

## RISK FACTORS

*An [REDACTED] in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to [REDACTED] our H Shares. If any of the circumstances or events described below actually arises or occurs, our results of operations, financial performance and business prospects may suffer. In any such case, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.*

### RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

**Our growth depends on the development of the markets served by our customers, and we may be unable to match production with customer demand, which could adversely affect our operating results and business prospects.**

Demand for our products and solutions is dependent upon, among other things, the growth of the markets served by our customers, including but not limited to the new energy and environment management appliances sectors. These industries are experiencing rapidly changing technologies, evolving industry standards and changing customer demands. Such growth is influenced by various factors, including innovations in technology, changes in policies, global macroeconomic conditions, ongoing development of industry standards and protocols, evolving business practices and changing consumer preferences. If these industries or the markets on which we focus do not develop as we expect, or if there is a slowdown or decline in their adoption, our business may suffer. Even if these industries do develop, we may not be well-positioned or able to penetrate and capitalize on these new markets.

We make planning and spending decisions, including production levels, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of product demand and customer requirements. Our products are typically purchased pursuant to purchase orders. While our customers may provide us with their demand forecasts, they may not contractually be committed to buying any quantity of products beyond purchase orders, and the possibility of unexpected changes in the demand for their products could reduce our ability to accurately estimate future customer requirements. In addition, in recent years, we have strengthened the deployment of high-performance products and have been consolidating our core competitiveness to meet the major demand for energy storage inverters and energy storage batteries. Customers may require rapid increases in production, which could strain our resources, necessitating more onerous procurement commitments.

In addition, if we overestimate customer demand, we may accumulate excess inventory, which could result in decreases in our prices or write-downs of unsold inventory. Conversely, if we underestimate customer demand or are unable to secure sufficient production capacity, we could miss sales opportunities, lose market share, or damage our customer relationships. The rapid pace of innovation in our industry could also render significant portions of our inventory obsolete. Excess or obsolete inventory levels could result in unexpected expenses or inventory write-downs that could adversely affect our business, operating results, and financial condition.

**We face competition and expect competition to increase in the future. If we fail to compete effectively, our revenue growth and results of operations will be materially and adversely affected.**

Our business development also depends on our abilities to respond efficiently and effectively against the heightened competition from both well-established competitors and new

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entrants within our industry. We expect competition to increase and intensify as more companies enter our markets. Some of our competitors may have greater financial and other resources with which to pursue technology development, product design, manufacturing, marketing of their products. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, revenue and operating results. Currently, our competitors include large, established and international companies which offer a wide range of new energy products, as well as smaller, specialized companies that focus on specific products within the energy storage or inverter field. In addition, as markets grow, we expect new market entrants and existing competitors may increase their investments in order to compete more effectively against us. These competitors could develop technologies that would render our products and solutions or technologies uncompetitive or obsolete.

Our ability to compete successfully depends on factors both within and outside of our control, including:

- the functionality, performance and pricing of our products and solutions relative to those of our competitors;
- our relationship with our customers and other industry participants;
- our ability to develop innovative products and solutions, such as the high-performance products and solutions;
- our ability to retain talent;
- the actions of our competitors, including merger and acquisition activity, new product and solution launches and other actions that could change the competitive landscape; and
- the success of our R&D.

In the event of a market downturn, competition in the markets in which we operate may intensify as our customers reduce their purchase orders. Our competitors that are significantly larger and have greater financial resources may be better positioned to withstand adverse economic or market conditions. If we fail to increase our competitiveness or achieve technology innovation to meet our customers’ needs, our industry position, market share, business, financial condition and results of operations will be adversely affected.

**The markets for our products are evolving, and changing market conditions, such as introduction of new technologies, or changes in customer preferences may negatively affect demand for our products. If we fail to properly anticipate or respond to changing market conditions, our business prospects and results of operations will suffer.**

The global new energy industry is subject to constant changes in technology, product and technology upgrade, frequent new product introductions and evolving technical standards. New technologies may be introduced that make the current technologies on which our products are based less competitive or even obsolete or require us to make changes to our technology that could be expensive and time-consuming to implement. Due to the evolving nature of our markets, our future success depends on our ability to accurately anticipate and respond to changes in industry standards, technological requirements, customer preferences and other market conditions. Our product roadmap for the new energy segment spans energy storage inverters, microinverters and string inverters. Market adoption increasingly hinges on step-changes in conversion efficiency, power density and expanded power ranges. If we fail to timely commercialize such advances, our competitive position may deteriorate. Our technologies could also become obsolete sooner than we expect because of faster than anticipated, or unexpected, changes in one or more of the industry standards and technological requirements. In

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addition, we may be unable to develop or introduce new or enhanced technologies that satisfy customer requirements and achieve market acceptance in a timely manner or at all, succeed in commercializing the technologies on which we have focused our R&D expenditures to develop, or anticipate new industry standards and technological changes. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers or attract new customers. Any decrease in demand for our products and solutions, due to the emergence of competing technologies, changes in customer preferences and requirements or otherwise, could adversely affect our business, results of operations and prospects.

