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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth and success depend on demand from the downstream industry. If we are unable to retain existing customers and attract new customer, our business, financial condition and results of operations will be adversely affected.

We provide vehicle diagnostic and charging solutions to customers in China and globally, and our results of operations have been, and are expected to continue to be, affected by downstream demand for such solutions. Demand for our solutions depends on various factors, including the size, age and usage patterns of vehicle population, as vehicles of a certain age, typically those older than three years, may no longer be under OEM warranties and tend to require more maintenance and repairs than newer vehicles. In addition, advances and changes in automotive technology and parts design, including the transition from fuel-powered vehicles to hybrid and electric vehicles, as well as the increasing prevalence of autonomous driving technologies and shared mobility, may reduce collisions and the need for repairs and maintenance. The increasing penetration of EVs may also lead to a structural decline in the proportion of fuel-powered vehicles, which could reduce demand for solutions primarily designed for such vehicles, and there can be no assurance that demand for our EV-related solutions will be sustained or grow. Demand for our solutions may also be adversely affected by changes in commute patterns, fluctuations in government policies, incentives and regulations related to our industry, and the level of public awareness and acceptance of the benefits of our solutions. If demand for our solutions declines, our business, results of operations and financial condition could be materially and adversely affected.

There is no assurance that the downstream demand for our solutions will maintain the same level we experienced during the Track Record Period, which drove our revenue increase rapidly, or continue to increase in the future. There is no assurance that we will not experience a slowdown in growth in the future. If the downstream demand for our solutions does not increase as we expect, market demand for our products will decrease correspondingly, which may materially and adversely affect our business, financial condition and results of operations.

We may face failure or delays in the design and launch of our new solutions.

The development and commercialization of new solutions involves complex processes and is subject to various uncertainties, including rapidly evolving technologies, changes in industry standards, fluctuations in supply chain conditions, and other factors beyond our control. The financing, design, production and eventual launch of new solutions may be affected by macroeconomic conditions, regulatory changes, geopolitical events, pandemics, natural disasters or other force majeure events.

Any such delay could affect the timing of our market entry and, as a result, may adversely impact our brand, growth prospects, financial condition and results of operations. In particular, as market preferences and technological trends evolve quickly in our industry, the market window for certain new solutions may narrow or shift. If the launch of our new solutions is postponed, these solutions may no longer align with the latest market expectations, which could reduce their commercial value. Consequently, our investment in developing such solutions may not be recovered, which could have a material adverse effect on our business, financial position and results of operations.

We may not be able to manage our distribution network and other sales channels effectively.

We operate a distribution network, and our distributors play an important role in expanding our geographic footprint and driving sales. In 2023, 2024 and 2025, revenue generated from our distributors accounted for 84.5%, 83.5% and 83.9% of our total revenue, respectively. For further information on our distributors, see "Business — Sales and Distribution Network — Our Sales Channels."

Our distributorship model exposes us to various risks arising from our limited control over distributors' sales, marketing, pricing, inventory and channel management activities. Distributors may fail to comply with our policies, guidelines and sales strategies or the terms of their agreements with us, which may result in, among other things, misuse of our brand name or logo, inappropriate marketing activities, sales through unauthorized channels or in unauthorized regions, price disparities or erosion, stockpiling, intensified competition among distributors and damage to consumer experience, brand recognition and reputation. In addition, our limited visibility into distributors' ordering and inventory levels may make it more difficult for us to accurately forecast sales and manage inventory effectively. If any of the foregoing occurs, our business, results of operations and financial condition could be materially and adversely affected.

In addition, the future growth of our business is in part dependent on the ability of our distributors to maintain and expand their distribution coverage. We may not be able to effectively maintain and expand our business relationship with distributors or manage our distribution network, which could adversely affect our brand, results of operations and financial condition.

If we fail to continue to research and develop or effectively respond to the evolving technology and market dynamics of the industry in which we operate, our business and financial condition, results of operations and prospects would be adversely affected.

The industry in which we operate is characterized by constant change and development, including rapid technological evolution, frequent introduction of new products and services, continual shifts in customer demands, and constant emergence of new industry standards and practices. As emerging technologies such as cloud computing, AI and new energy sources are integrated in the industry, the industry is increasingly evolving towards intelligence, and sustainability, presenting numerous new opportunities and challenges. We must evolve our technology and offerings quickly, and only those who can implement their research and development roadmaps will meet the expectations of today's industry. Therefore, our success will depend in part on our ability to anticipate the emergence of new technologies, standards and practices, assess market acceptance and application, and respond to these changes and developments in a cost-effective and timely manner.

We continue to make substantial investments in R&D development, reflecting our commitment to innovation and efforts to enhance product development and protect intellectual property. However, we may not be able to leverage new technologies effectively or adapt our solutions to meet customers' needs or emerging industry standards, and the approach of our technological developments might not align with the market trends and demands. Our investments in R&D, which could be costly, may not generate the anticipated economic benefits in the near term, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected. We may not achieve these anticipated objectives due to technical challenges, insufficient budgets, unexpected safety or compliance issues, or resource constraints that delay development or prevent full realization of these technologies. If we are unable to keep up with the technological developments or if new technologies render our technologies, solutions or services obsolete, customers may no longer be attracted to our solutions and services, which could cause material adverse impact on our business and financial performance.

We cannot guarantee that our business initiatives and strategies will be successfully implemented or will generate sustainable revenue or profit.

The success of our growth initiatives, strategies, collaborations and operating plans depends on various factors, such as market condition, competition, regulatory requirements, technological changes, economic conditions and customer preferences. These factors may be difficult to predict or control, and if they do not develop as we expect, our growth initiatives, strategies and operating plans may not be successful in enhancing our business as anticipated. Furthermore, the execution of these plans may require significant investments of capital, resources and management time, and we may face challenges in implementing them effectively or within the expected time frame. As a result, we may experience delays, cost overruns or other obstacles that may limit our ability to realize the full benefits of these initiatives. If we are unable to successfully execute our growth initiatives, strategies and operating plans, or if the benefits we realize are less than our estimates, our business, results of operations, financial condition and prospects may be adversely affected.

