisfy evolving requirements, our business and financial performance would be materially harmed.

Our future business development and competitive position depend largely on our ability to continuously develop and commercialize advanced technologies and offerings that meet evolving customer requirements, industry standards and application needs. The development of new technologies and offerings involves inherent uncertainties and risks, including technical feasibility challenges, extended development cycles, cost overruns, difficulties in achieving expected performance or reliability targets and delays in commercialization. In addition, changes in customer preferences, application scenarios, industry standards or regulatory requirements may require us to modify existing technologies or develop new offerings within limited time frames, which may further increase development complexity and costs. If we fail to timely develop, optimize or commercialize advanced technologies and offerings in a cost-effective manner, or if our new products do not achieve market acceptance or meet customer expectations, our competitiveness, customer relationships and market share may be adversely affected.

The industry is highly competitive, and we may not compete effectively.

The industrial-grade 3D printing integrated solutions industry is competitive and rapidly evolving. We face competition from domestic and international industrial-grade 3D printer manufacturers, material suppliers, integrated solution providers and alternative manufacturing technologies that customers may adopt for certain applications. The industrial-grade 3D printing integrated solutions market size increased from RMB72.9 billion in 2021 to RMB93.6 billion in 2025, representing a CAGR of 6.4% from 2021 to 2025. The overall market size is expected to reach RMB153.9 billion by 2030, representing a CAGR of 10.5% from 2025 to 2030. See "Industry Overview — Overview of Industrial-grade 3D Printing Integrated Solutions Industry."

Competition is driven by factors including printing accuracy and consistency, system stability and reliability, materials compatibility, process repeatability, application adaptability, product breadth, pricing, after-sales service and customer relationships. For production-oriented industrial applications, customers increasingly demand batch consistency, long-term operational stability and integration with existing manufacturing processes, raising the competitive threshold for solution providers. In addition, some competitors may have greater financial resources, longer operating histories, broader product portfolios or more established customer bases, enabling heavier R&D investment, more competitive pricing or more comprehensive service support. Some customers may also build in-house 3D printing capabilities or consolidate suppliers, reducing demand for third-party industrial-grade 3D printing integrated solutions. As competition intensifies and customer requirements evolve, we may face pressure on pricing and margins, challenges in customer retention or difficulty expanding market share in certain applications, any of which could adversely affect our operating results.

We have made, and expect to continue making, significant investments in research and development, which may negatively affect our profitability and operating cash flow, and there is no guarantee that these investments will achieve the desired outcomes.

We have made, and expect to continue making, substantial investments in research and development to support product iteration and address evolving customer requirements and application needs in our business. During the Track Record Period, our research and development expenses amounted to RMB47.7 million, RMB53.8 million and RMB51.4 million in 2023, 2024 and 2025, respectively, representing 9.2%, 10.3% and 9.1% of our revenue for the respective years. Such investments typically involve substantial upfront costs and extended development cycles, and may place pressure on our profitability and operating cash flow, particularly in periods before meaningful commercial returns are generated.

The outcomes of our research and development efforts are inherently uncertain. Development projects may encounter technical challenges, delays in commercialization, higher-than-expected costs or difficulties in achieving expected performance or customer acceptance. In addition, rapid technological changes or shifts in application demand may reduce the commercial relevance of certain development initiatives, which could limit the returns on our research and development investments.

We cannot guarantee that our growth strategies will be successfully implemented or achieve expected results.

Our growth initiatives encompass a range of strategic measures aimed at expanding our business scope and strengthening our market position. Successful execution depends on factors such as market demand, competitive dynamics, technology development, availability of qualified personnel, supply-chain stability and our operational execution capabilities. There is no assurance that these initiatives will be completed on schedule, within budget or with the anticipated commercial or operational outcomes. Adverse changes in market conditions, customer preferences or the competitive environment, or operational setbacks in execution, could require adjustments to our strategies or prevent them from delivering expected benefits, thereby slowing or impairing our business expansion.

We incurred net loss and our gross profit margin historically fluctuated during the Track Record Period.

We recorded net loss of RMB29.0 million, RMB84.8 million and RMB31.4 million in 2023, 2024 and 2025, respectively. Adjusted by non-IFRS measures, we recorded an adjusted net profit/(loss) of RMB14.6 million, RMB(42.1) million and RMB10.6 million in 2023, 2024 and 2025, respectively. Our gross profit margin decreased from 29.7% in 2023 to 23.2% in 2024, and subsequently increased to 29.2% in 2025. A net loss position can expose us to liquidity risk, in which case our ability to raise funds, obtain bank loans and declare and pay dividends could be affected.

Our profitability depends on a number of factors, including our ability to expand our customer base, broaden our product and service offerings, implement effective pricing strategies, manage direct material costs, conduct cost-efficient sales and marketing and enhance operational efficiency. In addition, the fluctuation of macroeconomic conditions, changes in customer demand, shifts in the industry landscape, increased competition, or investment, acquisition or capital expenditure activities, could reduce our revenue and significantly increase our costs and expenses. If we are unable to generate sufficient revenue to offset such costs and expenses or effectively manage our cost structure, we may continue to incur significant losses and may not improve our liquidity.

We had net current liabilities, net liabilities and recorded net operating cash outflows during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

We had net current liabilities of RMB276.0 million, RMB334.4 million and RMB225.4 million as of December 31, 2023, 2024 and 2025, respectively. We also had net liabilities of RMB27.0 million and RMB58.2 million as of December 31, 2024 and 2025, respectively. Our net liabilities were primarily due to the redemption liabilities, which amounted to RMB515.9 million, RMB588.4 million and RMB580.5 million in 2023, 2024 and 2025, respectively. Significant net current liabilities and net liabilities may limit our financial flexibility and restrict our ability to support business growth. We recorded cash used in operating activities of RMB69.4 million in 2024. See "Financial Information — Liquidity and Capital Resources — Net Cash Generated from/(Used in) Operating Activities." We cannot assure you that we will be able to consistently generate positive cash flows from operating activities in the future. If we continue to record net current liabilities or net liabilities or net operating cash outflows, we may face liquidity pressure and constrained working capital, which could impair our ability to obtain external financing, secure bank borrowings and declare or pay dividends, and thereby materially and adversely affect our business operations and financial condition.

Our future liquidity depends on our ability to consistently generate sufficient cash inflows from operating activities and to access external financing, including through the issuance of securities or incurrence of debt. Such financing may not be available on acceptable or commercially reasonable terms, or at all. If we are unable to secure adequate funding on a timely basis, we may face difficulties in meeting our payment obligations and supporting our business expansion. As a result, our business, results of operations and financial condition could be materially and adversely affected.

We are exposed to risks arising from shortages or cost increases of key raw materials and components, which could materially and adversely affect our business operations, financial condition, results of operations and future prospects.