**We are exposed to risks associated with our global presence and will continue to be subject to such risks when we further expand our business overseas.**

As of April 30, 2026, our sales had spread to more than 150 countries and regions around the world, providing our products to end customers globally. We have subsidiaries in Chinese mainland, Hong Kong, Singapore, Malaysia, Japan, Germany, the United States, Australia, South Africa and the British Virgin Islands. In 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026, our revenue from Chinese mainland amounted to RMB3,141.8 million, RMB3,259.3 million, RMB2,476.0 million, RMB962.0 million and RMB765.1 million, representing approximately 42.0%, 29.1%, 20.3% , 27.2% and 12.4% of our total revenue, respectively. In the same periods, our respective overseas sales amounted to approximately RMB4,337.9 million, RMB7,947.1 million, RMB9,747.7 million RMB2,569.4 million and RMB5,415.3 million, representing approximately 58.0%, 70.9%, 79.7%, 72.8% and 87.6% of our total revenue, respectively. See “Financial Information – Major Factors Affecting our Results of Operations – Our International Sales Network” for more information relating to our overseas sales. As we expand our business overseas, we may be subject to the following risks:

- challenges in providing products and solutions, recruiting personnel in international markets, and managing sales channels and distribution networks effectively;
- revenue fluctuation from period to period in the future due to unfavorable market conditions, intensified competition, unattractive products and solutions, downward pressure on our selling price and any other inherent risks associated with our international business operations;
- challenges in commercializing our products in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure;
- difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture or import, market and sell products in or to various jurisdictions;
- potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights;
- differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses;
- inability to effectively enforce contractual or legal rights;
- changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions;
- inflation risks in the regions where we have operations; and
- foreign currency exchange rate risks and foreign exchange control risks.

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If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets will be impaired. In addition, our international business may not be able to achieve or sustain profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

During the Track Record Period, we carried out intra-group cross-border transactions. We have adopted transfer pricing arrangements to regulate these transactions. See “Business – Transfer Pricing Arrangements” for more details. However, these transactions and cross border business arrangements during the ordinary course of business may introduce uncertainty over our Group’s profit allocation and its respective tax position across different jurisdictions. The tax treatments of these transactions or arrangements may be subject to the interpretation by respective tax authorities in different jurisdictions. There is no assurance that tax authorities would share the same view, or such laws and regulations will not be modified. In the event that an authority of any relevant jurisdiction determines that such intra-group cross-border transactions were not on an arm’s length basis that affect taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby adjust revenue, deduct costs and expenses or adjust taxable income of the relevant subsidiary in order to accurately reflect the taxable income. Any such adjustment could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

### **Our financial results are affected by fluctuations in foreign currency exchange rates.**

Our revenue from overseas sales represented 58.0%, 70.9% and 79.7% of our total revenues in 2023, 2024 and 2025, respectively, and 72.8% and 87.6% of our total revenues for the four months ended April 30, 2025 and 2026, respectively. Our overseas procurement and sales are usually priced and settled in local currencies, such as Euros and U.S. dollars. The reporting currency of our consolidated financial statements is Renminbi. Gains and losses on the conversion to RMB of such revenue and of other associated monetary assets and liabilities, as well as profits and losses incurred in certain countries, may contribute to fluctuations in the value of our assets and our results of operations. In particular, as overseas inverter sales are primarily U.S. dollar-denominated while our financial statements are presented in RMB, fluctuations in RMB-USD exchange rates, as well as changes to foreign exchange policies, may adversely affect our revenues, margins and cash flows. We also have costs and expenses that are denominated in foreign currencies. Decreases in the value of RMB could result in increases in such costs that could have a significant negative impact on our results of operations. In addition, fluctuations between the RMB and other currencies can result in currency gains which are used in the computation of foreign taxes and can increase foreign taxable income. As we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. We recorded net foreign exchange gain of RMB97.4 million, RMB30.2 million, RMB30.1 million and RMB120.1 million, respectively, in 2023, 2024, 2025 and the four months ended April 30, 2025. We recorded net foreign exchange loss of RMB171.9 million in the four months ended April 30, 2026.

In addition, as the net [REDACTED] from the [REDACTED] will be in Hong Kong dollars, fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar without any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China’s foreign exchange regime and policy. With the development of the foreign exchange market and progress towards the market-based interest rate and Renminbi internationalization, the PRC government may in the future announce further

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changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future.

**We have been investing, and intend to continue to invest, heavily in our R&D but such investments may not yield the results we expect.**

We are in a technology-intensive industry with rapid technological development. We invested heavily in R&D in the past. Our R&D expenses amounted to RMB436.4 million, RMB548.9 million, RMB562.1 million, RMB182.4 million and RMB222.9 million in 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026, respectively, accounting for 5.8%, 4.9%, 4.6%, 5.2% and 3.6% respectively, of our revenue in the corresponding periods.

Our industry is experiencing technological changes. We may need to invest significant resources in R&D to advance our technologies to remain competitive in the market. In the future, we will continue to invest in multiple R&D projects, which are characterized by large capital investment, high technical difficulty and long project cycle.