We face intense competition in our industry.

We operate in the vehicle diagnostics and charging industries, which are highly competitive in product quality, brand recognition, pricing and innovation, and competition may intensify due to new entrants, capacity expansion and industry consolidation. Our competitiveness depends on our ability to innovate, strengthen our brand and improve operational efficiency. If we fail to do so, our market share and profitability may decline, and intensified competition may also require increased marketing spending or aggressive pricing, adversely affecting our results of operations.

We face uncertainties and risks in overseas sales, manufacturing and operations. Furthermore, any further expansion into international markets will expose us to additional tax, compliance, market and other risks, and there can be no assurance that any such expansion will be successful.

We have established production bases in multiple overseas countries and have expanded, and plan to continue to expand, our operations into international markets. Our international operations expose us to various risks, including political and economic instability, changes in government policies and regulations affecting foreign investment, tariffs and other trade restrictions, geopolitical tensions, currency fluctuations, unfamiliarity with local laws, regulations, industry and technical standards, operating and market conditions, more stringent labor protection requirements, labor union constraints, difficulties in staffing and managing overseas operations, challenges arising from differences in legal systems, social environment, culture and language, difficulties in managing relationships with foreign customers and local communities, difficulties in enforcing agreements and collecting overdue receivables, as well as the risk of legal proceedings in foreign jurisdictions. In addition, there can be no assurance that our investments in overseas manufacturing bases will achieve the expected returns. If any of the foregoing risks materialize, our business, financial condition, results of operations and prospects could be materially and adversely affected.

These or other factors may deter our expansion plans, distract our management attention, or cause us to incur significant costs in these markets. As a global company, our success depends in part on our ability to manage these risks. The above-mentioned risks vary from country to country and are difficult to predict. We may not be able to develop and implement initiatives that address these risks effectively in each region in which we conduct business, and there can be no assurance that risks we may face as we expand our overseas manufacturing and operations will not adversely affect our reputation, business, results of operations, financial condition and the use of **[REDACTED]** from the **[REDACTED]**.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, tariffs, and rising political tensions, which could adversely affect our business, financial condition and results of operations.

Many of our business partners are located outside China, and our business and products depend on certain foreign technologies. As a result, our operations may be affected by geopolitical or geoeconomic tensions, including international sanctions, export controls, tariffs, duties and other trade restrictions. These measures are subject to frequent changes and their interpretation and enforcement involve uncertainties, particularly where national security considerations are involved. Existing or future restrictions imposed by the United States or other jurisdictions may increase our compliance costs, restrict our ability, or that of our suppliers and customers, to obtain certain technologies, systems, devices or components, and may affect our ability to conduct business in certain overseas markets.

In particular, the United States has implemented extensive export control regulations under the Export Administration Regulations ("**EAR**"), administered by the Bureau of Industry and Security ("**BIS**") of the U.S. Department of Commerce. The EAR includes the Entity List, which identifies foreign parties subject to specified trade restrictions, and BIS has increasingly designated PRC entities to limit their access to U.S.-origin goods, software and technologies. In recent years, export controls relating to semiconductor-related technologies and advanced integrated circuits have also been tightened. New or expanded export control rules could further restrict our ability to export, reexport or transfer items subject to the EAR to certain customers or markets. In addition, the U.S. Department of War included our Company on the Section 1260H List on June 8, 2026 which principally restricts certain procurement and contracting activities involving specified U.S. governmental authorities. We can not guarantee that the relevant government agencies will not take any further actions. We may be subject to such actions, which may have a material adverse effect on our business and results of operations.

In addition, we may conduct certain connected transactions with Robotics Technology, which is included on the BIS Entity List, the UK sanctions list and the Section 1260H List published by the U.S. Department of War. Please refer to "Connected Transactions" in this document for details. After consultation with our sanctions legal advisor, our Directors are of the view that (i) our affiliation with Robotics Technology, which is more than 30% owned by our Controlling Shareholder, does not automatically give rise to sanctions implications for us; and (ii) our transactions with Robotics Technology do not violate applicable sanctions or export control laws. However, we cannot assure you that regulators will not take a different view or that future sanctions or export control measures will not affect our business.

Our business may also be affected by tariffs and other trade measures imposed by the United States or other countries. For example, since February 2025 the United States has implemented tariffs on several major trading partners, including the PRC, with a baseline tariff of 10% and additional reciprocal tariffs on certain countries. These developments have increased trade tensions and created uncertainty in global trade. Any escalation of trade disputes, additional tariffs, or other trade restrictions could adversely affect global economic conditions, international trade and investment activities, and demand for our products. See "Business — International Trade Restrictions" for more details.

We depend on certain key personnel and our ability to attract and retain talented personnel for our operations.

The success of our business is dependent on our ability to attract and retain key personnel, including senior management and others who have in-depth knowledge and understanding of our industry. We cannot assure you that we will be able to attract and retain qualified personnel or that our senior management or other key personnel will not retire or otherwise leave us at any time.

For example, our success depends significantly on the efforts and abilities of key individuals who have made substantial contributions to the development of our operations and corporate culture. See "Directors and Senior Management" for further details. If we were to lose such personnel, or if these individuals fail to devote the same amount of time and effort to our business as they have in the past, we cannot assure you that we would be able to replace such individuals with new personnel capable of making the same contribution in the near term, or at all. As such, the loss of services of one or more of these key individuals, or any negative market or industry perception arising from such loss, could have a material adverse effect on our operations.

Supply chain shortages and interruptions, fluctuations in prices and our relationship with suppliers could adversely affect our results of operations.

