You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in jurisdictions where we operate; and (iii) risks related to the [**REDACTED**]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We have incurred gross losses and net losses during the Track Record Period and may not be able to achieve or subsequently maintain profitability in the future.

In 2023, 2024, 2025 and four months ended April 30, 2025, we had gross losses of RMB39.9 million, RMB34.1 million, RMB33.9 million and RMB13.8 million, respectively, while we recorded gross profit of RMB4.1 million for the four months ended April 30, 2026. During the same periods, we had incurred net losses of RMB655.5 million, RMB418.9 million, RMB307.4 million, RMB103.3 million and RMB91.4 million, respectively. There is the possibility of continued losses due to increases in costs and expenses along with our business development. If we are unable to generate sufficient revenue and effectively manage our expenses, we may continue to experience significant losses and may not achieve profitability in the future. We plan to consistently invest in advancing battery-swapping stations, improving techniques and equipment and investing in R&D and marketing activities, which are considered crucial for our sustainable growth. However, there can be no assurance that these efforts will result in improved financial performance in the near term. If we are unable to generate sufficient revenue to offset the associated cost and expenses or effectively manage our cost and expense structure, we may not be able to increase profitability and improve liquidity position in the future.

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

Our competition not only comes from other battery-swapping service providers but also from EV charging service suppliers. Additionally, we are facing increasing competition as more EV OEMs enter the EV energy replenishment industry. Competitors may offer better prices and/or deliver better user experiences to prospective customers/users. We may also face future competition from new entrants that could intensify the market competition. We anticipate that more established companies, including EV OEMs that possess large, existing user bases, substantial financial resources and sophisticated technological capabilities may also enter the markets in which we compete. Competitors may have different business models, have different cost structures or participate selectively in different industry segments. They may ultimately prove to be more successful or more adaptable to customer demand and new regulatory, technological and other developments. Some of our current and potential competitors may have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sales and support of their products and service offerings. Our

competitors may also have longer operating histories, greater brand recognition and brand loyalty and broader or closer relationships with dealers, EV OEMs or other third-party relationships than us. Our competitors may be better at developing solutions and services, responding more quickly to new technologies and undertaking more extensive and effective marketing campaigns. In response to competition, we may have to lower and/or adjust the various fees charged and paid to the other parties, which could materially and adversely affect business, profit margins and results of operations. If we are unable to compete with such companies and meet the need for innovation in our industry, the demand for our services could stagnate or substantially decline, which could harm our business and results of operations.

We are in an emerging and fast evolving market, and may face challenges in promoting and scaling our battery-swapping solutions as unified industry standards for EV batteries are still taking shape.

The EV energy replenishment market, especially the battery-swapping solution market, is relatively new and evolving rapidly. There is no assurance that it can continue to grow as rapidly. We may not have sufficient experience to address the risks to which companies operating in new or rapidly evolving markets may be exposed. The laws and regulations governing the BEV industry in the PRC are still at a nascent stage and subject to further changes and interpretations. As the relevant markets, the regulatory environment or other conditions evolve, our existing battery-swapping products and service offerings may not continue to deliver the expected business results. As our business develops, we may continue to introduce new products and services, make adjustments to existing products and services, to our business model or to our operations in general. Our abilities to retain and attract new end customers, EV OEM partners, battery-swapping station partners, and other third parties are also critical to our business. Any significant change to our business model or failure to achieve the intended business results may have a material and adverse impact on our financial condition and results of operations. Therefore, it may be difficult to effectively assess our future prospects.

The EV battery-swapping industry currently faces a range of challenges and uncertainties, such as the lack of universally accepted technical standards for EV technology and batteries. Currently, EVs vary in size and performance capabilities and are compatible only with specific battery models. Although the Ministry of Industry and Information Technology of the PRC ("**MIIT**") and other departments have issued policies related to battery-swapping technology for EVs, there is no definitive timeline for the standardization of batteries. Consequently, our battery-swapping stations can only serve EVs that are equipped with compatible battery modules and have sizes that fit within the constraints of our stations, which restricts the marketability of our stations. Looking ahead, should the MIIT introduce unified standards for EV batteries, we may face significant expenses to align our existing and future products with these standards. Furthermore, there are currently different battery-swapping technologies in the market, including the buckle-on-chassis technology and the bolt-on-chassis technology. At present, it remains uncertain which of these technologies will become the market standard. Therefore, you should consider our business and prospects in light of the risks and challenges that we encounter or may encounter, given the rapidly evolving market in which they operate and their limited operating history.

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

Our business relies, to a large extent, on the customers' demand for EVs which is subject to a series of factors directly impacting EV prices or the costs of purchasing and operating automobiles, such as sales and financing incentives, purchasing prices, power rates and governmental regulations, including tariffs and other taxes. In addition, the market for new energy vehicles is still rapidly evolving, characterized by rapidly changing technologies, competitive pricing and competitive factors, evolving government regulation and industry standards and changing consumer demands and behaviors.

There are currently two primary methods for EV energy replenishment: charging and battery swapping. While battery swapping offers notable advantages, such as quicker energy replenishment and reduced battery wear, it is still relatively new compared to the more established charging model. As a result, it remains uncertain whether battery swapping will become the predominant method for EV energy replenishment in the future. Furthermore, within the battery-swapping model, there are different technologies in use. It is still unclear whether our buckle-on-chassis technology will become the preferred standard in the market. The future growth of our business will largely depend on the market's adoption of EVs, acceptance of the battery-swapping model, and preferences for different battery-swapping technologies. Any of the factors described above may make it difficult for us to promote, operate or sell our battery-swapping stations. If the markets for commercial-use EVs and battery-swapping stations do not grow as expected or develop more slowly than anticipated, our business, prospects, financial condition and operating results will be affected.