However, we may encounter challenges in adapting our products and solutions to new technologies or in designing and producing high-performance products. We may face difficulties and delays and incur increased expenses as we migrate to new designs and production processes, which in turn may result in delays in product deliveries. Therefore, we expect our R&D expenses to continue to be significant. Furthermore, R&D activities are inherently uncertain. There can be no assurance that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs. As a result, our significant expenditures on R&D may not generate corresponding benefits. If our R&D efforts fail to keep up with the latest technological developments, we would suffer a decline in our competitive position. In addition, if the R&D fails, or if we fail to accurately grasp the market development trend or meet the needs of our customers, or our future R&D investment is insufficient, our R&D projects may be unable to yield the results we expect. This may materially and adversely affect our business development, financial condition and results of operations.

**Fluctuations in prices of raw materials may disrupt our supply chain and affect our selling prices, which could affect our business, financial condition and results of operations.**

Raw materials of our products mainly include battery cells, copper- and aluminum-related materials, electronic components for inverter and mechanical parts. Changes in the availability and prices of raw materials may have a significant impact on our results of operations. In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our cost of raw materials accounted for 87.2%, 85.6%, 85.7%, 86.9% and 86.5% of our cost of sales, respectively. The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters and other factors. For example, pricing for copper- and aluminum-related inputs including structural parts, copper tubing and aluminum foil tracks commodity indices and can move rapidly. Our sales pricing generally lags such input cost changes, which may compress margins during periods of rising commodity prices. We cannot assure you that we will not experience any price fluctuations in the future, which could materially and adversely affect our production costs and results of operations.

In addition, some of our suppliers may import raw materials and components from overseas regions. These imports are inherently subject to various external risks beyond our control, including but not limited to changes in international trade policies, customs procedures, tariffs, foreign exchange volatilities and geopolitical tensions. Any disruption, delay, increased cost associated with such imported materials could erode the cost efficiency of our supply chain and

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thus may compromise our production schedules, increase our manufacturing costs and adversely affect our business operations and financial position.

**Any significant disruption in the supply of raw materials could adversely impact our business, financial condition and operating results.**

We rely on third party suppliers to provide materials used in our production. Our purchases from our five largest suppliers in each period during the Track Record Period accounted for 38.1%, 39.6%, 32.3% and 37.5% of our total purchases in 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. Our purchase from the largest supplier in each period during the Track Record Period accounted for 26.3%, 23.6%, 10.5% and 17.3% of our total purchases in 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. Any interruptions in these suppliers’ operations, any failure to accommodate our fast-growing business scale, termination or suspension of supply arrangements, change in procurement terms, deterioration of cooperative relationships or disputes with our third-party suppliers may materially and adversely affect our results of operations.

Furthermore, certain components are at times subject to industry-wide shortages and significant commodity pricing fluctuations. For instance, the suppliers of electronic components such as IGBTs, which are necessary for our inverter production, have previously experienced production constraints and price surges during periods of strong demand. Even with strategic supplier partnerships, we may face allocation limits, longer lead times, or higher input costs that adversely affect production schedules and profitability. Any shortages or delay in the supply of our raw materials could result in occasional price adjustments or cause delays in our production and delivery to customers. We cannot guarantee we will not in the future experience price fluctuations and supply shortages of raw materials. Furthermore, supply may also be interrupted by accidents, disasters, geopolitical instability or other unforeseen events beyond our control. We may not be able to identify and secure alternative sources on a timely basis or on commercially reasonable terms to deliver products and solutions to customers in the required quantities and at commercially viable prices and there is no guarantee that we will be able to pass on the increase in costs to customers. If we could not address the impact of interruption to the operations of our third-party suppliers or service providers, our business operations and financial results may be materially and adversely affected.

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

We have invested in branding, sales and marketing to acquire and retain customers since our inception. We incurred selling expenses of RMB234.6 million, RMB287.7 million, RMB343.8 million, RMB112.9 million and RMB154.2 million in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. There is no assurance that we are able to attract and retain new customers or that the net profits from new customers will be able to cover the expenses of acquiring them.

Revenue generated from our five largest customers in each period during the Track Record Period accounted for 53.2%, 41.8%, 31.9% and 23.8% of our total revenue, and revenue generated from our largest customers in each period during the Track Record Period accounted for 19.4%, 17.4%, 14.3% and 10.0% of our total revenue, in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. See “Business – Our Customers” for more details.

Any significant reduction in sales to our customers could have a material negative impact on our business, financial condition and operating results. Furthermore, changes in forecasts or the timing of orders from our customers, which may be out of our control, could cause our operating results to fluctuate. Our existing customers may decline materially and their orders or their demand may fluctuate as a result of many factors, including, among other things, dissatisfaction with the performance, quality or price of our products and solutions, negative

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publicity related to our brand, or alternative products and solutions offered by our competitors. If we are unable to retain our existing customers or acquire new customers in a cost-effective manner, our business, financial condition and results of operations may be materially and adversely affected.

**Our global operations expose us to numerous and different legal and regulatory requirements, and violation of these regulations could harm our business.**

We are subject to numerous legal regimes on matters as diverse as anti-corruption, import or export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, anti-competition, cybersecurity and data privacy, and labor relations. This includes emerging markets where legal systems may be less developed or familiar to us. In particular, the legal framework can vary significantly across jurisdictions and that regulations are highly complex. The interpretation and implementation of relevant laws and regulations and the enforcement practices by relevant governmental authorities are still in development. See “Regulatory Overview” for more information relating to the legal and regulatory requirements from different jurisdictions. Compliance with diverse legal requirements is costly, time consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our customers or suppliers also could result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to process information and allegations by our customers or suppliers that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate or sell, local laws might be insufficient to protect our rights.