We rely on suppliers for raw materials and other products that meet our quality specifications. Their availability, quality and cost may be adversely affected by factors beyond our control, including unexpected demand, production or distribution disruptions, financial difficulties of suppliers, labor actions, adverse weather conditions, natural disasters, disease outbreaks, pandemics, geopolitical events and other supply chain disruptions. In addition, our business depends on maintaining stable relationships with suppliers and their ability and willingness to provide quality products to us on favorable prices and terms. Consolidation among suppliers, distributors or wholesalers may further disrupt such relationships and result in higher procurement costs. If we experience shortages or interruptions in supply, deterioration in quality, or increases in procurement costs, our revenue, profit margins, results of operations and financial condition could be materially and adversely affected.

Any harm to our brand or reputation may materially and adversely affect our business, market share and results of operations.

We believe that building and maintaining a strong brand and reputation is critical to our business and competitiveness. Any negative perception or publicity, even if unfounded, including competitor-fabricated complaints, could harm our reputation, reduce brand value and result in loss of customers. With increased use of social media, adverse publicity may spread rapidly and be difficult to mitigate, and restoring our brand image may be costly or impossible, with potential spillover effects on our other brands.

Our brand also depends on our ability to respond to competitive pressures and maintain product and service quality as we expand. Any perceived or actual decline in quality or service, or any negative publicity or disputes relating to our brands, solutions, services, directors or senior management, could materially and adversely affect our business and results of operations.

Our historical results of operations may not be indicative of future performance.

Our historical results and growth may not be indicative of future performance. Our revenue increased by 20.9% from RMB3,251.2 million in 2023 to RMB3,932.3 million in 2024, and further increased by 22.9% to RMB4,832.8 million in 2025. We may be unable to sustain our results of operations and financial performance, and our revenue, gross profit and net profit may decline for reasons such as decreased customer demand, cost fluctuations in raw materials, supply chain disruptions, increased competition in the industry, or damage to our reputation or brand image. We may also encounter unforeseen difficulties in operations. Failure to address these risks and challenges may affect our business and financial performance. You should therefore not rely on our historical results of operations as indication of future performance.

If we experience operational disruption or machinery breakdown in our production facilities, our inventory level and production schedule may be adversely affected.

Our success and reputation depend on the stable and reliable operation of our production processes and facilities, including key machinery and equipment. Any disruption, breakdown or interruption (including those arising from natural disasters, fires, mechanical or power failures, labor strikes, epidemics, loss of required licenses, certifications or permits, changes in land planning, or regulatory developments) could delay production, reduce stock levels and impair our ability to deliver products on time and in required quantities. We may not be able to promptly secure alternative facilities or equipment or resume normal operations, and prolonged disruptions could harm product delivery schedules and quality, reduce customer satisfaction, damage our reputation, and materially and adversely affect our business and results of operations.

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

We may be liable for personal and property damages due to the use of our products. We may need to devote significant time and expenses to respond to customers' claims against us, and we may not be able to successfully obtain indemnification from upstream suppliers for all, or any, claims from customers.

If any products sold by us are alleged to be unsafe or defective, we may experience reduced sales of the relevant products and may have to recall them from the market. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material product recall, nor had we experienced any material product liability claim. Nevertheless, we cannot assure that such recalls will not occur, or such claims will not be filed against us in the future. Any claims made against us could have a material adverse effect on our reputation, business, financial condition and results of operations. Any product recalls or any claims against us, regardless of merit, can strain our financial resources, hurt our reputation and consume the time and attention of our management. If any claims against us are successful, we may incur liabilities, and our reputation may be severely damaged.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material and adverse impact on our business, reputation, and liquidity position.

As of December 31, 2023, 2024 and 2025, we recorded contract liabilities of RMB435.6 million, RMB623.7 million and RMB924.4 million, respectively. Our contract liabilities primarily include non-refundable advance payments made by customers in relation to devices and software under vehicle diagnostic solutions. These amounts are generally made in advance of full delivery of our solutions. Failure to meet our obligations related to these contract liabilities could have significant adverse impact on our business, operations, financial position and reputation. If we fail to deliver solutions on time or meet customer expectations, it may result in an inability to recognize the expected revenue, which could negatively impact our financial performance. Failure to deliver solutions on time or to meet customer expectations could also lead to claims for refunds, penalties, or the termination of contracts, which could in turn adversely impact our business, reputation, and liquidity position.

We are exposed to credit risks related to our trade and notes receivables, and other receivables.

We face credit risks attributable to our trade and notes receivables and other receivables, due from our customers for goods sold or other services performed in the ordinary course of our business. Our trade and notes receivables as of December 31, 2023, 2024, and 2025 amounted to RMB710.8 million, RMB871.7 million and RMB1,141.1 million, respectively. In 2023, 2024 and 2025, our average trade and notes receivable turnover days were 78 days, 72 days and 75 days, respectively. The fluctuation and extension of trade and notes receivable turnover may have a material and adverse effect on our cash flow and liquidity position. See "Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Trade and Notes Receivables" for details. Additionally, our other receivables as of December 31, 2023, 2024 and 2025 amounted to RMB57.2 million, RMB54.5 million and RMB94.8 million, respectively. As there is limited financial or public information on many of our counterparties, we cannot assure you that all of our counterparties are creditworthy and reputable and will not default on us in the future, despite our efforts to conduct credit assessments on them. As a result, we are exposed to risks that our counterparties may fail to fulfill their obligations to us under our contracts.

Our failure to adequately manage our inventories may lead to inventory obsolescence.

Maintaining optimal inventory levels is critical to the success of our business. As of December 31, 2023, 2024 and 2025, our balance of inventories was RMB1,118.5 million, RMB1,151.1 million and RMB1,668.2 million, respectively. Our inventory turnover days in 2023, 2024 and 2025 were 263 days, 221 days and 237 days, respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. We may not be able to accurately predict relevant trends and events and maintain adequate levels of inventory at all times. An unexpected decrease in market demand for the products we sell could lead to excessive inventory, and we may offer discounts or conduct promotion activities to dispose of slow-moving inventory, which in turn may adversely affect our results of operations and financial condition. Meanwhile, understocked inventory may cause us to lose sales opportunities, and our results of operations may also be adversely affected.