We incurred substantial cost of revenue and operating expenses during the Track Record Period, and expect to continue to make ongoing capital and operating expenditures. We may need to raise additional capital in the future, which may not be available on terms acceptable to us, or at all. If we cannot raise additional funds on attractive terms when we need them, our operations and prospects could be negatively affected.

We have incurred significant cost of revenue and operating expenses during the Track Record Period. In 2023, 2024, 2025 and four months ended April 30, 2025 and 2026, our cost of revenue amounted to RMB1,195.2 million, RMB960.4 million, RMB711.0 million, RMB244.6 million and RMB231.0 million, respectively. Our selling and marketing expenses were RMB68.7 million, RMB65.8 million, RMB45.8 million, RMB18.0 million and RMB13.2 million; our administrative expenses amounted to RMB133.0 million, RMB123.0 million, RMB101.3 million, RMB30.6 million, and RMB35.5 million; and our research and development expenses amounted to RMB76.4 million, RMB67.1 million, RMB37.0 million, RMB18.7 million and RMB13.0 million in 2023, 2024, 2025 and for the four months ended April 30, 2025 and 2026, respectively. The upgrading, procurement, ongoing maintenance of machinery and equipment and expanding our customer bases will require us to make continuous capital and operating expenditures to maintain our level of service. Changing competitive conditions or the emergence of any significant advances in battery-swapping solution could require us to invest significant capital in order to remain competitive. If we are unable to fund any such investment, our business, results of operations or financial condition could be adversely affected. Our capital and operating expense requirements will depend on many factors, such as technological advancements, market acceptance of our solutions, our operating efficiency.

Furthermore, if our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our solutions, expand our sales and marketing programs, take advantage of future opportunities or respond to competitive pressures.

We had net liabilities and net current liabilities during the Track Record Period, which may expose us to liquidity and financial risks.

As of December 31, 2023, 2024, 2025 and April 30, 2026, we had net liabilities of RMB2,288.5 million, net assets of RMB1,212.1 million, RMB920.2 million and RMB850.3 million, respectively. In addition, we had net current liabilities of RMB3,598.4 million, net current assets of RMB114.7 million, net current liabilities of RMB121.4 million and net current liabilities of RMB88.1 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. For details, please see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position." Net liabilities and net current liabilities positions can expose us to liquidity and financial risks. This in turn could require us to seek financing from external sources such as debt issuance and bank borrowings, which may not be available on terms favorably or commercially reasonable to us, or at all.

We recorded net operating cash outflows in certain periods during the Track Record Period and may experience such outflows in the future, which could adversely affect our liquidity.

We recorded net cash generated from operating activities of RMB164.2 million and RMB292.4 million in 2023 and 2024, respectively, net cash used in operating activities of RMB60.3 million in 2025, and net cash generated from operating activities of RMB10.9 million for the four months ended April 30, 2026, compared with net cash used of RMB55.2 million for the corresponding period in 2025. If continued net losses or adverse working capital movements cause us to experience net operating cash outflows, the cash available for our operations, capital expenditure and payment obligations may be reduced, and additional financing may not be available on acceptable terms or at all.

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

We operated 321, 291, 236 and 214 self-owned battery-swapping stations as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. While we have been placing increasing emphasis on offering battery-swapping solutions to customers that operate or plan to operate battery-swapping businesses, including sales of battery-swapping stations and battery-swapping modules as well as provision of battery-swapping operational services, self-owned stations currently remain the primary contributor to our total revenue during the Track Record Period. In 2023, 2024, 2025 and for the four months ended April 30, 2026, our revenue from the self-owned battery-swapping services amounted to RMB528.6 million, RMB546.8 million, RMB435.5 million and RMB127.2 million, respectively, accounting for 45.8%, 59.0%, 64.3% and 54.1% in each of the respective periods. Operating these stations requires significant financial investments that encompass various aspects: upgrading, procurement and ongoing maintenance of machinery and equipment, as well as associated property and labor costs. Each of these components contributes to the substantial overall investment needed to maintain the operational efficiency of these stations. Such significant capital allocation inevitably impacts our profit margins and cash flow. Furthermore, the heavy capital deployment into station infrastructure might limit our ability to invest in technology and R&D activities, potentially leading to adverse effects on our business growth. Additionally, operating in regional markets where we may not have the same level of market insight or resource allocation capabilities as local competitors can be challenging. This scenario could restrict our ability to gain operational efficiencies and competitive advantages in these markets, thus impacting the overall viability of our self-owned stations.

We face risks associated with the development and scaling of our battery-swapping operational services and/or platform services.

During the Track Record Period, we intensified our efforts to expand the provision of operational services to customers that operate or plan to operate battery-swapping businesses. The number of battery-swapping stations purchasing our operational services (excluding platform service) were 111, 71, 59 and 79 as of December 31, 2023, 2024, 2025 and the four months ended April 30, 2026. During the same period, another 120, 198, 229 and 238 battery-swapping stations purchased our platform services on standalone basis. We typically enter into service agreements, for key terms of which, see "Business — Our Battery-Swapping Solutions — Battery-Swapping Operational Solutions — Battery-Swapping Operational Services." We may not be able to renew these agreements with our customers on commercially acceptable terms or at all. Our customers may elect not to renew their agreements with us or otherwise terminate their business relationships with us for various reasons, including in the event as stipulated by the related laws and regulations. In addition, we may not be able to establish business relationships with new partners to support the continued growth of our business. In the event that a significant number of our customers terminate their relationships with us, or we are otherwise unable to maintain and expand our operation effectively, our business, results of operations and financial condition could be materially and adversely affected. Also, if we fail to further expand the customer base for our battery-swapping

operational services as anticipate, or if we cannot continue to provide the satisfactory battery-swapping operational services as required by our customers, our business, financial condition, and results of operations could be adversely affected.