**The global economic conditions, political instability, and changes in diplomatic and trade relationships and tariff policies could negatively affect our operating results and cause fluctuations in demand for our products and solutions.**

Our operating results are directly affected by the general global economic conditions of the industries in which we or our major customers operate. In addition, the recent tensions have led to the introduction of higher tariffs on various goods traded in multilateral trade, including high-technology goods and electronics. In April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% so-called “baseline” tariff on all countries, varying so-called “reciprocal” tariffs on certain trade partners, and a so-called “fentanyl-related” tariff of 20% on goods from China, Mexico and Canada. As of early April 2025, the United States had imposed tariffs of 145% on imports from China, and China responded with tariffs of 125% on most goods from the United States. On May 12, 2025, following bilateral negotiations, China and the United States announced a 90-day suspension for most of these higher tariffs levied on each other’s goods, during which the United States will continue a 30% tariff on Chinese imports and China will keep a 10% tariff on U.S. goods. This suspension was further extended by the two countries for an additional 90 days until November 10, 2025. The U.S. government agreed to suspend for one year a 24% reciprocal tariff on Chinese products following the two countries’ negotiations on October 30, 2025. Although the two countries’ trade negotiations are continuing, there is substantial uncertainty regarding any final tariff rates. It remains uncertain whether increased tariffs and trade tensions will create further disruptions and uncertainties to the international trade and lead to a downturn to the global economy. It is possible that additional trade policy measures including new tariffs, import/export restrictions, or technology controls may be implemented. Any such developments could create additional challenges for a business involving cross-border trade like ours. There is a possibility that the trade restrictions could expand if an agreement to resolve the issues cannot be reached. There is

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no assurance as to how the trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies. We cannot predict the implications of the ongoing trade tensions and the resulting impact on our industry and the global economy. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products and solutions or by reducing the demand for our products and solutions, which could in turn negatively impact our sales and materially and adversely affect our business, cash flows, results of operations and financial condition.

In addition, our business operations and financial performance could be adversely affected by the political climate and diplomatic relationships in the regions where we operate. Trade actions in key jurisdictions, including anti-dumping/anti-subsidy measures in the EU, India and Turkey (historically focused on PV components) and U.S. measures under Section 301 of the U.S. Trade Act of 1974 that have included PV inverters, could expand or intensify, causing price pressure, market access limitations or demand disruption in our principal export markets. Political instability such as government upheaval, civil unrest or changes in leadership can create an unpredictable environment that may disrupt our supply chain, operations, and customer base. Any shifts in diplomatic relationships between countries can lead to changes in trade policies, tariffs, and sanctions, which could adversely affect our ability to import or export goods and solutions.

**Our energy storage batteries business involves the storage, transportation and integration of lithium battery cells, and we may experience safety issues in such processes.**

Our energy storage batteries business involves the storage, transportation and integration of lithium battery cells supplied by third parties. We regularly test our products and take safety measures with respect to the lithium battery cells. However, due to the high energy density of lithium battery cells, mishandling, inappropriate storage, non-compliance with safety instructions or field failures can potentially cause a battery cell to rapidly release its stored energy, which, in turn, may ignite nearby materials, including lithium battery cells. Any of the above risks could cause damage to property, injury, lawsuits and adverse publicity, which may adversely affect our reputation, financial condition and results of operations.

**Our operating history may not be indicative of our prospects and future results of operations.**

We have experienced growth and expansion since our inception and over the Track Record Period. Our revenues increased from RMB7,479.7 million in 2023 to RMB11,206.5 million in 2024, and further increased to RMB12,223.7 million in 2025. Our revenues also increased from RMB3,531.4 million for the four months ended April 30, 2025 to RMB6,180.4 million for the four months ended April 30, 2026. We recorded net profits of RMB1,791.0 million, RMB2,960.3 million, RMB3,168.7 million, RMB923.6 million and RMB1,610.0 million in 2023, 2024, 2025 and the four months ended April 30, 2025, 2026, respectively. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects. We may encounter unforeseen difficulties, complications, delays and other known and unknown factors, and may not be able to achieve satisfactory results in future periods. We cannot assure you that we will be able to achieve similar results or grow at the same rates as we did in the past. Our revenue growth may slow down or even decline in the future for a number of reasons, including slowing demand for our products and solutions, intensified competition, material changes in technology, declining growth rate of our total addressable market and our failure to continue to take advantage of growth opportunities. Our future profitability will depend on a variety of factors, including the expansion of our business, product mix, performances of our products and solutions, price of raw materials, depreciation and amortization, competitive landscape, customer preference and macroeconomic and regulatory environment. We cannot assure you that we will achieve our intended profitability in the future.

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We face risks in undertaking business expansion. These risks relate to among others, managing our supply chain to support fast business growth, managing a larger organization with a greater number of employees in different geographic locations, controlling expenses and investments in anticipation of expanded operations, establishing or expanding R&D, sales and production facilities, implementing and enhancing administrative structure systems and processes, executing our strategies and business initiatives successfully, fluctuations in the selling prices of our products and solutions and unforeseen challenges in new markets.