Our printing equipment, materials and service operations depend on the stable and timely supply of key raw materials and components. In particular, our industrial-grade 3D printing equipment involves precision parts and components that may have limited qualified suppliers and may be subject to long lead times, while our application-oriented materials, including photopolymer resin materials and, where applicable, metal powder materials, rely on upstream inputs whose availability and pricing may fluctuate. In 2023, 2024 and 2025, our direct material costs included in cost of sales were RMB221.4 million, RMB231.6 million and RMB237.4 million, respectively, representing 61.1%, 57.8% and 59.6% of our total cost of sales for the respective years. Any significant disruption in supply, extended lead times or substantial increase in the cost of key inputs, whether due to global supply shortages, supplier capacity constraints, geopolitical events, trade restrictions, transportation disruptions or other unforeseen factors, may lead to production delays, increased manufacturing costs or an inability to fulfill customer orders on schedule.

In addition, fluctuations in the prices of key raw materials and components may increase volatility in our cost structure and margins, particularly where we are unable to pass through cost increases to customers in a timely manner due to competitive conditions or customer pricing expectations. Supply issues may also create operational risks beyond pricing, including the need to qualify alternative suppliers, redesign or validate configurations or increase safety stock, which may require additional time, working capital and engineering resources. Further, where suppliers fail to meet required specifications or consistency standards, quality defects may be difficult to identify at a stage and may only become apparent during later production, acceptance testing or after delivery, potentially resulting in rework, higher scrap rates, delivery delays, customer claims or additional warranty and service costs, which may undermine delivery performance and customer relationships.

Any unexpected disruption to our production facilities could adversely affect our delivery capability and operational efficiency.

Our manufacturing activities are conducted at our sites in China, which are responsible for the manufacturing, assembly and quality control of our 3D printing equipment, materials and related production services. Consequently, our ability to fulfill customer orders, maintain production schedules and respond to market demand depends heavily on the continuous and uninterrupted operation of these facilities.

The smooth functioning of our production sites relies on the availability of skilled personnel, a stable supply of components and utilities, effective equipment maintenance and adherence to applicable safety and environmental regulations. Our facilities are exposed to various risks, including natural disasters, industrial accidents, equipment malfunctions, power or utility outages, supply-chain disruptions, labor shortages and other unforeseen events.

Any significant interruption, suspension or shutdown at our production facilities could lead to delayed order fulfillment, reduced production efficiency, increased operating costs and potential loss of revenue. Given the specialized nature of our manufacturing processes, proprietary equipment and matched material formulations, we may have limited ability to rapidly relocate or replace affected production capacity in the short term. Such disruptions could also damage our reputation, erode customer confidence and result in missed business opportunities. In addition, the costs required to repair or replace damaged facilities, equipment or inventory could be substantial and may materially affect our financial condition and operating results.

We engage third-party manufacturers to carry out certain production tasks.

As part of our manufacturing and capacity management strategy, we may engage qualified third-party manufacturers to execute specified production activities in accordance with our technical specifications, quality standards and production requirements, while we retain responsibility for core design, system integration, final testing and overall quality assurance. Using third-party manufacturers exposes us to risks associated with their production capacity, operational stability, workforce availability, quality control processes and adherence to applicable laws and regulations.

If third-party manufacturers fail to meet required quality standards, delivery timelines or compliance obligations, or if their operations are disrupted by capacity constraints, equipment failures, regulatory actions or other unforeseen events, we could experience production delays, higher manufacturing costs, increased defect rates or the need for rework or alternative production arrangements. Transferring production between third-party manufacturers or moving activities in-house may require time for validation and additional resources, which could adversely affect delivery performance and operational efficiency.

Our production expansion plans and our ability to maintain optimal capacity utilization may face delays, disruptions or cost overruns, and may not deliver the expected benefits, any of which could materially and adversely affect our business and financial condition.

We may pursue capacity expansion, consolidation or equipment upgrades to support growth across our equipment, materials and service businesses. Such initiatives involve inherent risks and uncertainties, including site selection and construction, equipment procurement and installation times, regulatory approvals, workforce recruitment and training, and potential cost overruns. Delays or disruptions in these areas could postpone the availability of additional capacity and increase capital expenditures and operating costs beyond expectations. In addition, anticipated benefits such as improved efficiency, higher output or lower unit costs may not be realized if actual utilization falls short due to weak market demand, changes in customer order timing or shifts in product mix.

Our profitability also depends on maintaining appropriate utilization of existing production capacity, which entails significant fixed costs, including manufacturing overhead, labor, depreciation and energy. As a result, fluctuations in order volumes or timing may have a disproportionate impact on unit costs and margins. Prolonged underutilization could lead to higher per-unit manufacturing costs, inventory accumulation and reduced gross margins, while demand surges that exceed our capacity could result in bottlenecks, longer lead times or increased reliance on third-party manufacturers. Achieving optimal capacity utilization requires accurate demand forecasting, effective production planning and close coordination across procurement, manufacturing and delivery, and any failure in these areas could materially impair our operating performance and financial condition.

Products that fail to meet their specifications or are defective could lead to safety issues, product recalls, liability claims or loss of business.

Our products are deployed in industrial production environments where stability, safety and reliability are critical. If a product fails to meet specifications, quality standards or customer requirements, or contains design, manufacturing or material defects, it can cause safety incidents, product returns, recalls, repair or replacement obligations, and damage claims. Defects can also stem from manufacturing process deviations, substandard components, misuse, or problems when products are integrated into customers' systems. These incidents would expose us to liability, regulatory enforcement, contractual penalties and higher warranty and after-sales costs, and could materially damage customer trust and our brand. As a direct result, customers may cut or halt purchases, delay production adoption or demand additional validation and testing, any of which would reduce order volumes and slow business growth.

If we fail to retain our existing customers or attract new customers, our business, financial condition and results of operations could be materially and adversely affected.

Our business depends on maintaining long-term relationships with existing customers and expanding our customer base in targeted applications. During the Track Record Period, the total number of our key customers was 172, 187 and 161 in 2023, 2024 and 2025, respectively, and our key customer retention rates for the respective years were 47.1%, 47.7% and 43.3%, respectively. Purchasers of industrial-grade 3D printing integrated solutions typically undergo lengthy evaluation and qualification processes and often require extensive testing, pilot projects and customization before ordering. Consequently, customer acquisition may involve long sales cycles and substantial upfront investments in technical support, application development and after-sales services, without assurance that these efforts will convert into orders.

Existing customers may reduce or stop purchasing for reasons such as changes in procurement strategy, budget constraints, production plan adjustments, adoption of alternative manufacturing technologies, or dissatisfaction with product performance, service responsiveness or total cost of ownership. Some may also diversify suppliers, demand deeper price concessions or develop in-house capabilities, which can limit repeat orders or reduce volumes. If we cannot retain key customers, shorten conversion cycles or acquire new customers and applications at acceptable cost, we may face slower revenue growth, higher sales and service expenses, increased customer concentration or underutilized capacity, any of which could materially impair our operating efficiency and financial performance.

Failure to maintain high standards of technical support, customization and ongoing service could materially weaken our customer relationships.