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

We face risks associated with our sales of battery-swapping stations, and any underperformance in this business may adversely affect our business, financial condition, and operational results.

We sell battery-swapping stations to customers that have entered or intend to enter into the energy replenishment industry. Our future growth is closely tied to our ability to encourage existing partners to make repeat purchases of our battery-swapping stations and to extend our customer base. In 2023, 2024, 2025 and the four months ended April 30, 2026, we sold 90, 56, 36 and 20 stations, respectively. The decline in sales volume reflects our strategic decision to moderate the pace of station rollout during our business transition, as we shifted our focus toward optimizing market layout and enhancing the long-term viability of our business model. While this shift supports our attempts to drive sustainable growth in the long term, it creates near-term pressure on sales performance and increases our reliance on successfully generating future demand. If we fail to generate sustained purchasing demand from existing customers or to expand into new customer segments, our ability to grow revenue and maintain scale may be adversely affected. In addition, securing long-term purchasing engagement from customers requires ongoing effort to demonstrate value, align operational models, and maintain high service standards. Any failure to effectively manage these commercial relationships and expand our sales channels may materially and adversely affect our growth prospects, financial condition, and operating results.

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

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

If we fail to upgrade and integrate advanced technologies into our operations and services, our business, financial condition, and results of operations could be adversely impacted.

EV energy replenishment industry is characterized by rapid technological evolution, frequent introduction of new services and products embodying new technologies, and the emergence of new industry practices. In 2023, 2024, 2025 and for the four months ended April 30, 2026, we incurred R&D expenses of RMB76.4 million, RMB67.1 million, RMB37.0 million and RMB13.0 million, accounting for 6.6%, 7.2%, 5.5% and 5.5% of our revenue for the same periods, respectively. We

anticipate continuously incurring substantial and potentially increasing R&D costs as part of our efforts to design, develop, manufacture and commercialize more upgraded solutions and enhance existing offerings. We may not always be able to keep up with changes in EV and battery-swapping technologies and, as a result, our competitiveness may suffer. In addition, developments in alternative technologies, such as ethanol, fuel cells, hydrogen fuel power or compressed natural gas or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects. Any failure by us to successfully react to changes in existing technologies could materially harm our competitive position and growth prospects.

We view our technological advantages as our core competence to enhance our market competitiveness. However, as the EV and the EV energy replenishment industry is rapidly evolving, we cannot be certain that our choices of technologies will become the industry mainstream, or we can accurately anticipate the way these markets will evolve. In addition, even if our technological advancements are in line with industry trends, we cannot assure you that all of our R&D efforts will lead to profitable products or solutions in the short term. In the event that our new technologies fail to achieve commercialization, or our products and solutions fail to be adopted by the market, our business prospects and financial condition could be materially and adversely affected.

Our market position depends critically on our ability to continuously optimize, upgrade and enrich our battery-swapping businesses, as well as to improve our existing ones in a cost-effective and timely manner.

Our ability to enrich and upgrade battery-swapping businesses, as well as enhance our existing offerings, is crucial to our business, financial condition and results of operations. However, there is no assurance that our assessments, introduction and commercialization of the new solutions, or the enhancement of current offerings will turn out to be successful in a cost-effective and timely manner and generate the expected returns.

Our development strategies include, among others, (i) advancing battery-swapping stations towards full automation and digitalization; (ii) developing and promoting the adoption of battery-swapping solutions for commercial vehicles; (iii) expanding global market and developing global partnerships and (iv) accelerating the expansion of China's battery-swapping ecosystem into broader application scenarios. See "Business — Our Strategies." While we strive to align our business strategies with market trends, we cannot guarantee that they will be launched in a timely manner or receive the anticipated market acceptance. We may face unforeseen technical challenges that could delay the completion and delivery of our products and solutions, as well as hinder our ability to produce them cost-effectively. Such delays and inefficiencies could weaken our competitive position and harm our customer relationships. Furthermore, even if we successfully develop new technologies and solutions, there is no guarantee that these will sufficiently differentiate our offerings from those of our competitors in terms of accuracy, safety, and comfort-enhancing features.

Any significant failure, weakness, interruption, cyber event, incident, or breach of security of our smart energy service platform and other information technology systems could subject us to cybersecurity risks and hinder the availability and effectiveness of our products and solution.

Our smart energy service platform provides comprehensive real-time intelligent operational management, covering aspects such as user (drivers and vehicles) operations, battery-swapping stations and battery management, activity operations, environmental and operational monitoring, as well as data tracking and analysis. See "Business — Our Battery-Swapping Stations and Technologies — Smart Energy Service Platform." Therefore, our business operations are largely dependent on the proper functioning of this cloud platform and any of its improper functioning or material failure could interrupt our business activities. Our cloud service platform may contain "bugs" or undetected errors, potentially affecting its functionality and reliability.

Any discontinuation of preferential tax treatments, government grants or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

We are incorporated in the PRC and are governed by applicable PRC income tax laws and regulations. The EIT law and its implementing rules, impose a statutory rate of 25% on PRC enterprises. We and certain of our subsidiaries have obtained qualification as a High and New Technology Enterprise and was subject to a reduced preferential tax rate of 15% during the Track Record Period. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

In addition, we were supported with government grants during the Track Record Period. In 2023, 2024, 2025 and the four months ended April 30, 2026, we recognized government grants of RMB19.9 million, RMB37.1 million, RMB14.3 million and RMB4.7 million as other net income, respectively. Preferential tax treatments and incentives granted to us by PRC governmental authorities are subject to review and may be adjusted or revoked at any time in the future. We cannot guarantee that the preferential tax treatments and incentives to which we are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments, potentially with retrospective effect. The unavailability, reduction or elimination of government and economic incentives or government policies which are favorable for EVs, domestically produced vehicles or battery-swapping stations could have a material adverse effect on our business, financial condition and prospects.