If we fail to efficiently manage the expansion of our business or improve our operational efficiency, our costs and expenses may increase faster than we planned and we may not respond timely to competitive challenges or otherwise successfully execute our business strategies. Our product portfolio may continue to change in the future, affecting our revenue mix and profit margin. Our growth requires significant financial resources and places significant demands on our management. If we fail to effectively manage the growth of our business and operations, our reputation, overall prospects and results of operations could be negatively impacted.

**Our distributors’ performance is beyond our control. Their improper conduct or any changes in their business relationship with us may adversely affect our business, financial condition and results of operations.**

During the Track Record Period, we generated substantial revenue from sales to our distributors. See “Business – Sales, Distribution and Marketing” for more details. If our distributors face financial difficulties or operational challenges, they could decrease their purchase orders of our products and their ability to effectively market and sell our products could be adversely affected. We could also lose our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors’ business models or for any other reasons or any disruption in our relationship with these partners, whether due to contractual disputes, competitive pressures or other unforeseen circumstances. All these could result in a significant decline in our sales and materially and adversely impact our business, results of operations, financial condition and cash flows.

Furthermore, we cannot assure you that our distributors will always be compliant with relevant laws, regulations or our distribution agreements. If our distributors breach the distribution agreements, fail to maintain the requisite licenses, permits or approvals or to comply with applicable regulatory requirements when selling our products, or improperly use our brand, products or intellectual property rights, it could damage our reputation and brand image, undermine customers’ confidence in us, reduce customers’ long-term demands for our products and negatively affect our product promotion and lower the growth of sales. Furthermore, some of these distributors may also sell our competitors’ products and may compete with us directly. We cannot assure you that our distributors will be successful in marketing, selling and supporting our products. If they favor our competitors’ products for any reason, they may not market our products effectively. Moreover, we do not engage sub-distributors directly or maintain contractual relationships with them, and consequently do not have visibility into, or centralized records of, the number or composition of sub-distributors within our distribution network. We cannot assure you that we will be able to identify and rectify sub-distributors’ practices that are detrimental to our business in a timely manner or at all, which may adversely affect our results of operations and reputation.

Our distributors may also subject us to lawsuits, potential liability and reputational harm if they misrepresent the functionality of our products to customers or violate laws or our corporate policies. In addition, we cannot assure that we will retain our existing distributors or that we will be able to secure additional products or substitutes for them. Our distributors may also devote more resources to the marketing, sales and support of our competitors’ products. All these could adversely affect our business, financial condition and results of operations.

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**Our international sales network relies on third-party service providers such as logistics service providers and installers, the disruption of which may adversely affect our business, financial condition and results of operations.**

We rely on third-party logistics service providers and installers. During the Track Record Period, our cost structure and delivery schedules were significantly influenced by ocean and land freight arrangements for raw materials, components and finished PV inverters. For example, the escalation of hostilities in the Red Sea region beginning in late 2023 disrupted shipping routes through the Suez Canal, requiring carriers to reroute vessels around the Cape of Good Hope. The closure of the Strait of Hormuz starting in March 2026 also disrupted the shipping routes to certain Middle-Eastern countries. During the Track Record Period, these disruptions resulted in longer lead times, increased ocean freight rates and surcharges, reduced carrier capacity, and higher logistics costs. Similar or more severe disruptions may recur due to geopolitical conflicts, military actions or other security threats affecting major trade routes. Shipping costs are affected by a wide range of factors beyond our control, including but not limited to container and break-bulk freight rates, fuel and bunker surcharges, charter availability, carrier capacity constraints, port congestion, labor shortages or strikes, geopolitical tensions, trade restrictions and sanctions, weather and climate-related events, changes to emissions or environmental regulations applicable to carriers, and fluctuations in foreign exchange rates. For example, surges in container prices, the imposition of additional fees such as demurrage, detention and terminal handling charges, or rerouting caused by disruptions to key shipping lanes could materially increase our transportation expenses and lengthen lead times. If carrier alliances adjust capacity or schedules, or if logistics service providers reduce service frequency, prioritize other customers or experience operational difficulties, our ability to secure timely and competitively priced transport may be adversely affected. We may also incur higher costs where we are required to use expedited modes, including air freight, to meet delivery commitments or to replace or repair products under warranty, and such incremental costs may not be recoverable from customers.

Additionally, our sales are inherently constrained by third-party installer availability, geographic coverage, and installation capacity and capability at any given time. Periods of elevated demand, project complexity, or installer attrition may create bottlenecks and longer installation lead times, which can defer revenue recognition, reduce customer conversion, and adversely affect our results of operations. During the Track Record Period, we experienced shortages of qualified installers in Europe and Australia, which resulted in longer installation lead times and delays in fulfilling customer orders in those markets. There can be no assurance that similar shortages will not recur in Europe, Australia or other markets in the future, particularly during periods of elevated demand or rapid market expansion. A shortage of qualified installers, or inadequacies in their technical skills, certifications, tooling, training, or supervision, could limit our ability to fulfill orders on schedule and to our quality standards, impair customer satisfaction, and negatively impact our business, financial condition, results of operations, and prospects. While we plan to further expand our service network in overseas markets through collaboration with local service providers, such expansion may not have the desired effect of increasing sales or enhancing our brand recognition in a cost-efficient manner, and we may need to invest technical and human resources to manage existing installation and after-sales service providers and enter into collaborations with new ones; there can be no assurance that we will improve the operational efficiency or capacity of our installation and after-sales service network.