Our industrial-grade 3D printing integrated solutions are deployed in production environments and routinely require sustained, high-quality technical support and tailored services throughout the product life cycle. Customers depend on us for application-specific configuration, system integration, process optimization, troubleshooting, validation and timely after-sales support. If we do not deliver consistent, prompt and effective support or fail to provide the level of customization customers require, their confidence in our solutions and satisfaction will decline.

Delivering this level of service depends on having skilled field engineers and application specialists, documented processes for rapid escalation and resolution, spare parts and logistics capacity, and tight cross-functional coordination among sales, engineering, production and after-sales teams. Shortages of qualified personnel, slow response times, uneven service quality, poor spare-parts availability or inadequate coordination can cause project delays, extended commissioning times, increased downtime for customers and higher warranty costs. These failures can reduce repeat orders, slow customer adoption of our systems in production, increase churn and damage our reputation, all of which would negatively affect order conversion, revenue growth and long-term customer retention.

Our reliance on third-party suppliers for production materials and services may expose us to risks relating to supply chain disruptions, quality control or non-compliance, which may harm our business.

We rely on third-party suppliers to provide various production materials, components and supporting services used in our equipment, materials and service operations. In 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period were RMB130.7 million, RMB137.6 million and RMB119.0 million, respectively, accounting for 36.6%, 43.3% and 34.8% of our total purchases, respectively. In the same years, purchases from our largest supplier in were RMB64.5 million, RMB67.5 million and RMB54.9 million, accounting for 18.1%, 21.2% and 16.1% of our total purchases, respectively. Certain suppliers may be limited in number or have specialized capabilities, and the stability of their operations and business strategies is subject to factors beyond our control. Any deterioration or termination of relationships with key suppliers, interruptions in their operations, capacity constraints or changes in their pricing or delivery terms may disrupt our supply chain and production planning.

In addition, suppliers may fail to meet our required specifications, consistency standards or compliance requirements, and quality issues may not be immediately identifiable and may only become apparent during later stages of production, testing or after delivery. Identifying and qualifying alternative suppliers can be time-consuming and may involve additional validation and customer acceptance processes. These factors may result in production delays, increased costs, higher defect rates or additional after-sales service requirements, and may affect delivery performance and customer relationships.

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

During the Track Record Period, certain of our customers settled transactions with us through the accounts of third parties designated by such customers (the "Third-party Payment Arrangements"). In 2023, 2024 and 2025, the aggregate amounts of payments under these Third-party Payment Arrangements amounted to RMB4.6 million, RMB9.5 million and RMB8.5 million, respectively, representing approximately 0.9%, 1.8% and 1.5% of our total revenue for the respective year. As advised by our PRC Legal Advisor, these Third-party Payment Arrangements did not violate mandatory provisions of PRC laws. See "Business — Risk Management and Internal Control — Third-Party payment Arrangements."

We are subject to various risks relating to such Third-party Payment Arrangements. For example, we may be exposed to potential claims from third-party payors for return of funds on the basis that they were not contractually indebted to us, as well as potential claims from liquidators of such third-party payors. In the event that any such claims are brought against us, or legal proceedings are instituted in connection with demands for refund or return of third-party payments or alleged non-compliance with applicable laws and regulations, we may be required to devote significant financial and managerial resources to defend against such claims and proceedings, and may be required to comply with any adverse court rulings, including returning payments received for products sold.

In addition, we cannot assure you that the measures we have implemented to mitigate risks associated with Third-party Payment Arrangements will be effective. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We engage distributors in our sales channel, and any failure to effectively manage such distributors may adversely affect our sales and market development in certain regions.

We engage distributors as a supplementary sales channel for our printing equipment to reach end-user customers across a range of industries. This distribution model enables us to broaden our market coverage and respond more efficiently to localized demand, but it also introduces certain risks that could impact our business and financial results. As of December 31, 2023, 2024 and 2025, we cooperated with 30, 35 and 43 distributors, respectively. In 2023, 2024 and 2025, revenue generated from sales to those distributors amounted to RMB30.0 million, RMB27.1 million and RMB37.3 million, respectively, accounting for 5.8%, 5.2% and 6.6% of our total revenue for the corresponding year. If distributors fail to promote or sell our products effectively, reduce or stop orders due to market shifts, competitive pressure or internal issues, our sales volumes and market access could suffer. Loss of key distributors or a significant drop in orders could limit our ability to reach end customers and materially reduce revenue.

Distributors manage inventory independently based on their demand assessments. Excess inventory can lead to holding costs, liquidity strain or obsolescence and reduce their willingness to place new orders; insufficient inventory can cause missed sales or delivery delays. We may lack real-time visibility into distributors' inventory and sell-through, which can lead to order volatility, destocking and irregular purchasing, adversely affecting revenue stability and production planning. If distributors face financial difficulties, exit the network or attribute poor performance to our products or approach, our distributor relationships and market reputation could be harmed. Any sustained instability in the distributor network could compromise sales channels and materially impair our operating results and financial condition.

We are subject to credit risk related to delays in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

We are exposed to credit risks related to delays in payments and defaults of our customers. As of December 31, 2023, 2024 and 2025, our trade and bills receivables (including long-term trade receivables) amounted to RMB292.2 million, RMB330.6 million and RMB344.5 million, respectively. The loss allowance for impairment of our trade and bills receivables (including long-term trade receivables) amounted to RMB5.2 million, RMB10.5 million and RMB12.8 million as of December 31, 2023, 2024 and 2025, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Current Assets and Liabilities — Trade and Bills Receivables." In addition, in the ordinary course of business, we may extend payment terms and installment arrangements to our customers to secure their orders.

We may not be able to collect all such receivables due to factors beyond our control, including prolonged payment cycles of certain customers, adverse operating conditions or financial difficulties of customers, and customers' inability to pay caused by delays in payment from their own end users. We have historically recognized impairment losses and written off certain receivables in connection with reassessing their recoverability and optimizing our customer portfolio. We remain exposed to credit risks from potential payment delays or defaults by our customers. If we experience further delays or defaults, we may be required to make additional impairment provisions or write-offs. As a result, our liquidity, financial condition and results of operations could be materially and adversely affected. Payment delays or defaults could also result in slower turnover, increased working capital requirements and liquidity pressure. Disputes arising from payment defaults may be time-consuming and costly, and recovery may not always be successful.

If we are unable to attract, hire, retain and motivate our senior management, key engineers and employees, our business may be harmed.

Our business and future development depend significantly on the continued service of our senior management and key technical personnel, including experienced engineers with expertise in industrial-grade equipment, materials, software and application development. Competition for qualified management, engineering and technical talent in our industry is intense, and we may face challenges in attracting and retaining personnel with the required experience and skill sets, particularly as our business expands or our technological requirements evolve.

The loss of any members of senior management or key technical employees, or difficulties in recruiting suitable replacements in a timely manner, may disrupt our operations, slow product development, affect customer support or delay the execution of business initiatives. In addition, if we are unable to effectively motivate and retain our employees through competitive compensation, career development opportunities and incentive arrangements, we may experience increased employee turnover, which could affect organizational stability, execution efficiency and knowledge continuity.