Our prolonged cash conversion cycle may expose us to liquidity pressure and could adversely affect our operations and financial position.

We have experienced, and may continue to experience, a prolonged cash conversion cycle during the Track Record Period, as our inventory turnover days and trade and notes receivables turnover days generally exceeded our trade and notes payables turnover days, resulting in a longer period between cash outflows and cash inflows. A prolonged cash conversion cycle may increase our working capital needs and pressure our liquidity, and if we fail to manage working capital effectively, we may need additional financing on unfavorable terms or at all, which could increase financing costs and adversely affect our ability to meet payment obligations, fund operations, invest in product development and expand our business, and may materially and adversely affect our business, financial condition and results of operations.

There is no assurance that our intra-group transactions will not be subject to tax adjustments by competent authorities.

During the Track Record Period, we engaged in intra-group transactions with our overseas subsidiaries. These transactions primarily involved the intra-group buy and sell of diagnostic and charging products for onward sales to overseas customers, as well as the relevant support services and software sales transactions to facilitate our Group's business operations. See "Business — Transfer Pricing Arrangements" for more details.

There is no assurance that the relevant tax authorities would not subsequently challenge the appropriateness of our intra-group transactions arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If the relevant tax authorities later find that the pricing policy and the terms that we applied are not appropriate, such authorities may require us to re-assess our pricing policy and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher tax liability for us and may adversely affect our business, financial condition and results of operations.

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

During the Track Record Period, some of our customers settled payments with us through accounts of third-party payors other than the contractual counterparties under the corresponding agreements (the "**Third-Party Payment Arrangement(s)**"). In 2023, 2024 and 2025, the aggregate amount settled under Third-Party Payment Arrangements was RMB71.5 million, RMB48.8 million and RMB78.1 million, respectively, which accounted for 2.2%, 1.2% and 1.6% of our total revenue, respectively, in the same periods. See "Business — Internal Control and Risk Management — Internal Control of Third-Party Payment Arrangement(s)."

We may be exposed to risks associated with such Third-party Payment Arrangements, in particular potential money-laundering risks given our limited visibility over the identity of the third-party payors and the source of funds used for settlement. Should any regulatory authorities initiate enquiries, reviews or enforcement actions in relation to such payments, we may need to expend financial and managerial resources to address or defend such matters, which could adversely affect our business, financial condition and results of operations.

Share-based compensation may have a material and adverse effect on our financial condition.

To recognize the contributions of our employees and consultants and incentivize them to further promote our development, we have granted shares during the Track Record Period. For details, see "History and Corporate Structure — Share Incentive Plan and Employee Stock Ownership Scheme." In 2023, 2024 and 2025, we incurred share-based compensation expenses of RMB4.8 million, RMB15.7 million and RMB115.1 million, respectively. To further incentivize employees and consultants, we may grant additional share-based compensation in the future, which may increase our operating expenses and adversely affect our financial, and potentially dilute our existing shareholders' ownership.

We may not be able to protect our intellectual properties against infringement and unauthorized use in counterfeit products.

We consider our patents and other intellectual property rights to be critical to our success and competitive advantage. We register and protect such intellectual property rights to the extent we are able to under relevant local laws. See "Business — Intellectual Property." We cannot assure you that the steps we have taken to protect our intellectual property rights are sufficient or that such intellectual property rights will not be subject to infringement in the future. Any unauthorized use of such intellectual property rights could harm our brands and reputation, which could adversely affect our financial condition and results of operations. In addition, our results of operations may be adversely affected as a result of incurring additional costs and the diversion of management's attention when initiating any intellectual property right claims.

We are exposed to changes in the fair value of our financial assets measured at fair value through profit or loss.

Our results of operations are affected by changes in the fair value of our financial assets measured at fair value through profit or loss. As of December 31, 2023, 2024 and 2025, our financial assets measured at fair value through profit or loss were RMB23.6 million, RMB7.0 million and RMB4.9 million, respectively. Fair values are determined based on the adjusted net asset value of the relevant investments. Factors beyond our control, such as general economic conditions, changes in market interest rates, and the stability of capital markets, can negatively influence and cause adverse changes to these market-observable data, thereby affecting the fair value of such financial assets. Any of these factors could cause our estimates to vary from actual results, adversely affecting our results of operations and financial condition.

We may be subject to claims by third parties for intellectual property infringement.

Our business depend on our ability to develop and maintain intellectual property rights, but we may face claims that our business infringes third-party intellectual property rights or involves unfair trade practices, and may become subject to litigation or other proceedings. The validity, enforceability and scope of intellectual property protection continue to evolve. As competition increases, we may face a higher risk of intellectual property claims. See "Business — Legal Proceedings and Compliance" for more details.

Defending such claims, even without merit, can be costly and time-consuming, divert management attention, and there is no assurance of favorable outcomes. Even unmeritorious claims may harm our reputation, and any resulting liabilities, expenses or required changes to our products or services could materially and adversely affect our business, results of operations and prospects.

Failures or security breaches of our information technology systems could affect our business.

Information technology is integral to our operations, and we rely on our systems to manage key functions such as procurement, production, quality control, warehousing and logistics, sales and distribution, and marketing. Our systems may be vulnerable to interruptions and security breaches, including natural disasters, telecommunications failures, viruses, cyber-attacks, hackers and unauthorized access, and our security measures and disaster recovery plans may not be adequate. Any significant system failure or compromise, or any actual or alleged non-compliance with complex and evolving privacy and data protection laws, could disrupt operations, cause errors and inefficiencies, result in loss of customers and sales, and subject us to litigation, regulatory actions and significant financial and reputational harm, which may materially and adversely affect our business, financial condition, results of operations and prospects.

If any fraud, bribery or other misconduct is committed by our employees, suppliers, customers or other third parties, we may be subject to economic losses and reputational damage.