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**Geopolitical tensions and regional military conflicts may put downward pressure on demand for our products and services, as well as our business, financial condition, and results of operations.**

The global economy has experienced significant volatility in recent years, including due to wars, global financial crisis and economic slowdown, rising interest rates, inflationary pressures, supply chain disruptions, trade tensions between the United States and other countries, the Russia-Ukraine and Israel Hamas conflicts, and volatility in the global stock markets, which have led to less favorable financial and economic conditions. In March 2026, hostilities involving the United States, Israel and Iran escalated, including U.S. and Israeli military strikes on Iran and retaliatory attacks in the region, which further increased geopolitical uncertainty. Such hostilities may also have adverse effects on the global supply chain. In particular, because the Strait of Hormuz is a critical route for global oil and liquefied natural gas shipments, continued disruption to regional energy infrastructure or shipping routes could increase energy, freight and input costs, constrain the availability of key materials and delay shipments. Any increase in energy prices, inflationary pressures or supply chain disruptions could adversely affect market demand and impose pressure on our product pricing.

The consequences of geopolitical tensions and volatility of economic conditions could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, the availability and cost of raw materials, supplies, freight and labor, currency exchange rates and financial markets, as well as the supply, cost and timely delivery of utilities, industrial gases and other inputs used by the new energy industry, all of which could impact our business, financial condition and results of operations.

**The complexity of our products may lead to errors, defects and bugs, and we may be subject to warranty, product recalls or product liability claims, which could negatively impact our reputation with customers and result in legal liabilities.**

Products as complex as ours may contain errors, defects and bugs when first introduced to customers or when new versions are released. Delivery of products with production defects or reliability, quality or compatibility problems could significantly delay or hinder market acceptance of our products, result in a costly recall, damage our reputation, and adversely affect our ability to retain existing customers and attract new customers. Errors, defects or bugs could cause problems with the functionality of our products, resulting in interruptions, delays or cessation of sales of these products to our customers. We may also be required to make significant expenditures of capital and resources to resolve such problems. We cannot assure you that problems will not be found in our new products both before and after commencement of our commercial production, despite the testing by us, our suppliers or our customers. Any such problems could result in delays in development, production and roll-out of new products; additional development costs; loss of, or delays in, market acceptance; diversion of technical and other resources from our other development efforts; claims for damages or product liability claims by our customers or others against us; and loss of credibility with our current and prospective customers. If any of our products contain defects, or have reliability, quality or compatibility problems not capable of being resolved, our reputation may be damaged, which could make it more difficult for us to offer our products to downstream customers. Any such event could have a material adverse effect on our business, financial condition and results of operations.

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**Failure to effectively utilize our production facilities or successfully execute our equipment maintenance and upgrades or capacity expansion plans may have a material adverse effect on our business, financial condition and results of operations.**

Our growth prospects and future profitability depend on, among other things, our ability to upgrade the production capability and increase production capacity. For details on utilization rate of each of our production facilities, see “Business – Production – Production Bases.” To successfully upgrade our production capability and expand production capacity, we need to make cost-effective and efficient upgrade, and hire and train professionals necessary to operate such facilities or equipment, all of which may be affected by several factors including, but not limited to, the following:

- availability of working capital for constructing facilities or purchasing equipment;
- delays in completion of construction and shortages or delays in the delivery of equipment;
- difficulties or delays which may arise in installing the equipment; and
- implementation of new production processes.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected. In addition, if we do not receive sufficient orders from our customers to effectively utilize our production facilities, we may be subject to low utilization rates of production capacity, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new facilities or expansion of any existing facilities and maintenance of expanded production capacity. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected. For example, we are building a new production base in EcoWorld Business Park II in Johor Province, Malaysia. We cannot assure you that our new production base will be ready in time or our production capacity will otherwise be successfully expanded. A delay in or cancellation of our expansion plans of Malaysia production base could also subject us to disputes with various counterparties, including general contractors and subcontractors, equipment suppliers, financiers and relevant government authorities. As a result, our prospects, business, results of operations and financial condition may be materially and adversely affected.

**We could be adversely affected as a result of any sales we made to customers in certain countries subject to International Sanctions.**

In 2022, we had sales and deliveries of inverters to two customers located in Syria, which was subject to comprehensive U.S. economic sanctions, and those transactions were denominated in U.S. dollars. As advised by our International Sanctions Legal Advisor, these U.S. dollar-denominated transactions with customers in Syria involved violations of U.S. primary sanctions laws that prohibited the use of U.S. financial institutions to export and supply financial services for trades with Syria. We received payments for these two U.S. dollar-denominated transactions in 2022 (the “**Syria Sales**”) in an aggregate amount of approximately US\$230,000 by four wire transfers in total.