Labor relations, talent acquisition and rising workforce costs may materially affect our operations and financial performance.

Our operations depend on the continued availability of qualified employees. Competition for skilled personnel, particularly experienced engineers and technical staff, may be intense, and we may face challenges in attracting, retaining and motivating such employees on commercially reasonable terms. In addition, rising labor costs, changes in compensation structures, statutory social insurance and benefits obligations, or evolving labor regulations, may increase our operating expenses.

Any deterioration in labor relations, higher-than-expected employee turnover or difficulties in recruiting suitable personnel in a timely manner may disrupt our operations, slow product development, affect production efficiency or weaken customer support capabilities. These factors may increase management complexity and costs and affect our ability to execute business plans and maintain stable operational performance.

Any failure by third parties with whom we conduct business to comply with regulatory standards and requirements may disrupt our operations, damage our reputation and adversely affect our results of operations.

We cooperate with various third parties in the ordinary course of our business, including suppliers, distributors, logistics providers, third-party manufacturers and other business partners. If any third party fails to comply with applicable laws, regulations, contractual terms or customer-imposed standards, such as product safety, environmental, export-control, workplace safety, data-security or quality requirements, their non-compliance could disrupt our operations, damage our reputation and materially harm our results of operations.

Consequences may include delayed or halted deliveries, production stoppages, failed customer qualifications, regulatory investigations, fines, import/export restrictions and contractual liabilities. Remediation could require supplier requalification, product redesign, sourcing alternatives and increased monitoring and audit costs. These outcomes could raise operating expenses, delay shipments, reduce revenue and impair our ability to enter or remain in certain markets. Third-party compliance requires oversight and contingency planning; failures in these controls could materially and adversely affect our business.

Our business is subject to risks associated with international operations.

Our international business may be affected by changes in political and economic relations between countries, sanctions and export controls imposed by government authorities, as well as other geopolitical challenges, including but not limited to economic and labor conditions, increased tariffs, taxes, export restrictions and other trade protection measures. During the Track Record Period, our products sold to customers outside the Chinese mainland were primarily concentrated in strategic markets across Asia Pacific, Europe and the Americas. In 2023, 2024 and 2025, revenue from overseas markets amounted to RMB48.1 million, RMB48.3 million and RMB80.8 million, respectively, representing 9.3%, 9.3% and 14.3% of our total revenue for the respective years.

Trade barriers may affect the profit margins of our product sales, weaken the price competitiveness of our products and suppress customer demand. Since early 2025, the US government has implemented a series of tariffs on imports from China. On February 20, 2026, the U.S. Supreme Court ruled that the tariffs exceeded the U.S. President's statutory authority and the U.S. President issued an executive order ending those tariffs with immediate effect. On the same day, the U.S. President issued a proclamation imposing a temporary 150-day, 10% ad valorem duty on all imported articles under Section 122 of the Trade Act of 1974 (as amended) ("**Section 122 Tariffs**"), effective February 24, 2026. These tariff policies, including the current Section 122 Tariffs, remain subject to rapid changes. We cannot predict the potential impacts of developments in such policies, including but not limited to the Section 122 Tariffs on our business. If we, our suppliers or other partners are negatively affected by tariff policies, our business, financial condition and results of operations may deteriorate. Furthermore, we also export our products to other markets, such as Europe. Any increase in tariffs imposed by other jurisdictions where we conduct our business would render our products more expensive and may lead to retaliatory tariffs. There is also a significant risk of supply chain disruptions, as tariff-burdened products from other parts of the world may be redirected to other markets. These developments, or the perception that any of them could occur, may reduce levels of international trade, investment, technological exchange and other economic activities. They might also lead to changes in political and economic relations between countries, sanctions, export controls and other geopolitical issues. These developments have created a dynamic and unpredictable trade landscape, which may adversely impact our business, financial condition, results of operations and prospects.

As sanctions, trade and export control laws and regulations continue to expand and evolve, future sanctions and export controls may affect or target some of our customers or suppliers, or the raw materials, key components and technologies necessary for our operations. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be adversely affected.

We could be adversely affected as a result of our sales in countries that are subject to evolving economic sanctions by the United States, the European Union, the United Nations and other relevant sanctions authorities.

The United States, European Union, United Kingdom, Australia and the United Nations, have implemented economic sanctions targeting certain sanctioned countries and/or persons/entities. These sanctions programs are reviewed or amended by sanctions authorities from time to time, and new requirements or restrictions could come into effect which might increase scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions, or being sanctionable. If we were required to pay penalties as a result of any sanctions violations, or alter our business to prevent sanctions violations, it could adversely impact our results of operations.

During the Track Record Period, we sold 3D printing machines and materials to one customer located at Russia (excluding Crimea, Donetsk People's Republic, Luhansk People's Republic, Kherson, Zaporizhzhia regions). For the years ended December 31, 2023, 2024 and 2025, the relevant revenue amounted to RMB3.2 million, RMB1.8 million and RMB1.7 million respectively, which accounted for 0.6%, 0.3% and 0.3% of our total revenue for the corresponding periods, respectively. Taking into account that the relevant transactions were transacted in RMB, our Group does not employ U.S. persons outside the U.S., our U.S. subsidiary does not appear to be involved in any work that supports the relevant transactions, and we do not intend to continue any business relationship with any customers in Russia once our existing contract with the said Russian customer is complete, our International Sanctions Legal Advisors considers that the risk of our Group being sanctioned by The Office of Foreign Assets Control of the US Department of the Treasury ("**OFAC**") appears to be low.

We also opened a bank account with VTB Bank Shanghai Branch in 2024, and this bank account remains open as of the Latest Practicable Date. VTB Bank Shanghai Branch is on the list of persons of Specially Designated Nationals and Blocked Persons published by OFAC under US Sanctions Laws. The bank account is used solely for transactions related to Russian customers and will only be used for the purpose of receiving the outstanding payments settled in RMB. Our International Sanctions Legal Advisors is of the view that the existence of our VTB Bank account does not violate US Sanctions Laws as no US persons, such as US companies or banks, are involved in the transactions processed through this bank account. However, transacting with a blocked person is considered sanctionable and can result in us being sanctioned by the US government.

Further, in July 2022, prior to the Track Record Period, we entered into a one-off transaction for the sale of certain 3D printing equipment, accessories and associated services to a Kuwaiti company, for a total transaction amount of approximately USD78,600, where the equipment was subsequently installed in Syria. As advised by our International Sanctions Legal Advisor, the U.S. had comprehensive sanctions in place targeting Syria in 2022. Thus, the transaction likely violated U.S. sanctions laws as the transaction was settled in U.S. dollars, likely causing a U.S. bank to violate U.S. sanctions by causing it to facilitate this restricted transaction, and the 3D printing equipment was installed in Syria. Although the U.S. has relaxed its sanctions against Syria since 2025, under the applicable U.S. sanctions laws and regulations, the apparent violation may expose us to civil penalties and other regulatory consequences. A USD78,600 transaction violating the Syria Sanctions Regulations carries a maximum civil penalty of USD377,700 if the violation was not wilful, which is immaterial to our Group. However, current enforcement practice states that for civil violations that are not voluntarily reported and are not "egregious" based on the factors described in the Economic Sanctions Enforcement Guidelines at Appendix A to 31 CFR Part 501, the base amount of the proposed civil penalty is USD100,000 with respect to a transaction valued at USD50,000 or more but less than USD100,000. Our International Sanctions Legal Advisor has not received any indication from us that the violation was wilful or egregious and in the absence of any aggravating factors, the base penalty of USD100,000 would likely apply, which is immaterial to our Group.