We could experience cost increases or disruptions in supply of raw materials and electricity.

Our battery-swapping stations require various raw materials, including charging cabinets, charging systems, shuttle vehicles, stackers, and containers. For our battery-swapping modules, the key raw materials include sheet metal parts, connectors, and wiring harnesses. The prices for these materials are subject to fluctuations due to factors beyond our control, such as market conditions, global demand, and supply chain disruptions. Any significant increase in the cost of these materials could adversely impact the production costs and profitability of our battery-swapping stations and modules. Moreover, our battery-swapping services are directly influenced by electricity costs, and therefore, any rise in electricity prices could increase the operational costs associated with providing battery-swapping services, potentially reducing the demand from drivers and negatively affecting our financial performance. If electricity costs rise significantly, we may be forced to adjust our pricing strategies, which could further impact the competitiveness and adoption of our services in the market.

If we experience any delay in the development and launch of our battery-swapping stations, or in the production and delivery of the battery-swapping modules ordered by our EV OEM customers, or if we fail to forecast market demand accurately, leading to either an oversupply or undersupply of our products and services, our business, financial condition, and results of operations may be adversely impacted.

We arrange the construction of our battery-swapping stations and negotiate the production and supply of battery-swapping modules with our manufacturing partners, according to our operational and expansion plans. Our main production activities, including the construction of battery-swapping stations equipment, accessory materials, and battery-swapping modules, are carried out at our facility in Shanghai. We also outsource certain non-core production processes, such as minor surface processing steps, to third-party manufacturers. Any delays in our or our manufacturing partners' production activities with could adversely affect our overall production schedule and business operations. Furthermore, we plan our production based on market demand. Failure to accurately forecast market demand could lead to either an oversupply or undersupply of our products and services, which may have a material adverse impact on our business, financial condition, and results of operations.

We may face risks relating to safety incidents, malfunctions or operational failures at our battery-swapping stations that may result in liabilities, adverse publicity or other negative impacts on our business and financial condition.

Any malfunction or defect in the battery-swapping stations we constructed or the battery-swapping modules we produced may subject us to product liability claims to the extent people or properties are harmed by such defect. Our offerings are technically complex and adhere to stringent manufacturing standards. We have established a series set of safety production and management systems, including standardized battery-swapping safety management protocols, high-risk operations management procedures, safety inspection regulations, and hazard identification and risk management systems. Furthermore, we have implemented safety training programs and employed a certified safety engineer and safety management personnel to ensure the standardization of our production and operations. Nonetheless, we cannot guarantee that our products and solutions will be free from defects, errors, or reliability issues. We historically encountered one battery combustion incident at our battery-swapping station in Beijing in 2022. Based on the findings of our investigation and analysis, the incident was caused by a short circuit in stored batteries, leading to spontaneous combustion but not resulting in any injuries or fatalities. We have strengthened the management of our battery-swapping stations and enhanced the frequency of monitoring through our advanced battery management system, ensuring timely and effective management of thermal runaway risks. In response to this incident, we have implemented specific corrective measures and strengthened our internal controls to prevent similar occurrences. These actions include installing intelligent smoke detectors at city operation sites to automatically report abnormal conditions. In addition, the city safety function is responsible for supervising frontline staff to complete emergency drills and periodic emergency assessments as required. Personnel who do not pass the drills or assessments are required to undergo targeted training. During the Track Record Period and up to the Latest Practicable Date, we had no experienced similar incidents during the operation of battery-swapping stations.

Although we have maintained all-risk insurance and public liability insurance, the coverage may not fully protect us from all losses or damages. We may have legal recourse against the cooperating manufacturers, station partners and/or suppliers under PRC law in such circumstances, attempting to enforce our rights against these parties may be expensive, time-consuming, and ultimately futile. As a result, any material product liability claim or litigation could have a material and adverse effect on our business, financial condition and results of operations. Even unsuccessful claims could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches. A breach in our cybersecurity, or failure to protect confidential information, may result in legal and financial exposures and reputational damages.

We rely on information technology networks and systems for providing services, managing our suppliers and employees, and monitoring service and manufacture status. Our business involves storage and transmission of data about our business, suppliers, customers and other business partners. Our information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

Any harm to our brands or reputation or any damage to the reputation of the third parties with whom we collaborate or failure to enhance brand recognition could have a material adverse effect on our results of operations and growth prospects.

Enhancing the recognition and reputation of our brands are critical to our business and competitiveness. Any malicious or inadvertent negative allegations made by the media or other parties about the foregoing or our management, business, compliance with law, financial condition or prospects, whether with merit or not, could severely hurt our reputation and harm our business and results of operations.

As the EV market in China rapidly expands, the high pace of industry development may lead to increased media scrutiny and the potential for higher visibility of any incidents. This heightened attention could adversely affect our business operations if negative publicity arises, even if we are not directly involved. Furthermore, during the course of industry expansion, issues such as alleged design deficiencies or safety concerns may emerge. These issues could adversely impact the industry as a whole. Additionally, such perceived problems could lead to tighter regulatory scrutiny of the sector and potentially restrict the scope of permissible activities for market participants. These developments could materially and adversely impact our business and operational results.

We collaborate with various industry participants in providing products and services. Such participants include EV OEMs and battery manufacturers and other business partners. Negative publicity about such counterparties, such as their failure to comply with applicable laws and regulations or to otherwise meet required quality and service standards, could cause reputational harm to our business. Furthermore, any delivery delays caused by our manufacturing partners could negatively impact our brand reputation.