According to the base penalty matrix specified under the OFAC Enforcement Guidelines, cases where the apparent violation is disclosed through a VSD can result in a 50 percent reduction in the base amount of a proposed civil penalty. In a non-egregious case, the base penalty amount applicable to the Group would be one-half of the transaction value, capped at a maximum base amount of US\$188,850 per violation, except where the statutory maximum penalty applicable to the apparent violation is less than US\$377,700, in which case the base

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amount of the proposed civil penalty shall be capped at one-half the statutory maximum penalty applicable to the apparent violation (the base civil monetary penalty amount is US\$115,000, equaling one-half of transaction value). In an egregious case, the base penalty amount applicable to the Group would be one-half of the applicable statutory maximum penalty applicable to the violation (the base civil monetary penalty amount is US\$755,400, equaling US\$188,850 per wire transfer). However, whether our case will be deemed egregious is subject to the discretion of OFAC. As advised by our International Sanctions Legal Advisor, in practice, OFAC is unlikely to impose a civil penalty greater than the transaction value in cases where a VSD is filed, and OFAC may impose a civil penalty that is significantly lower than 50 percent of a proposed civil penalty, or close its investigation without taking further action through a negotiated settlement process by considering mitigating factors such as first-time offense, voluntary disclosure and cooperation with OFAC.

For more details, please refer to “Business – Business Activities with Customers in relation to Countries Subject to International Sanctions” in this document.

We have undertaken to the Stock Exchange and its related group companies with respect to sanction risks. For more details of related internal control measures and our undertakings to the Stock Exchange and its related group companies, please see “Business – Business Activities with Customers in relation to Countries Subject to International Sanctions” in this document. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible [REDACTED] of our Shares on the Stock Exchange.

Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the UN, the U.K., Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. For more details of our business operations in the Sanctioned Countries and our undertakings to the Stock Exchange and its related group companies, please refer to “Business – Business Activities with Customers in relation to Countries Subject to International Sanctions” in this document.

### **We are exposed to risks associated with Outbound Investment Rule that prohibit or require notification by U.S. persons for certain investments.**

On October 28, 2024, the U.S. Department of the Treasury (“**Treasury**”) issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the “**Outbound Investment Rule**”), which became effective on January 2, 2025. The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “Covered Transactions,” and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Outbound Investment Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Outbound

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Investment Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. On February 21, 2025, the U.S. President issued a memo entitled the “America First Investment Policy”, indicating that Executive Order 14105 is under review and the U.S. government will consider new or expanded restrictions, such as broadening the sectors.

As advised by our International Sanctions Legal Advisor, we are not a Covered Foreign Person within the meaning of the Outbound Investment Rule as our involvement in the AI-related development activities do not reach the prohibited or notifiable thresholds, nor are they used for any prohibited or notifiable end-uses. Therefore, our business does not meet any definition of the AI-related prohibited activity or notifiable activity under the Outbound Investment Rule. However, there is no assurance that the Treasury will take the same view as ours. If we were to be deemed a “Covered Foreign Person,” and if U.S. persons engaged in a “Covered Transaction” (each as defined under the Outbound Investment Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule, or may be prohibited to invest entirely. In addition, even though U.S. persons’ acquisitions of certain publicly traded securities (such as our H Shares) will be exempted from the scope of Covered Transactions under the Outbound Investment Rule, the Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this [REDACTED] given that relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the Treasury, potential amendments to the Outbound Investment Rule or the introduction of similar regulations. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our H Shares may significantly decline, or in extreme cases, become worthless.

**Any failure by us or our business partners to fully comply with applicable anti-money laundering, anti-terrorism, anti-bribery and similar laws could lead to significant penalties and damages to our reputations, adversely affecting our operating performance, financial condition and results of operations.**

Any failure by us or our business partners who work with us to fully comply with applicable anti-money laundering (“AML”), anti-terrorism, anti-bribery laws and regulations could lead to significant penalties and damage to our reputation. We and our business partners who work with us are often required to comply with certain AML requirements set out by regulators in the jurisdictions where we and our business partners operate. We are also subject to various AML, anti-terrorism, anti-bribery, export controls and economic and trade sanctions laws and regulations that prohibit, among other things, any involvement in transferring the proceeds of criminal activities and the import and export of controlled products and technologies. To comply effectively with such laws and regulations, we and our business partners must establish sound internal control policies and procedures with respect to AML, anti-terrorism, anti-bribery, export controls, economic and trade sanctions, which can require significant resources and expenditures.

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our products from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, economic and trade sanctions and other illegal purposes. If we fail to fully comply with AML, anti-terrorism, anti-bribery, export controls and economic and trade sanction laws and regulations, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations and financial condition. Similarly, if any of our subsidiaries, employees, business partners or

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other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

**We are subject to various risks relating to third-party payments.**

During the Track Record Period, certain of our customers (the “**Relevant Customer(s)**”) settled their payments with us through third-party payors (the “**Third-Party Payment Arrangement(s)**”). The number of Relevant Customers was 142, 153, 205 and 64 in 2023, 2024, 2025 and the four months ended April 30, 2026, respectively. In 2023, 2024, 2025 and the four months ended April 30, 2026, the aggregate amount of third-party payments was RMB395.4 million, RMB948.9 million, RMB1,530.5 million and RMB392.3 million, accounting for approximately 5.3%, 8.5%, 12.5% and 6.4% of the total revenue for the relevant period, respectively. For further information, see “Business – Third-Party Payment Arrangements.” We are subject to various risks relating to such Third-party Payment Arrangements, including possible claims from third-party payors for the return of funds as we have not entered into contractual relations with such payors, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we may have to expend financial and managerial resources to defend against such claims and legal proceedings, and our results of operations and financial condition may as a result be adversely affected.