Our Directors, having made all reasonable enquiries and based on the facts currently available to them and the advice of our International Sanctions Legal Advisor, believe that, if OFAC were to pursue civil enforcement action in relation to this matter, the case would more likely be assessed under the civil penalty framework applicable to a non-egregious apparent violation. The Directors have also confirmed that this transaction was a one-off transaction that took place prior to the Track Record Period, and the Group has no known prior history of enforcement action by OFAC. Also taking into account that the transaction amounts and the potential penalty are immaterial, our Directors consider that the above transactions and potential penalties would not have material adverse impact on the financial position or business of our Group.

Despite the above, and although we have undertaken measures to mitigate sanctions-related risks, including ongoing monitoring of business relationships in jurisdictions subject to sanctions, not engaging in any new projects or businesses in comprehensively sanctioned countries, and implementing ongoing monitoring and enhanced due diligence appropriate to mitigate potential sanctions risk, if we fail to implement these measures effectively, we may be subject to sanctions risks.

Also, our business and reputation could be adversely affected if the government of the United States, the European Union or the United Nations or any other governmental entity were to determine that any of our activities constitute a sanctions violation or if they designate our Company on any of the sanctioned party lists maintained by them. In addition, as many sanction programs are constantly evolving, new requirements or restrictions could come into effect, which might increase scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions, or being sanctionable.

We may be required to make additional contributions to the social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

Under PRC laws and regulations, we are required to make contributions to mandatory social insurance schemes and housing provident funds for our employees. During the Track Record Period, we engaged third-party agencies to make social insurance and housing provident fund contributions for a small number of employees on our behalf. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for certain employees as required by applicable PRC laws and regulations. We estimate that the shortfall of social insurance and housing provident fund contributions amounted to approximately RMB2.6 million, RMB3.9 million and RMB5.0 million in 2023, 2024 and 2025, respectively. See "Business — Employees — Social Insurance and Housing Provident Funds"

As advised by our PRC Legal Advisor, we may be required to make social insurance and housing provident fund contributions for our employees under our own accounts instead of through third-party accounts, and if the third-party agencies we engaged fail to fulfill their obligations to make social insurance and housing provident fund contributions for the relevant employees, or if such arrangements are challenged by relevant regulatory authorities we may be required to rectify the relevant non-compliance by paying outstanding contributions.

However, we cannot assure you that we will not be required in the future to pay the outstanding contributions or be subject to rectification orders, late payment surcharges or fines. If we are subject to complaints, investigations or enforcement actions relating to such non-compliance and are required to make additional contributions, late payments or fines, our labor costs could increase, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We lease properties in various locations, and any non-renewal of leases, substantial increase in rent or third-party challenges to our leasehold interests may adversely affect our business and financial performance.

As of the Latest Practicable Date, we leased a total of 18 properties in the Chinese mainland with an aggregate gross floor area of approximately 38,788 sq.m., primarily for production, research and development, office and warehousing purposes. As a result, our operations are subject to fluctuations in the property rental market. Prior to the expiry of each lease, we are required to negotiate renewal terms with the respective lessors. There is no assurance that our existing leases will be renewed on similar or favorable terms, or at all, particularly with respect to rental amounts and lease tenures. Any substantial increase in rent may lead to higher property rental and related expenses, which could materially and adversely affect our profitability. In addition, there is no assurance that our existing leases will not be terminated by the lessors prior to their expiry.

As of the Latest Practicable Date, 9 of our leased properties in China had not completed the lease registration and filing procedures. Under the relevant PRC laws and regulations, we may be required by the competent authorities to complete such registration within a prescribed period and may be subject to administrative fines ranging from RMB1,000 to RMB10,000 for each non-registered lease agreement if we fail to comply. As advised by our PRC Legal Advisor, such non-registration does not affect the validity or enforceability of the relevant lease agreements or our right to use the leased properties in accordance with the terms thereof. As of the Latest Practicable Date, we had not been required by the authorities to complete such registration, nor had we been subject to any penalties or disputes arising from such non-registration. Our PRC Legal Advisor is of the view that the above matters do not have a material adverse impact on our business operations. See "Business — Properties — Leased Properties."

We are subject to applicable laws, regulations, industry standards and customer compliance requirements, which may require ongoing compliance efforts and resources.

Our operations are subject to a complex and evolving landscape of laws, regulations, industry standards and contractual requirements that vary by jurisdiction, customer sector and application. These obligations cover product safety and quality, environmental protection, workplace health and safety, import/export controls, data protection and sanctions regimes. In addition, many customers, particularly those in regulated or security-sensitive industries, impose their own supplier standards, audits and certification processes that often exceed statutory requirements.

Compliance with these diverse and increasingly stringent requirements may require substantial investments in product design, testing, documentation, certification and internal controls, along with ongoing administrative efforts. Such measures can increase operating costs, extend product development and customer qualification timelines, and divert management attention from core commercial and R&D priorities. Any failure, or perceived failure, to comply could result in regulatory actions, fines, product recalls, loss of authorization, contractual liabilities or loss of customer qualifications. These outcomes could disrupt operations, harm our reputation and limit our ability to grow.

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

Our operations may require us to obtain, maintain and renew various licenses, permits, approvals and certifications in the jurisdictions where we conduct business, including those relating to production activities, product compliance, environmental protection, workplace safety and other regulatory matters. Such requirements may vary across jurisdictions and may be subject to change, additional conditions or heightened enforcement over time.

If we fail to obtain or maintain the necessary licenses or approvals in a timely manner, or if any such licenses or approvals are revoked, suspended or not renewed, we may be required to suspend or restrict certain operations, delay business expansion plans or incur additional compliance and remediation costs. In addition, certain customers may require specific qualifications or certifications as part of their supplier approval process, and any deficiencies in maintaining such qualifications may affect our ability to serve those customers or participate in certain projects.

Our handling of certain data is subject to privacy and cybersecurity laws and regulations, and non-compliance could adversely affect our business.

We are required to comply with data protection, privacy and cybersecurity laws and regulations in the PRC and other relevant jurisdictions in the ordinary course of our business. These laws are complex and subject to change, and their interpretation and enforcement may be uncertain. Our offerings do not involve large-scale or highly sensitive data collection, but we must still ensure that any data we collect, process, store or transmit is handled in accordance with applicable requirements.