We may face fraud, bribery or other misconduct committed by employees, suppliers, customers or other third parties, which could lead to financial losses and penalties from government authorities. The internal control procedures we have implemented may not be able to promptly identify all non-compliance, suspicious transactions, fraud, corruption, bribery or other misconduct, nor prevent or stop such occurrences. Our risk management systems and internal control capabilities are limited by the information and risk management tools and technologies available to us. Our ability to implement and maintain strict internal controls may be affected by the continuous expansion of our business scale.

In addition, our vehicle diagnostic solutions are primarily used by independent third-party technicians, who exercise their own professional judgment in conducting vehicle diagnostic and repair activities. As stipulated in our product disclaimers, any actions taken by such third-party technicians that may result in warranty exclusions are beyond our control and are not attributable to us. We therefore do not assume responsibility for any breach of vehicle warranty terms or any vehicle damage arising from the failure, misuse or improper operation of our products by such third-party technicians. Nevertheless, we may become subject to customer complaints, disputes, claims or legal proceedings alleging warranty-related issues or vehicle damage arising from the use of our products. Any misconduct by third parties that harms our interests could result in negative publicity, damage our reputation and lead to litigation and other legal proceedings, as well as administrative or criminal penalties, thereby adversely affecting our business and financial performance.

If our third-party service providers do not satisfactorily fulfill their commitments and responsibilities, our business and financial performance could be adversely affected.

We rely on third-party service providers (such as logistics providers) to support our operations. These providers are subject to risks such as business interruptions, system failures, human error, cybersecurity and data protection incidents, and their own legal, regulatory and market risks, and may fail to perform their obligations in a timely manner or in compliance with applicable laws and contractual terms. We also have limited control over their operations, governance and compliance systems. In addition, our vehicle diagnostic solutions are primarily used by third-party technicians who exercise independent professional judgment in conducting diagnostic and repair activities. Any actions taken by such third parties that may trigger warranty exclusions or violations of the end-customer vehicle warranty terms are beyond our control. If we fail to manage these relationships effectively, if providers do not perform satisfactorily, or if we cannot renew existing service arrangements or secure suitable replacements on acceptable terms in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

If we become a party or are subject to litigation, legal disputes, claims, administrative proceedings or other administrative measures, such involvement may divert our management's attention and result in costs and liabilities.

We may from time to time become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. On-going litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources. Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Failure to comply with PRC property-related laws and regulations regarding certain properties may adversely affect our business.

We own and lease properties in China in connection with our business operations. Some of these properties do not meet certain property-related requirements under PRC laws and regulations. As of the Latest Practicable Date, certain leased properties for operation were not registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisor has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases but could result in the imposition of fines ranging from RMB1,000 to RMB10,000 for each lease agreement that is unregistered if we fail to rectify the non-compliance within the time frame prescribed by the relevant authorities.

Since we require various approvals, licenses and permits to operate our business, any failure to obtain or renew any of these approvals, licenses and permits could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense, and any noncompliance may expose us to liability. We cannot guarantee that we will be able to obtain and maintain all requisite approvals, licenses, permits and certifications. Regulatory authorities who have extensive authority to supervise and regulate the industry we operate in may not interpret relevant laws and regulations the way we do. In addition, as the regulatory regime for the industries in which we operate continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented from time to time. We may be required to obtain approvals, licenses, permits and certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. In the event of noncompliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, if we fail to obtain or maintain the necessary approvals, licenses, permits and certifications required by relevant laws and regulations, or if we are deemed to have conducted business operations requesting certain approvals, licenses, permits and certifications without having one, we may be subject to fines or the suspension of operations of the relevant business segments or facilities that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business and results of operations. See "Regulatory Overview" for further details on the requisite approvals, licenses, permits and certifications for business operations. We may also experience adverse publicity arising from noncompliance with government regulations, which would negatively impact our reputation.

We may be subject to additional contributions of social insurance and housing provident funds and late payments and fines imposed by relevant governmental authorities.

As required by the PRC laws, a company that enters into an employment contract with an employee shall be the one to make the social insurance and housing provident fund contribution in full for the employee. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain employees in accordance with the relevant PRC laws and regulations. In 2023, 2024 and 2025, the shortfall of social insurance and housing provident fund contributions represented approximately 1.2%, 0.7% and 0.7% of our total revenue for the respective periods, respectively. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount social insurance as required, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. The maximum amount we could be required to pay in relation to any shortfall in housing provident fund contributions would be equal to the shortfall amount of housing provident fund contributions. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. See "Business — Employees — Social Insurance and Housing Provident Funds."

Moreover, the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**") was enacted by the Supreme People's Court on July 31, 2025 and effective as of September 1, 2025. According to the New Judicial Interpretation, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People's Court shall support such claims. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the People's Court shall support such requests in accordance with the law. See "Regulatory Overview — Regulations on Employment and Labor" for details.

Furthermore, labor laws, regulations and regulatory standards in other jurisdictions may vary significantly from those in Chinese mainland. If we do not fully understand, correctly interpret and comply with applicable labor laws and regulations in the jurisdictions in which we operate, we may experience compliance issues that may result in regulatory inquiries, civil claims, penalties, fines or other liabilities, which may divert our management's time and attention and adversely affect our business reputation, operation, financial condition and profitability.

A severe or prolonged downturn in regional or global economy could materially and adversely affect our business, results of operations and financial condition.

Demand for our products depends in part on general economic conditions and consumers' disposable income levels in the markets where our products are sold. Adverse developments in the global or regional economy, including recession, volatility in the credit and capital markets, economic or financial crises, public health incidents, prolonged unemployment or other macroeconomic disruptions, may reduce consumers' discretionary spending, decrease demand for our products or force us to lower our selling prices. If economic conditions deteriorate or consumer spending declines materially, our business, results of operations and financial condition could be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business is subject to risks related to outbreaks of a widespread health epidemic such as avian influenza, swine influenza, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome coronavirus (MERS-CoV), or COVID-19, or other events such as war, acts of terrorism, environmental accidents, power shortages or communication interruptions. The occurrence of any of the foregoing events may harm the global and regional economy in general, disrupt the overall industry and our operations, and have an adverse effect on our business, results of operations and financial condition.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us, or at all.