The seasonality of the passenger vehicle industry and seasonable impacts on EV battery performance affect our operating results.

The passenger vehicle industry is subject to seasonal variations in revenues. Demand for ride-hailing services and taxis is generally higher in summer as well as before or during certain major Chinese holidays. Accordingly, we expect our revenues and operating results generally to be higher in these periods than in other months of the year. Furthermore, during the winter months, EV batteries tend to drain faster and offer less range, leading to an increased frequency and need for energy replenishment. This seasonal effect significantly heightens the demand for our battery-swapping services. If circumstances arise during these periods that impede the need for automobile services, our revenues for the year would be disproportionately adversely affected. In addition, comparisons of sales and operating results between different periods within a single fiscal year, or between the same periods in different fiscal years, may not be meaningful and should not be relied upon as indicators of our performance.

We may not be able to adequately protect our intellectual property rights, which could harm the value of our brand and adversely affect our business.

Our success partially relies on our capabilities to obtain patents and other intellectual property rights to maintain adequate legal protection for our technologies, products and solutions in the jurisdictions where we commercialize our products and solutions. Currently, we rely on a combination of patents, trademarks, copyrights and other intellectual property rights, trade secrets, contractual arrangements and confidentiality procedures to establish and protect our proprietary technologies, know-how and other intellectual property rights. However, those measures only provide limited protection. We may encounter challenges in filing and prosecuting all necessary or desired patent applications within reasonable costs and timeframes. A failure to timely identify patentable technological developments from our R&D activities could lead to a loss of patent protection, permitting competitors to develop and commercialize similar products, thereby potentially impacting our key products, technologies, and overall business. Furthermore, despite our efforts, there is a risk that unauthorized parties may copy, reverse engineer, disclose, obtain, or use

our technologies, products, and solutions. Competitors might also develop similar or competitive technologies, products, or services, or design around our existing patents. Such activities could materially and adversely affect our competitive position. Engaging in legal proceedings to defend our intellectual property could result in substantial costs and divert our resources and management's attention from other strategic areas, including further R&D and business operations, potentially impacting our ability to develop technologies and manage our business effectively.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We operate in the competitive energy replenishment solution industry, where intense R&D investment and the protection of derived technologies are common among competitors. Consequently, there is a risk that third parties may have independently developed similar technologies or acquired them through other means. If we do not promptly and effectively secure our intellectual property and a third party successfully files or registers a similar technology under relevant laws before us, we could face intellectual property claims. Should a claim of infringement be successfully asserted against us, we may be compelled to cease selling, integrating, or using products or services that involve the disputed intellectual property. This situation could result in substantial liability for damages.

Our success depends on our ability to retain key members of our management team and to attract, retain and motivate other key personnel and qualified personnel.

Our future success is significantly dependent upon the continued service of our key executives and other key employees. In particular, we are highly dependent on management team and our key R&D personnel for the development of our business and technology development. However, if we lose the services of any senior management or key R&D personnel, we may face difficulties in finding suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and growth. Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue attracting and retaining experienced management and key R&D personnel. The availability of suitable and qualified candidates could be limited. We compete to attract and retain qualified R&D personnel with other new energy-focused companies, universities and research institutions. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which could materially and adversely affect our financial condition and results of operations. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could severely disrupt our business and growth.

We may experience fluctuations in labor costs or labor shortages.

If we face labor shortages or significant increases in labor costs caused by the intense competition, higher employee turnover rates, increases in wages or other employee benefit costs or changes to labor laws and regulations, our operating costs could increase significantly, which could materially and adversely affect our results of operations. We cannot assure you that labor disputes will not occur between us and our employees in the future. If such incidents do occur, we may be subject to fines by relevant governmental authorities and may incur settlement costs in order to resolve labor disputes. In addition, we may become subject to higher labor costs in the future when recruiting new employees due to the reputational damage caused by labor disputes.

We are exposed to inherent operational risks and hazards, which may result in personal injuries or accidents.

Our operations, including the production of battery-swapping modules and the construction and operation of battery-swapping stations, do not inherently subject our employees to high-risk safety environments. Moreover, we have implemented comprehensive safety policies and standardized operating procedures. However, there is still a potential for personal injuries or

fatalities among our employees due to improper operation, individual health issues, geological catastrophes, or other factors beyond our control. During the Track Record Period and up to the Latest Practicable Date, there occurred three fatal incidents. For detail, see "Business — Environment Protection, Social Responsibility and Corporate Governance — Labor." We cannot guarantee that material workplace accidents will not occur in the future despite our safety policies and measures. Even if such accidents were not caused by our fault or negligence, such accidents may still cause us to incur substantial costs, damage to our reputation and loss of future business, which may materially and adversely affect our business, financial position and results of operations.

Our leased property interests may be defective and our right to lease or use the properties may be challenged.

As of the Latest Practicable Date, we leased 172 parcels for 214 self-owned battery-swapping stations, among which 15 parcels for 18 self-owned battery-swapping stations have potential title defects, including: (i) failure by the lessors of the Relevant Properties to provide valid title certificates or proper sublease authorization; (ii) incomplete upstream lease agreements, where the lease term granted to the sublessor does not fully cover the duration of our sublease and/or (iii) failure by lessors of the Relevant Properties to complete necessary land use procedures. These Non-compliant Stations accounted for approximately 8.4% of our total self-owned battery-swapping stations. For details, see "Business — Legal Proceedings and Regulatory Compliance."

As advised by our PRC Legal Adviser, it is the responsibility of the lessors to obtain the proper and valid title certificates or sublease authorizations and to ensure that the actual use of the land is consistent with its permitted use. Our leasehold interests may be subject to uncertainty in the event of any third-party claims or challenges. In the worst case scenario, if the lessors are found to lack the requisite rights to lease such properties, the relevant lease agreements entered into with them may be deemed invalid, and we may be required to vacate the leased properties. If we face any claim or challenge brought by any regulatory authorities or third parties concerning the use of our leased properties with title defects, we may be forced to vacate from our leased properties and our business operations may be interrupted.