Compliance may require ongoing investment in internal controls, technical measures, policies, supplier management and staff training. Any actual or alleged failure to comply with data protection or cybersecurity obligations, or any unauthorized access, use, disclosure, loss or breach of data (including incidents involving third-party service providers), could result in regulatory investigations, fines, contractual liabilities or reputational harm. In addition, increasing customer expectations regarding data security and privacy may raise our compliance costs, and any failure to meet such expectations could reduce customer confidence in our products and services, which may adversely affect our business prospects and long-term growth.

Any malfunction, failure, interruption or security breach of our operational systems, IT infrastructure or integrated software could disrupt our business and materially undermine customer trust in our solutions.

Our business depends on the reliable operation of operational and security systems, IT infrastructure and integrated software across our products, services and internal operations. Malfunctions, software defects, hardware failures, cyber incidents, security breaches or other interruptions can disrupt operations, degrade production coordination, delay service delivery and compromise the integrity, availability or accuracy of data used for decision-making and customer support. Perceived or actual weaknesses in system reliability or security, especially in production-critical deployments, can erode customer trust in our solutions. Remediation of failures or incidents often requires substantial management focus, time and expense. Prolonged or repeated disruptions could materially impair operational efficiency, damage customer relationships and harm our brand.

We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights.

Our business depends on our ability to establish, maintain, protect and enforce intellectual property and other proprietary rights in our equipment, materials, software and application technologies. We protect our intellectual property through patents, trademarks, copyrights, trade secret practices and confidentiality agreements. Nonetheless, IP protection is inherently uncertain and may be incomplete or unavailable in certain jurisdictions. We may be unable to prevent unauthorized use, disclosure or misappropriation of our proprietary technologies by competitors, former employees, suppliers or other third parties.

The scope of legal protection available for our inventions, designs and know-how may be limited, and enforcement of our rights may be costly, time-consuming and uncertain. If we cannot effectively secure or enforce our intellectual property rights, third parties could develop, manufacture or market competing products or technologies, diminishing the distinctiveness of our offerings and weakening our competitive position. Protecting our rights or defending against IP challenges could require significant litigation or licensing expenditures and management attention, any of which could materially and adversely affect our business, financial condition and results of operations.

If third parties claim that we infringe their intellectual property rights, we may incur liabilities and penalties, and may be required to redesign or suspend the sale of the relevant products or services.

The markets in which we operate involve complex and evolving technologies, and intellectual property rights held by third parties may overlap or conflict with our products, materials, software or application-related technologies. From time to time, we may be subject to claims, allegations or legal proceedings asserting that our products or services infringe, misappropriate or otherwise violate the intellectual property rights of third parties. Such claims may arise regardless of their merits and may be asserted by competitors, patent holding entities or other third parties.

Defending against intellectual property infringement claims may be costly and time-consuming and may require significant management attention. If any such claims are successful, or if we choose to settle, we may be required to pay damages or royalties, obtain licenses on unfavorable terms, redesign or modify products or suspend or restrict the sale of certain products or services. Any of these outcomes could disrupt our operations, adversely affect customer relationships and delay the commercialization or deployment of our products or services.

Expiration of, or changes to, certain government grants which we are entitled to could adversely affect our financial condition and results of operations.

We benefit from government incentives mainly for R&D activities, which have contributed to our financial performance. In 2023, 2024 and 2025, government grants recognized as other income amounted to RMB9.1 million, RMB11.2 million and RMB8.8 million, respectively. We also benefited from various types of preferential tax treatment under prevailing PRC tax laws. For example, we were recognized as a high and new technology enterprise and entitled to a preferential income tax rate of 15% instead of 25% during the Track Record Period. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax (Expenses)/Credits." Some of these incentives may be non-recurring, subject to periodic review or provided on a one-off basis, and there is no assurance that we will continue to receive or benefit from them in the future. Authorities may reduce, cancel or require repayment of previously granted incentives at any time. In addition, we may not be able to obtain new grants or preferential tax treatments as they become available. Any reduction, loss or inability to secure such government support could adversely affect our business, financial condition, results of operations and prospects.

If we fail to maintain appropriate inventory levels or effectively manage our inventory, we may experience lost sales opportunities or inventory overstock, which could adversely affect our financial condition and business operations.

Our inventories include contract fulfillment costs, raw materials, work in progress and finished goods. As of December 31, 2023, 2024 and 2025, our inventories were RMB103.3 million, RMB86.7 million and RMB97.2 million, respectively. We are required to meet stringent customer expectations regarding safety, reliability and delivery timelines, necessitating advance stocking to ensure stable supply. However, inaccurate forecasting of customer demand or market trends may lead to inventory imbalances. Rapid technological advancements and evolving customer requirements further increase the uncertainty of demand and production schedules. Failure to adjust procurement and production plans promptly may result in overstock or shortages, affecting customer deliveries damaging relationships and causing lost sales. To support supply chain stability, we typically place advance orders and stock key materials and components. If anticipated demand does not materialize or if industry developments alter product trajectories, we may face inventory impairment, discounted sales or scrapping, which could negatively impact gross margin and operating cash flow. As our product portfolio expands, ineffective coordination of inventory management across product lines may increase complexity and risk. Inadequate forecasting and inventory management mechanisms could materially and adversely affect our business operations, financial condition and results of operations.

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

Our future capital requirements may be substantial as we continue to develop our business, including investments in research and development, production capacity and operational capabilities. Our capital expenditures amounted to RMB94.2 million, RMB51.1 million and RMB44.7 million in 2023, 2024 and 2025, respectively, comprising of purchases of items of property, plant and equipment and purchases of other intangible assets. To the extent that our funding requirements exceed our existing financial resources and cash generated from operations, we may be required to seek additional financing, adjust our investment pace or defer planned expenditures. There can be no assurance that additional funds will be available on commercially reasonable terms, in a timely manner, or at all, and our ability to raise additional funds may be affected by market conditions and our operating and financial performance.

If we raise additional funds through equity or equity-linked financings, existing Shareholders may experience dilution. Alternatively, if we raise additional funds through debt financing, we may incur increased interest and repayment obligations and may become subject to covenants and restrictions that limit operational and financial flexibility. If we are unable to obtain sufficient capital when needed, we may be required to scale back or delay business initiatives or investment plans, which may affect our execution capabilities and growth trajectory.

Seasonal fluctuations may cause variations in our revenue and operating results.

Our revenue and operating results may be subject to seasonal fluctuations due to a number of factors, including customers' budgeting and procurement cycles, project planning and implementation schedules, delivery and acceptance timing, as well as industry-specific purchasing patterns. In particular, sales of industrial equipment and project-based solutions may be influenced by customers' capital expenditure planning and year-end budgeting considerations, which may result in uneven order intake and revenue recognition across different periods.

Seasonal variations in demand may also affect production planning, capacity utilization, inventory levels and cash collection timing. As a result, our revenue and operating results may fluctuate from period to period, and comparisons of our results for different interim periods may not be indicative of our overall performance for a full financial year.

We may not be able to effectively identify or pursue targets for acquisitions, and we may not be able to successfully integrate businesses we acquire, which may cause us to lose anticipated benefits from such acquisitions.