We believe our current cash and cash equivalents and anticipated operating cash flows will be sufficient to meet our cash needs for the next 12 months, but we may require additional funds to support growth or future developments. If our funding needs exceed available resources, we may need to obtain additional financing or defer expenditures, and we cannot assure you that financing will be available on acceptable terms or at all due to uncertainties such as our future financial performance and market and economic conditions. If we raise funds through debt, we may be subject to restrictive covenants (including limitations on dividends or additional financing) and repayment obligations, and any failure to service such debt or comply with covenants could result in default and materially and adversely affect our liquidity and financial condition.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities. See "Business — Insurance." However, there may be circumstances under which certain types of losses, damages and liabilities are not covered by our insurance policies. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations.

We may face risks relating to labor relations, labor disputes, labor shortages and increases in labor costs.

Labor costs have been increasing and may continue to rise in the future. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings, reputational damage and labor shortages. For example, in April 2026, a former employee of one of our subsidiaries submitted an arbitration application to the Shenzhen Labor and Personnel Dispute Arbitration Commission, claiming against us and our subsidiaries for payments in respect of the employee share incentive plan, salary, bonus and other monetary compensation in an aggregate amount of RMB11.3 million. As of the Latest Practicable Date, the Shenzhen Labor and Personnel Dispute Arbitration Commission had not rendered its decision. We are of the view that, as advised by our PRC Legal Advisor, this matter does not have a material adverse effect on our business, financial position and results of operations, taking into account that the amount claimed represented less than 0.4% of our total revenue in any given period during the Track Record Period. We cannot assure you that we will not have any labor disputes in the future, which could disrupt our business operations, result in additional costs and legal proceedings, and lead to the loss of experience, know-how and trade secrets.

We are subject to complex and evolving ESG requirements, which require us to devote substantial time and resources for compliance.

There is an increasing focus on corporate responsibility, and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. The process of developing new production technologies and enhancing existing production technologies to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected, or at all. Moreover, not all of our competitors may seek to establish climate or other ESG targets and goals, or at a comparable level to ours, which could adversely affect our competitiveness in the relevant market. Compliance with these ESG requirements and regulations requires additional investments of resources, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of licenses to operate certain facilities and other sanctions, interruptions to operations, securities litigation and a general loss of **[REDACTED]** confidence, any one of which could have a material adverse impact on our business and financial performance. If we are unable to satisfy such new criteria or are unable to respond or are perceived to be inadequately responding to sustainability concerns, **[REDACTED]** may conclude that our policies with respect to corporate responsibility are inadequate and choose to invest in our competitors. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity, and our business operations could be adversely impacted.

We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by on U.S. persons for certain investments.

On August 9, 2023, the U.S. government issued Executive Order 14105, and on October 28, 2024, the U.S. Department of the Treasury issued the final rule (the "**Outbound Investment Rule**"), which took effect on January 2, 2025, establishing an outbound investment screening regime. The Outbound Investment Rule prohibits or requires notification of certain covered U.S. outbound investments in certain China-affiliated companies engaging in "covered activities" involving the semiconductor and microelectronics, quantum information technology, and artificial intelligence sectors (each, a "**covered foreign person**"). The Outbound Investment Rule provides limited exceptions, including for investments in publicly traded securities, so long as such investments do not afford rights beyond standard minority shareholder protections.

We do not believe we are a covered foreign person. However, because we intend to use the **[REDACTED]** from the **[REDACTED]** toward the development of AI systems for the control of robotic systems, acquisitions of our Shares by U.S. persons (or their non-U.S. subsidiaries) in connection with the **[REDACTED]** could be viewed as an indirect covered transaction that requires notification, although we believe such **[REDACTED]** should not be prohibited. Following completion of the **[REDACTED]**, U.S. persons (and their non-U.S. subsidiaries) are generally expected to be able to **[REDACTED]** our publicly **[REDACTED]** on the Hong Kong Stock Exchange without notification obligations, provided such **[REDACTED]** do not confer rights beyond standard minority shareholder protections.

The rules and their interpretation and enforcement remain subject to further development, and we cannot assure you that the Treasury will not take a different view or broaden the application of the Outbound Investment Rule (or that similar restrictions will not be enacted), which may reduce U.S. **[REDACTED]** interest in our equity securities and adversely affect our ability to raise capital, and could materially and adversely impact our business, financial condition and prospects.

[REDACTED], including U.S. persons and subsidiaries of U.S. persons, should consult their legal counsel regarding the applicability of any exceptions and any notification obligations under the Outbound Investment Rule.

RISKS RELATING TO THE JURISDICTIONS IN WHICH OUR BUSINESS OPERATES

We may need to devote additional efforts and resources to ensure our compliance with relevant laws or regulations, including current or new laws and governmental regulations relating to the sectors where we operate our business, and to obtain or maintain required government permits, licenses and approvals for our business or renewals thereof in a timely manner.

Our business is subject to various compliance and operational requirements under applicable laws and regulations, and compliance may require significant resources while any material non-compliance could expose us to liability or penalties, require substantial remediation costs and management time, and result in adverse publicity that may harm our brand. In addition, certain approvals, permits, licenses and certificates are subject to periodic renewal and reassessment, and the applicable standards may change. Although we intend to renew and maintain such regulatory approvals when required, we cannot assure you that we will be able to renew or maintain existing approvals or obtain additional approvals needed for our current or future operations on a timely basis, or that competent authorities will not revoke, alter, challenge or otherwise impugn our approvals. Any failure to maintain the requisite approvals, licenses, permits and certificates could severely disrupt our business and materially and adversely affect our business, financial condition and results of operations.

Changes to the existing regulatory regime relating to the sectors where we operate our business may limit our ability to provide product offerings, thereby materially and adversely affecting our business, financial condition and results of operations.