Any failure to fully comply with labor-related laws may subject us to government investigations or require us to incur additional expenditures.

Companies operating in China are required to participate in various government sponsored other welfare-oriented payment obligations and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of its employees up to a maximum amount specified by the relevant local government from time to time. The employee benefit plan requirement, however, has not been implemented consistently across the local governments given the different levels of economic development in different locations. We did not make full contributions to the social insurance and housing funds for our employees during the Track Record Period. Our PRC Legal Adviser has advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue fine of 0.05% of the delayed payment per day from the date on which the payment is payable. 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. As a result, we may be required by competent authorities to pay the outstanding amount and could be subject to late payment penalties or enforcement application made to the court. As of April 30, 2026, we had a shortfall of social insurance and housing provident fund of approximately RMB4.8 million. For details, see "Business — Employees — Social Insurance and Housing Provident Fund."

During the Track Record Period, we had engaged third-party human resource agencies to pay social insurance premium and housing provident funds for certain of our employees in certain location where they work. The incidents occurred primarily because we entered into employment contracts with employees whose registered addresses were in cities different from where they actually worked. As a result, we paid their social insurance premiums or housing provident funds locally through third-party human resource agencies, according to the preferences of these employees. Under the agreements between the third-party agencies and us, the third-party agencies had the obligations to pay social insurance and housing provident funds for our relevant employees on time and in full amounts. However, the contributions to social insurance premium and housing provident funds made through third-party accounts may not be viewed as contributions made by us, and as a result, we may be required by competent authorities to pay the outstanding amount and could be subject to late payment penalties or enforcement application made to the court. During the Track Record Period and as of the Latest Practicable Date, we had not received any fines or penalties from the competent authority as a result of any such arrangement. However, we cannot assure you that we will not be subject to any of such order of correction, fines or penalties if we fail to maintain compliance with relevant ongoing regulatory requirements.

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

We maintain different types of insurance policies, including social insurance and accident insurance for our employees, property all-risk insurance and public liability insurance. See "Business — Insurance." In line with industry practice, we have elected not to maintain certain types of insurances, such as key person insurance. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings 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. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected. During the Track Record Period and as of the Latest Practicable Date, we had not been subject to any punishment involving an amount of RMB100,000 or above for violating laws and regulations with respect to market supervision in connection with our sales practices. Nonetheless, we cannot assure you that disputes, or any compliance concerns will not arise in the future, we may attract claims of engaging in

anticompetitive conduct or abuse of substantial market power. Under such circumstances, we may be subject to fines and/or other penalties, incur substantial legal costs and may suffer from business disruption and/or negative media coverage, which could adversely affect our business, results of operations and reputation. Furthermore, if we pursue infringement claims, we may face the risk of malicious countersuits. Such actions could lead to additional litigation costs and risks, and our business operations and brand reputation could be adversely impacted.

Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect our business, financial condition and results of operations.

We mainly collect and store data in relation to our battery swapping services, especially the data collected through the IoT. Such data primarily includes, among others, information regarding drivers using the battery swapping platform, such as name, age, ID number, address and phone number, and behavioral data from charging, consumption and review through our battery swapping services. Thus, we are subject to various laws and regulations concerning data security and privacy. Recently, the governments worldwide have placed increasing emphasis on privacy and data protection regulations. However, the interpretation and application of these laws, regulations, and standards related to cybersecurity, data protection, and privacy remain uncertain and constantly evolving, which may create uncertainty regarding our responsibilities in this area.

The Cybersecurity Review Measures (《網絡安全審查辦法》), which was promulgated on December 28, 2021 and became effective on February 15, 2022, provides that, among others, (i) a critical information infrastructure operator, or CIIO, purchasing network products and services, or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator handling personal information of more than one million users which seeks listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services or data processing activities affect or may affect national security. Considering that (i) we have not been involved in any cybersecurity review or investigation by the CAC or other authorities with respect to the Cybersecurity Review Measures; (ii) we have not been informed that we are recognized as a critical information infrastructure operator by any relevant authority; (iii) we have taken reasonable and adequate technical and management measures to ensure data security; and (iv) our PRC Legal Adviser conducted a named-basis telephone consultation with the China Cybersecurity Review Certification and Market Regulation Big Data Center (the "**CCRC**"), which is the competent authority entrusted by the CAC to set up a cybersecurity review consultation hotline, and the CCRC confirmed that the term "listing in a foreign country" does not apply to listings in Hong Kong, we and our PRC Legal Advisor are of the view that such regulations would not have a material adverse impact on our [**REDACTED**]. However, the Cybersecurity Review Measures and certain provisions thereof are still evolving and are subject to finalization or clarifications by relevant authorities; as such, the PRC regulatory authorities may have discretion in the interpretation of "affect or may affect national security."

We may be subject to increased environmental and safety or other regulation resulting in higher costs, cash expenditures, and/or sales restrictions.

As our business involves manufacture of battery-swapping modules and construction and operation of battery-swapping stations, we are subject to complex environmental, manufacturing, health, and safety laws and regulations in China, including laws and regulations relating to the use, handling, storage, recycling, disposal and human exposure to hazardous materials and relating to the construction, expansion and maintenance of their facilities. The costs of compliance, including remediating contamination if any is found on our facilities, and any changes to their operations mandated by new or amended laws, may be significant. We may be required to incur additional costs to comply with any changes to such regulations, and any failures to comply could result in significant expenses, delays, fines or shutdowns. We will be subject to laws, regulations and standards applicable to the supply, manufacture, import, sale and service of automobiles in different jurisdictions and relating to vehicle safety, fuel economy and emissions, among other things, in different jurisdictions which often may be materially different from each other. As a result, we and/or or manufacturing partners may need to make additional investments to ensure regulatory compliance.