We may seek to expand our business, product offerings and technological capabilities through acquisitions of companies or businesses that complement our existing operations. However, there is no assurance that we will be able to identify suitable acquisition targets or complete acquisitions on favorable terms, in a timely manner, or at all. The process of identifying, evaluating and executing acquisitions is inherently time-consuming and costly and may involve significant uncertainties and risks, including difficulties in conducting comprehensive due diligence and identifying all potential risks and liabilities associated with the target business.

Even if we successfully complete an acquisition, integrating the acquired business with our existing operations may present significant challenges. These may include potential ongoing financial obligations or undisclosed liabilities, difficulties in applying our business model or standardized procedures to the acquired business, challenges in integrating operations, personnel and information systems, and adapting to different administrative or regulatory environments. In addition, we may fail to achieve the intended strategic objectives, synergies or revenue-enhancing opportunities, may encounter difficulties in protecting and maintaining acquired intellectual property rights, or may need to devote substantial management attention and resources to integration efforts, which could detract from the management and operation of our existing business. If we are unable to effectively identify, pursue or integrate acquisition targets, we may not realize the anticipated benefits of such acquisitions, and our business expansion plans, operational efficiency and growth trajectory may be adversely affected.

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

We may from time to time be involved in legal proceedings, claims, investigations or disputes arising in the ordinary course of our business, including those relating to contracts, product quality or performance, intellectual property, employment, compliance matters or other commercial disputes. Such proceedings may be costly and time-consuming to defend, may involve significant uncertainty as to outcomes and may require us to devote substantial management attention and resources. The outcome of litigation, administrative proceedings or government investigations is inherently uncertain. Unfavorable outcomes could expose us to monetary damages, settlement obligations, injunctive relief, disgorgement, civil or criminal penalties, or restrictions on specified business activities. Even where claims are resolved without a material financial obligation, the associated litigation costs, diversion of senior management attention and potential publicity can increase operating expenses, disrupt business operations and harm commercial relationships and customer confidence.

Our insurance coverage may be insufficient to cover all customer losses or potential claims, which could adversely affect our business, financial condition and results of operations.

We maintain insurance coverage for certain risks in connection with our operations, in line with industry practice. However, we cannot assure you that our insurance coverage will be adequate to cover all losses, liabilities or claims that may arise in the course of our business. Insurance policies are subject to deductibles, exclusions and coverage limits, and certain risks may be uninsured or underinsured. If we incur losses, claims or liabilities that exceed our insurance coverage or fall outside the scope of coverage, we may be required to bear such losses directly. In addition, claims under our insurance policies may be subject to dispute or delay, and insurance premiums may increase or coverage terms may become less favorable over time. Any of these factors may increase our costs, affect cash flow and expose us to financial and operational risks.

Our business may be materially and adversely affected by force majeure events, natural disasters or outbreaks of infectious diseases.

Our business operations may be adversely affected by force majeure events, natural disasters or outbreaks of infectious diseases, including events such as earthquakes, floods, fires, extreme weather conditions, public health emergencies or other unforeseen circumstances beyond our control. Such events may disrupt our production activities, supply chain, logistics arrangements and workforce availability, and may result in temporary shutdowns of facilities, delays in procurement and delivery or increased operating costs.

In addition, force majeure events or public health emergencies may affect customers' production plans, investment decisions and procurement schedules, which could lead to delays, reductions or cancellations of orders. Any prolonged disruption to our operations or those of our suppliers and customers may adversely affect our delivery capability, operational efficiency and overall business continuity.

Negative publicity or rumors about our company, products, personnel, partners or industry may harm our reputation and business.

Negative publicity or rumors, whether or not based on facts, may arise from media reports, market speculation, online platforms or social media, and may relate to us, our products, management, employees, shareholders, customers, business partners or the industry in which we operate. In addition, misconduct, omissions or perceived failures by our current or former directors, officers, employees, suppliers, distributors or other business partners, even if we are not directly responsible, may by association give rise to adverse public perception of our business and brand.

Any sustained negative publicity or reputational damage may undermine customer confidence, weaken business relationships or reduce the attractiveness of our products and services. Addressing such situations may require us to incur additional costs in communications, marketing, remediation or management resources, and may divert management attention from normal business operations, which could adversely affect our operations and business development efforts.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

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

Our business and operations are exposed to the broader economic, political and social conditions in the countries and regions where we operate. Adverse macroeconomic developments, including economic slowdowns, changes in consumer sentiment, inflationary pressures, fluctuations in interest rates or reduced availability of credit, may affect overall market demand and the procurement plans of downstream customers, which in turn could reduce demand for our products and solutions. In addition, changes in government policies, laws and regulations, industrial or environmental requirements, trade policies, tariffs, customs measures or cross-border compliance requirements may increase our compliance burden and operating costs, disrupt production planning or supply chain continuity, or affect the competitiveness of our products in certain markets.

We may be subject to regulatory requirements under applicable laws and regulations in connection with our capital raising activities issued by PRC government authorities.

As a company with substantial operations in the PRC, our capital raising activities, including the **[REDACTED]** and any future financing activities, may be subject to applicable PRC laws, regulations and regulatory policies relating to overseas securities offerings and listings by domestic enterprises. Such laws, regulations and regulatory requirements may evolve over time and their interpretation, implementation and enforcement may involve uncertainty.

In particular, PRC government authorities may impose filing, reporting, approval or other regulatory requirements in connection with our overseas capital raising activities, and we may be required to comply with additional procedures, provide supplemental information or make adjustments to our transaction structure, timetable or disclosure. Any failure to comply with applicable PRC laws, regulations or regulatory requirements, or any changes in regulatory policies or practices, may result in regulatory inquiries, delays, restrictions, penalties or other adverse consequences. As a result, our ability to complete current or future capital raising activities on a timely basis or on terms acceptable to us may be adversely affected, which could have a material and adverse effect on our business, financial condition and results of operations.

Policies and regulations regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payments to holders of our Shares and our ability to finance in foreign currencies.

The conversion of Renminbi ("**RMB**") into foreign currencies must comply with relevant PRC laws and regulations. We receive substantially all of our revenue in RMB and undertake certain transactions denominated in foreign currencies, particularly in connection with our international business activities, procurement of imported components and potential overseas capital expenditures. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade- and service-related foreign exchange transactions, can generally be made in foreign currencies without prior approval from the State Administration of Foreign Exchange ("**SAFE**"), provided that certain procedural requirements are met. However, the laws, regulations and governmental policies regarding currency conversion are complex and subject to change.

Our ability to convert and remit foreign currencies is important for supporting our cross-border operations, meeting obligations to international suppliers and customers and distributing profits to Shareholders outside of China. Furthermore, foreign exchange transactions under our capital account, such as equity financing or capital injections, are subject to additional regulatory requirements and may require approval from SAFE or its local branches. If we are unable to obtain sufficient foreign currency through the applicable foreign exchange regulatory system, or if we fail to comply with relevant procedures, our ability to pay dividends or make other distributions in foreign currencies, meet foreign currency-denominated obligations or access international capital markets may be adversely affected, which could have a material adverse effect on our financial condition, results of operations and the value of our securities.