Our business operations in China are subject to various laws, regulations and rules at both the regional and national levels within the industry in which we operate. New laws, rules or regulations, or revisions to existing ones, may impose additional compliance costs, reduce our revenue and require us to modify our operations to ensure compliance, and we may need to devote additional efforts and resources to address such changes, some of which may be beyond our control.

In recent years, the PRC government has promoted improvements in product quality, and further laws, rules and regulations relevant to our business may be introduced, amended or replaced from time to time, resulting in increased oversight and regulatory compliance requirements. As a result, we may not become aware in a timely manner that we have violated certain policies or rules. There can be no assurance that we can adapt to the evolving regulatory environment in a timely and cost-efficient manner. We may also need to implement changes in our facilities, equipment, personnel or services to comply with updated requirements, which could increase our capital expenditures and operating expenses and materially and adversely affect 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 into foreign currencies is subject to PRC laws and regulations. Under the current PRC foreign exchange control regime, current account foreign exchange transactions, including dividend payments, do not require prior approval from SAFE, but are subject to applicable procedural requirements and must be conducted through designated foreign exchange banks in China. Following the completion of the **[REDACTED]**, we expect to be able to pay dividends in foreign currencies in compliance with such requirements. However, there can be no assurance that the relevant foreign exchange policies will not change in the future. In addition, any shortage of available foreign exchange may restrict our ability to pay dividends to Shareholders, satisfy other foreign exchange needs or fund our capital expenditure plans, which could materially and adversely affect our business, results of operations and financial condition.

Fluctuations in the value of the Renminbi may have an adverse effect on our financial results, and impact dividend payments, if any, to our Shareholders.

Fluctuations in exchange rates between Renminbi, Hong Kong dollar, the U.S. dollar and other currencies are unpredictable, and may be affected by a number of factors, such as economic and political developments. In 2023, 2024 and 2025, we recognised net foreign exchange gains of RMB74.1 million, RMB38.7 million and RMB86.6 million. We cannot predict the impact of future exchange rate fluctuations on our results of operations, 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. Additionally, there can be no assurance that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or U.S. dollar in the future. It is difficult to predict how market forces may impact the exchange rates between Renminbi and foreign currencies in the future.

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

It may be complex to effect service of process upon us or our management or to enforce against them or us any judgments obtained from foreign courts.

We are a company incorporated under the laws of the PRC, and most of our Directors and senior management reside in Chinese Mainland. As a result, it may be difficult for **[REDACTED]** to effect service of process upon us or our Directors and senior management outside Chinese Mainland, or to enforce judgments obtained in courts outside Chinese Mainland against us or them. Judgments of courts of other jurisdictions may be recognized or enforced in Chinese Mainland only if the relevant jurisdiction has entered into a treaty with Chinese Mainland or if Chinese Mainland courts determine that reciprocal recognition exists, subject to other applicable requirements. However, Chinese Mainland does not currently have treaties providing for reciprocal enforcement of court judgments with certain jurisdictions, including the United States, and therefore enforcement of such judgments in Chinese Mainland may be difficult or impossible. Chinese Mainland and Hong Kong have entered into arrangements for reciprocal recognition and enforcement of certain civil and commercial judgments, including the Arrangement signed on July 3, 2008 (the "**2008 Arrangement**") and the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters signed on January 25, 2024 (the "**2024 Arrangement**"), which became effective on January 29, 2024. The 2008 Arrangement will continue to apply to certain choice of court agreements entered into before the effectiveness of the 2024 Arrangement. These arrangements provide mechanisms for the reciprocal recognition and enforcement of certain judgments between the courts of Chinese Mainland and Hong Kong, subject to specified scope, procedures and conditions. However, the application and effectiveness of these arrangements remain subject to practical uncertainties.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures and five supporting guidelines, which had become effective on March 31, 2023 (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. See "Regulatory Overview — Regulations on Securities and Overseas Listings" for details. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

Holders of our [REDACTED] may be subject to PRC income tax obligations

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's jurisdiction of residence, dividends derived from PRC sources and paid to non-PRC resident enterprises are generally subject to PRC withholding income tax at a rate of 10% if such enterprises do not have an establishment or place of business in the PRC, or if the relevant income is not effectively connected with such establishment or place of business. Gains realized by such investors from the transfer of shares may also be subject to PRC income tax at a rate of 10% if such gains are regarded as income from sources within the PRC, unless a treaty or similar arrangement provides otherwise. Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from PRC sources paid to non-PRC resident individual investors are generally subject to PRC withholding tax at a rate of 20%, subject to reduction or exemption under applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號), dividends paid to non-PRC resident individual holders of H Shares are generally subject to PRC individual income tax at a withholding rate of 10%, depending on the applicable tax treaty between the PRC and the jurisdiction of residence of such investors. Non-PRC resident individuals in jurisdictions without tax treaties with the PRC may be subject to a 20% withholding tax.

According to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT in 1998, and the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) and its supplementary circular (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70), gains derived by individuals from the transfer of listed shares are generally exempt from individual income tax in certain circumstances. However, the above rules do not expressly address whether non-PRC resident individuals are subject to PRC tax on gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges. In practice, PRC tax authorities have not sought to collect such tax, but there can be no assurance that future laws, regulations or practices will not impose such tax.If PRC income tax is imposed on dividends paid to, or gains realized from the transfer of our **[REDACTED]** by, non-PRC resident **[REDACTED]**, the value of your **[REDACTED]** in our **[REDACTED]** may be adversely affected. In addition, **[REDACTED]** may not qualify for preferential treatment under applicable tax treaties or arrangements with the PRC.

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

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established outside Chinese Mainland whose "de facto management bodies" are located in Chinese Mainland may be treated as PRC resident enterprises for tax purposes and subject to PRC enterprise income tax at a rate of 25% on their global income.The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) ("**Circular 82**") provides that certain Chinese-controlled offshore enterprises may be recognized as PRC resident enterprises if their de facto management bodies are located in Chinese Mainland. Factors considered include the location of senior management responsible for daily operations, decision-making on financial and personnel matters, the place where key corporate documents and company seal are kept, and the residence of directors or senior management.