We may be unable to obtain additional funding in a timely manner or on acceptable terms.

In order to refine our smart integrated energy service solution and augment our service platform, improve our operational efficiency, and fund potential strategic investments and acquisitions, we may require additional capital. We expect to satisfy any such capital commitments using part of the [**REDACTED**] from the [**REDACTED**] to be received by us, cash flow generated from our operations, bank facilities available to us and cash and cash equivalents on hand. To the extent we need additional financing, financing may be unavailable in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial conditions, results of operations and cash flows, general market conditions for capital raising activities, and global economic, political and other conditions. The sale of additional equity or equity linked securities could result in dilution to the Shares held by our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants restricting our operations or our ability to make acquisitions or pay dividends. Any failure to acquire sufficient additional capital to meet our capital requirements may materially and adversely affect our business, financial condition and results of operations.

We face risks associated with public health crises, force majeure events, severe weather conditions and other natural disasters, which could significantly disrupt our business operations.

Any future occurrence of public health crises, force majeure events, natural disasters or outbreaks of epidemics and contagious diseases may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, natural disasters such as snowstorms, earthquakes, fires, and floods can cause physical damage to our production facilities, equipment, and inventory which could result in production delays, inventory shortages and obsolete, which could increase our impairment and costs for repairs and replacements. Additionally, these events can lead to power outages, communication interruptions, and transportation disruptions, further hampering business operations.

We face inventory risks that, if not properly managed, could harm our financial condition, operating results, and prospects.

As of December 31, 2023, 2024, 2025 and April 30, 2026, we had inventories of RMB220.2 million, RMB204.3 million, RMB138.9 million and RMB125.9 million, respectively. We face inventory risks that may adversely affect our operating results as a result of increased competition, introduction of new battery technologies, shifts in customer demand, and other factors. We endeavor to accurately predict these trends and avoid overstocking or understocking issues. Demand for our solutions, however, may change significantly between the time inventory is procured and when it is utilized in battery swapping. We may misjudge customer demand, resulting in inventory buildup and possible significant inventory write-down.

Failure to collect our trade and other receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our cash flows and profitability are subject to the timely settlement of payments by our customers. As of December 31, 2023, 2024, 2025 and April 30, 2026, our trade and other receivables were RMB363.1 million, RMB214.8 million, RMB223.6 million and RMB264.2 million, respectively. Our trade receivables turnover days were 97 days, 93 days, 86 days and 89 days for the years ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2026. We cannot assure you that we will be able to collect all or any of our trade and other receivables or collect the amount for any unbilled work on time, or at all. Our customers may face unexpected circumstances, such as that may delay or even default in their payment obligation. As a result, we may not be able to receive such customers' payment of uncollected debts in full, or at all, and we may need to make provisions for trade and other receivables. The occurrence of such events would materially and adversely affect our financial condition and results of operations.

Failure to make timely payments to our suppliers may undermine their confidence in us and increase the pressure on our financing arrangements.

An increase in trade payables might result in increased liquidity risk, as higher outstanding amounts could strain our cash flow and limit our ability to meet other financial obligations on time. As of December 31, 2023, 2024, 2025 and April 30, 2026, our trade and other payables were RMB580.0 million, RMB584.5 million, RMB497.5 million and RMB452.9 million, respectively. Furthermore, heightened trade payables may adversely affect our creditworthiness, potentially eroding suppliers' confidence in our settlement ability, which could lead to stricter credit terms, supply interruptions, or reduced bargaining power. The accumulation of overdue payables also exposes us to penalty and interest expenses, thereby increasing financing costs and eroding profitability. Sustained high trade payables could also undermine supply chain stability, jeopardizing operational continuity, potentially affecting external stakeholders' perceptions and investor confidence, and thereby constraining future access to financing on favorable terms.

Property, plant and equipment impairment could negatively affect our reported results of operations.

The carrying values of property, plant and equipment are reviewed for impairment annually or more frequently when events or changes in circumstances indicate the carrying values may not be recoverable. We recognized impairment losses of our property, plant and equipment of RMB41.9 million, RMB12.8 million, RMB64.0 million, RMB4.5 million and RMB28.7 million for the year ended December 31, 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. Due to our business nature, we may continue to incur impairment losses property, plant and equipment for going forward.

Our impairment review process involves significant management judgment, particularly in determining the recoverable amount of assets. We assess property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. The application of the impairment test requires assumptions about future market conditions, asset usage, and cash flow projections, all of which are inherently uncertain. If our estimates or judgments regarding recoverable amounts are inaccurate, we may not recognize sufficient impairments, or may need to record additional impairments in future periods. Any significant impairment losses related to property, plant and equipment could materially and adversely affect our financial position and results of operations.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in the laws and regulations of the jurisdictions where we operate may affect our business, financial condition and results of operations.

We primarily operate in mainland China and are subject to a civil law system that is based on written statutes. Unlike the common law system where prior court rulings hold significant precedential value, decisions within the civil law system are often referenced but carry limited precedence. Recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the market. Specifically, the interpretation and application of some of these laws and regulations to our operations continue to evolve. Given that local administrative and court authorities possess discretion in interpreting and applying statutory provisions and contractual terms under applicable laws, predicting the outcomes of administrative and court proceedings and the extent of legal protection available to us can be challenging. Local courts may exercise discretion to deny enforcement of foreign or arbitration awards in alignment with existing laws and regulations. Such variability may influence our assessments regarding legal requirements and our capacity to enforce our contractual rights or claims. In addition, while regulatory changes aim to enhance compliance and fairness, they may also be misused by parties through unmerited or frivolous legal actions, claims related to third-party behaviors, or threats designed to extract payments or advantages from us. Furthermore, administrative and judicial processes can be lengthy, incurring significant expenses and diverting resources and management focus.