Fluctuations in exchange rates may adversely affect our results of operations.

Fluctuations in the exchange rate of Renminbi against foreign currencies such as the Hong Kong dollar are affected by, among other things, changes in political and economic conditions in China and internationally. The **[REDACTED]** from the **[REDACTED]** will be denominated in Hong

Kong dollars. As a result, any appreciation of Renminbi against foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currencies. All of these factors could affect our business, financial condition, results of operations and the value of, and dividends payable on, our H Shares in foreign currency terms.

Certain judgments obtained against us by our Shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC and nearly all of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals, in the event that you believe that your rights have been infringed under the applicable securities laws or other laws.

In addition, it may be difficult for you to bring an original action against us or our PRC-resident officers and Directors in a PRC court based on the liability provisions of non-PRC securities laws. Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the **[REDACTED]** of our Shares on the Stock Exchange, the holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

Our Company is a PRC enterprise and is subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) and its implementation rules, and subject to any applicable tax treaty or similar arrangement between the Chinese mainland and a non-Chinese mainland investor's jurisdiction of residence, dividends from Chinese mainland sources paid to non-Chinese mainland resident enterprise investors that do not have an establishment or place of business in the Chinese mainland, or whose relevant income is not effectively connected with such establishment or place of business, are generally subject to Chinese mainland withholding income tax at a rate of 10%. Any gains realized on the transfer of our Shares by such investors are also subject to Chinese mainland income tax at a rate of 10% if such gains are regarded as income derived from sources within the Chinese mainland, unless a tax treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》) and its implementation rules, dividends from Chinese mainland sources paid to foreign individual investors who are not Chinese mainland residents are generally subject to Chinese mainland withholding income tax at a rate of 20%, and gains derived from Chinese mainland sources realized by such investors on the transfer of our Shares are generally subject to Chinese mainland income tax at a rate of 20%, in each case subject to any reduction or exemption available under applicable tax treaties and Chinese mainland laws. According to the Notice on the Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得税徵管問題的通知》), dividends paid to non-Chinese mainland resident individual holders of H Shares are generally subject to a withholding tax at a rate of 10%, depending on applicable tax arrangements between the jurisdictions where such individual holders reside and the Chinese mainland, as well as the arrangements between the Chinese mainland and Hong Kong. Non-Chinese mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with the Chinese mainland are generally subject to a withholding tax at a rate of 20% on dividends received from us.

If Chinese mainland income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-Chinese mainland resident investors, the value of your **[REDACTED]** in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or similar arrangements with the Chinese mainland may not qualify for the benefits under such treaties or arrangements. As a Chinese mainland enterprise with substantial operations, our ability to distribute profits to non-Chinese mainland investors and the after-tax returns of such investors may be materially and adversely affected by changes in Chinese mainland tax laws, regulations or their interpretation and enforcement.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and an active trading market for our H Shares may not develop or be sustained.

Prior to the **[REDACTED]**, there has been no public market for our H Shares. We cannot assure you that an active trading market with adequate liquidity for our H Shares will develop following completion of the **[REDACTED]**, or, if developed, that it will be sustained. The **[REDACTED]** of our H Shares is expected to be determined by agreement between the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and us, and may not be indicative of the **[REDACTED]** of our H Shares following the **[REDACTED]**. If an active trading market for our H Shares does not develop or is not maintained, the **[REDACTED]** and liquidity of our H Shares may be materially and adversely affected. In such circumstances, you may have difficulty selling your H Shares, or you may only be able to sell your H Shares at prices below the **[REDACTED]**, or at all, which could result in losses on your **[REDACTED]**.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and Shareholders, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares by our Directors, executive officers or Shareholders, or the perception or anticipation that such sales may occur, could adversely impact the **[REDACTED]** of our H Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. While we are currently not aware of any intention of our Shareholders to dispose of significant amounts of their Shares, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Any such sales, or the perception that such sales may occur, could result in a decline in the **[REDACTED]** of our H Shares, regardless of our operating performance or prospects.

The liquidity, trading volume and [REDACTED] of our H Shares following the [REDACTED] may be volatile.

The price at which our H Shares will **[REDACTED]** after the **[REDACTED]** will be determined by the marketplace and may be affected by many factors, some of which are beyond our control, such as our financial performance, analyst estimates, industry prospects, management assessments, stage of development, peer company valuations, regulatory changes in the PRC and our competitive position, and broader political, economic, financial and social developments domestically and globally. In addition, investors in our H Shares may experience volatility in the **[REDACTED]** of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

You will incur immediate and significant dilution and raising additional capital may cause further dilution or restrict our operations.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**. As a result, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value, while our existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible assets per Share of their Shares. If we raise additional capital through the sale of equity or convertible debt securities in the future, your ownership interest may be further diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a Shareholder. In addition, debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, declaring dividends or other operating restrictions. These restrictions could limit our operational flexibility and adversely affect our business, financial condition and results of operations.

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

The trading market for our H Shares may be affected by research reports about us or our business published by industry or securities analysts. The **[REDACTED]** of our H Shares could decline if one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, regardless of the accuracy of the information. In addition, we may lose visibility in the financial markets if one or more of these analysts cease coverage of us or fail to regularly publish reports on us, which could cause the **[REDACTED]** or trading volume of our H Shares to decline.

We may not be able to distribute dividends to our Shareholders.

We cannot assure you when and in what form dividends will be paid on our H Shares after the **[REDACTED]**. The declaration and distribution of dividends is at the discretion of our Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient profits, if any, to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. We currently intend to retain most, if not all, of our available funds and any future earnings after the **[REDACTED]** to fund our business operations. As a result of the above, we cannot assure you that we will be able to make dividend payments on our Shares in the future.

Certain facts, forecasts and other statistics contained in this Document are derived from official government sources.

Certain facts, forecasts and statistics contained in this Document are derived from official government publications and other publicly available sources relating to the PRC and the global economy and the industry in which we operate. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that any such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, such information has not been independently verified by our Group or Sole Sponsor, and no representation is given as to the accuracy, reliability and/or completeness of such information. Due to possible deficiencies in sampling methods, differences between published information and market practice or other factors beyond our control, the statistics and forecasts contained in this Document relating to the PRC, the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies. In addition, such facts, forecasts and statistics involve risks and uncertainties and are subject to change based on various factors. Accordingly, you should carefully consider how much weight or importance to attach to such facts, forecasts and statistics and should not place undue reliance on them.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the **[REDACTED]**. Prior to the publication of this Document, there has been press and media coverage concerning us and the **[REDACTED]**, which may include references to information not contained in this Document, including certain operating and financial information, projections, valuations and other data. We have not authorized the disclosure of any such information and do not accept any responsibility for the accuracy or completeness of any press or media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent with or conflicts with the information contained in this Document, we disclaim responsibility for it and you should not rely on such information.

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.