As we are a PRC enterprise, our offshore subsidiaries could be subject to scrutiny by relevant tax authorities. If any of our offshore subsidiaries were determined to be PRC resident enterprises, they may be subject to PRC EIT at a rate of 25% on their global income, although dividends received from our PRC subsidiaries may be exempt if they qualify as dividends received by a PRC resident enterprise from another PRC resident enterprise. Such treatment could significantly increase our tax burden and adversely affect our cash flows and profitability.

RISKS RELATING TO THE [REDACTED]

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

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

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

Our A Shares are currently listed and traded on the Shanghai Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be **[REDACTED]** on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no **[REDACTED]** or settlement between the H Share and A Share markets. With different **[REDACTED]** characteristics, the H Share and A Share markets have different **[REDACTED]** volumes, liquidity and **[REDACTED]** bases, as well as different levels of retail and institutional **[REDACTED]** participation. As a result, the **[REDACTED]** performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the **[REDACTED]** of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the **[REDACTED]** history of our A Shares when evaluating your **[REDACTED]** decision regarding our H Shares.

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

Prior to the **[REDACTED]**, there was no **[REDACTED]** for our H Shares. We cannot assure you that a **[REDACTED]** for our H Shares with adequate liquidity and **[REDACTED]** volume will develop and maintain following completion of the **[REDACTED]**. In addition, the **[REDACTED]** of our H Shares is the result of negotiations between the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and us, and may not be an indication of the **[REDACTED]** at which our H Shares will be **[REDACTED]** following the completion of the **[REDACTED]**. If an active **[REDACTED]** for our H Shares does not develop following completion of the **[REDACTED]**, the **[REDACTED]** and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The **[REDACTED]** and **[REDACTED]** volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business performance and the market price of the shares of other companies engaging in similar business may also affect the **[REDACTED]** and **[REDACTED]** volume of our H Shares. In addition to market and industry factors, the **[REDACTED]** and **[REDACTED]** volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, the shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and the **[REDACTED]** of our H Shares may be subject to changes in price not directly related to our business performance.

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

Future sales, or the perception of future sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the **[REDACTED]** market, particularly by our Directors, executive officers or Controlling Shareholder, may adversely affect the **[REDACTED]** of our H Shares and our ability to raise equity capital in the future. In addition, the issuance of new Shares or other equity or equity-linked securities, including under any existing or future share option or incentive schemes, may dilute the interests of our Shareholders. Such securities may also confer rights or privileges that rank senior to those attached to our H Shares. Certain Shares held by our existing shareholders are subject to lockup periods commencing from the **[REDACTED]**. After the expiry of such lock-up periods, we cannot assure you that these Shares will not be sold in the **[REDACTED]** market, which could negatively affect the **[REDACTED]** of our H Shares. Furthermore, **[REDACTED]** for H Shares in the **[REDACTED]** are not subject to restrictions on the disposal of the H Shares they **[REDACTED]** and may sell their H Shares shortly after completion of the **[REDACTED]**. Any such sales, particularly sizeable sales, could adversely affect the **[REDACTED]** of our H Shares and increase **[REDACTED]** volatility.

You will incur immediate and significant dilution if the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we [REDACTED] additional Shares in the future.

The initial **[REDACTED]** of our H Shares is higher than the net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders immediately prior to the **[REDACTED]**. Therefore, **[REDACTED]** of our H Shares in the **[REDACTED]** will experience an immediate dilution in terms of the **[REDACTED]** net tangible asset value. In addition, we may consider **[REDACTED]** and **[REDACTED]** additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. **[REDACTED]** of our H Shares may experience further dilution in terms of the net tangible asset value per Share if we **[REDACTED]** additional Shares in the future at a **[REDACTED]** that is lower than the net tangible asset value per Share.

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

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), our Controlling Shareholder, Mr. Li, will hold approximately **[REDACTED]**% of the issued **[REDACTED]** of the Company (excluding the 3,651,617 A Shares held by our Company as treasury Shares). Our Controlling Shareholder will have the ability to exercise significant influence over us, including matters relating to the nomination and election of our Directors, business strategies, dividends and other distributions and major corporate activities, including securities **[REDACTED]**, acquisitions or **[REDACTED]**. The interests of our Controlling Shareholder may not align with those of our other Shareholders.

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

We intend to maintain a dividend policy for the Shareholders' interests, but there is no assurance that any dividends will be declared or paid in the future. Dividend declarations, payments and amounts are subject to PRC laws and regulations (including restrictions on distributions and differences between profits calculated under PRC Accounting Standards and IFRS), our constitutional documents, and the discretion of our Directors (and Shareholders' approval) after considering our results of operations, financial condition, cash flows, capital needs, strategic plans and other relevant factors, and may only be made out of lawfully distributable profits and reserves; past dividends are not indicative of future dividends. In addition, PRC foreign exchange controls may restrict our ability to convert RMB into foreign currency and remit funds offshore, and if we cannot obtain sufficient foreign currency, we may be unable to pay dividends in foreign currencies to our Shareholders.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and **[REDACTED]** should not place undue reliance on them.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the **[REDACTED]**. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective **[REDACTED]** in our H Shares should be reminded that, in making their **[REDACTED]** decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to **[REDACTED]** our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

Certain facts, forecasts and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

This document, particularly the section headed "Industry Overview" contains information and statistics relating to the industry in which we operate in China and globally, as well as other economic data. Such information and statistics are derived from various official government sources. We believe that the sources of the information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, any of the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any of their respective affiliates or advisors, and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In all cases, our **[REDACTED]** should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage regarding us, our Shares or the [REDACTED].

We strongly caution our **[REDACTED]** not to rely on any information contained in press articles or other media regarding us, our Shares and the **[REDACTED]**. Prior to the publication of this document, there may be press and media coverage regarding the **[REDACTED]** and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. 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 or conflicts with the information contained in this document, we disclaim responsibility for it and our **[REDACTED]** should not rely on such information.