It is possible that a number of laws and regulations may be adopted or construed to apply to us in the market where we operate and elsewhere that could affect our business and operations. We may be required to devote additional legal and other resources for compliance with regulatory requirements. Changes in current laws or regulations or the imposition of new laws and regulations in the market where we operate may affect the industry in which we operate and affect our business, financial condition and results of operations.

Changes in the economic, political or social conditions or government policies of the jurisdictions where we operate could affect our business, financial condition and results of operations.

During the Track Record Period, substantially all of our assets and operations were located in China. As a result, our business, financial condition and operational results are influenced by the prevailing political, economic, and social conditions in the country. Economic conditions, such as inflation, recession, or currency fluctuations, can impact consumer purchasing power and demand for our services and products. Changes in government policies — including trade policies, tax laws, and regulations — can significantly affect our operational costs, market access, and business strategies. Social factors, such as shifts in consumer preferences, social norms, or demographic trends, also play a critical role in shaping product demand. In addition, the global macroeconomic environment is currently facing challenges. For example, the public health event may exert downward pressure on the global economy, leading many major economies to reduce their growth forecasts. The extent to which these challenges and uncertainties will be contained or resolved, and their long-term effects on global political and economic conditions, remain uncertain.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, export control and similar laws; and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, export control and similar laws and regulations in various jurisdictions in which we conduct activities. Any non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses. In addition, many of our customers require us to follow strict anti-bribery and anti-money laundering policies as part of doing business with us. Our procedures and controls to monitor anti-bribery and anti-money laundering compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we fail to comply with applicable anti-bribery laws and anti-money laundering laws, we may be subject to criminal and civil penalties and sanctions, incur significant expenses, our reputation could be harmed and our customers could cancel or not renew contracts for our services, all of which could have a material adverse effect on our business, financial condition and results of operations.

We may and intend to sell our products and services to other countries and regions outside China. Certain countries, regions, or individual counterparties with which we trade or operate in, or may trade or operate in the future, may be or become the subject of economic sanctions or export control of one or more countries that may have jurisdiction over all or portions of our operations. The number of authorities imposing and enforcing these types of sanctions has grown in recent years, and the complexity of the sanctions regimes has increased, making compliance with them more onerous and uncertain. Any violation of economic sanctions, or even an alleged or suspected violation, could harm our reputation and cause financial institutions or other counterparties to refuse to do business with us, which may negatively affect our business, our results of operations, or the [**REDACTED**] of our Shares. In addition, changes in economic sanctions laws in the future could also adversely impact our business and [**REDACTED**] in our Shares.

It may be difficult to effect service of process upon us or our directors or officers named in this document or to enforce foreign court judgments against them.

We are a company incorporated under the laws of the PRC and a substantial majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management resides within the PRC. The assets of these Directors and senior management may also be located within the PRC. As the cross-border service of legal process is typically cumbersome and time-consuming, it may be difficult for [**REDACTED**] outside China to effect service of legal process upon those persons residing in China or to enforce against us or them in China any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside China may be subject to uncertainties.

Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the [**REDACTED**] on the Stock Exchange, the holders of H 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. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

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

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the Individual Income Tax Law ("**IIT Law**") and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the Ministry of Finance of the PRC ("**MOF**") and the State Administration of Taxation of the PRC ("**SAT**") on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the 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》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC EIT at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

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

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

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to completion of the [**REDACTED**], there was no [**REDACTED**] for our H Shares. The initial [**REDACTED**] disclosed to the public for our H Shares was the result of negotiations among us and the [**REDACTED**], and the [**REDACTED**] may differ significantly from the [**REDACTED**] for the H Shares following the [**REDACTED**]. We have applied to [**REDACTED**] and [**REDACTED**] the H Shares on the Stock Exchange. We cannot assure you that the [**REDACTED**] will result in the development of an active, liquid public [**REDACTED**] market for the H Shares. In addition, the [**REDACTED**] and [**REDACTED**] volumes of the H Shares may be volatile due to a series of factors, such as our actual or anticipated operating performance and financial results, and general market conditions or developments affecting us or our industry. Moreover, the [**REDACTED**] has, from time to time, experienced significant [**REDACTED**] and [**REDACTED**] volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the market [**REDACTED**] and [**REDACTED**] volume of our H Shares.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material and adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

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

We cannot assure you that we will declare and distribute any amount of dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. For more details on our dividend policy, see "Financial Information — Dividend" in this document.

Furthermore, under the PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

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

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

You may incur immediate and significant dilution and may experience further dilution if we issue additional H Shares or other equity securities in the future, including pursuant to the share incentive schemes.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] net tangible asset value. In order to expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to the share incentive schemes, which would further dilute Shareholders' interests in our Company.

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

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

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, and growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "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, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary 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. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information.

Certain facts and statistics derived from official government publications contained in this document may not be reliable.

We have derived certain facts and other statistics in this document, particularly those from official government publications, industry associations, independent research institutes and other third-party sources. While we have taken reasonable care in the reproduction of the information, the information derived from official government publications has not been prepared or independently verified by us, the Sole Sponsor, the Sole Sponsor-[**REDACTED**], the [**REDACTED**] or any of our or their respective affiliates or advisors and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics derived from official government publications may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them.

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 relating to us, our H Shares 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 may have been press and media coverage regarding us and the [**REDACTED**]. 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 you should not rely on such information.