**We may fail to successfully make desirable acquisitions or investments, and we may not be able to achieve the benefits we expect from past and future acquisitions or investments.**

We may, from time to time, seek to acquire or invest in businesses, products, solutions or technologies that we believe could complement or expand our business, enhance our technical capabilities or otherwise offer growth opportunities. Acquisitions and investments involve inherent risks and uncertainties, and there can be no assurance that any acquisition or investment will be completed on terms favorable to us, or at all, or that the anticipated benefits, synergies, cost savings or efficiencies of any such transaction will be realized in whole or in part, or within the timeframe expected. However, such acquisitions or investments could create risks for us, including:

- difficulties in integrating acquired personnel, operations and technologies or realizing synergies expected in connection with an acquisition, particularly with acquisitions of companies with large and widespread operations, complex products and solutions or that operate in markets in which we historically have had limited experience;
- difficulties in integrating, maintaining or enhancing the value of acquired businesses, brands, products and technologies, including the risk that the reputation, market position or customer relationships associated with an acquired brand may deteriorate following the acquisition;
- valuation risks, including the risk that the purchase price paid for an acquisition or investment may exceed the fair value of the assets acquired or the actual value ultimately realised, which may result in goodwill or intangible asset impairment charges that could materially and adversely affect our financial condition and results of operations;
- unanticipated costs or liabilities, including possible litigation, associated with the acquisition;
- incurrence of acquisition-related costs;

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- diversion of management’s attention from other business concerns;
- failure to retain key employees, customers, suppliers or other business partners of an acquired business;
- potential conflicts or incompatibilities between the corporate cultures, management styles, operational standards or internal controls of our business and those of an acquired business;
- the risk that projected synergies, cost savings, efficiencies or revenue enhancements may not materialize, or may take longer to materialize than anticipated, and that the costs of achieving such synergies or integration may exceed our estimates;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate an acquisition.

Any future investment or acquisition could be material to our business, financial condition and results of operations. We may be unable to complete acquisitions at all or on commercially reasonable terms, which could limit our future growth. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of additional debt, which could adversely affect our operating results and result in a decline in our stock price and further restrict our ability to pursue business opportunities, including potential acquisitions. In addition, there can be no assurance that we will be able to successfully integrate any acquired businesses, brands or technologies, or that we will realize the expected benefits, synergies, cost savings or efficiencies from any past or future acquisitions or investments. Any failure to manage these risks effectively could have a material adverse effect on our business, financial condition, results of operations and prospects.

### **Our sales are subject to seasonal fluctuations.**

Our sales are affected by seasonal fluctuation due to customers’ purchasing practices. The seasonal ordering trends often result in a higher sales for our dehumidifier products in January to March in Southern China and June to August in Eastern China due to the higher demands in rainy seasons. The degree of seasonality may vary each year, making it difficult for us to accurately project demand levels. If seasonal demand exceeds our expectations, we may not have sufficient inventory or may be unable to arrange production and delivery in a timely manner. If seasonal demand is lower than expected, we may face risks of excess inventory, increased working capital and liquidity needs and inventory impairment losses. Furthermore, our operating and financial results for an interim period may not be representative of our overall performance for a year.

### **Sales of our products in certain countries or regions may require our products to undergo a qualification process. If we are unsuccessful or delayed in obtaining the qualifications for our products, our business and results of operations may be impaired.**

In certain countries or regions, our products must undergo extensive qualification processes, including reliability testing, before they can be selected and purchased. However, obtaining the necessary qualifications for our products does not guarantee sales, nor does it ensure that all mass-produced products will adhere to these qualifications. For instance, although we secured qualification in Germany for one of our micro inverter products, in July 2023, we were aware of that our mass-produced micro inverters sold to Germany were lack of relays. The lack of relays did not affect the functions of micro inverters, but it did not fully comply with the relevant grid connection qualification requirements in Germany. This oversight arose from our misunderstanding of German grid connection qualification requirements, and led to costly remediation measures we took starting from July 2023, including voluntary recall and the complimentary shipment of relay components to meet the qualification standards (the “**German**

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**Inverter Remediation Measures”).** The German Inverter Remediation Measures caused losses of RMB126.0 million and RMB5.6 million in net profit in 2023 and 2024, respectively. The losses were mainly relating to the voluntary recall and free shipment of additional relays, selling expenses as well as the inventory write-down. In 2023 and 2024, we recorded inventory write-down of RMB50.3 million and RMB15.2 million, respectively. Once our products are qualified and selected, there may be a delay before mass production commences. Despite these uncertainties, we allocate substantial resources, including design, manufacturing, sales, marketing, and management efforts, to ensure our products meet the required standards and are ready for future sales. If we are unsuccessful or delayed in obtaining the necessary qualifications for our products, or fail to manufacture products fully adhere to these qualifications, we may incur significant expenses to recall those products or reproduce our products to meet the relevant qualification standards, which could adversely affect our business, financial condition, results of operations and prospects.

**Changes to industry standards and technical requirements relevant to our products and markets could adversely affect our business, results of operations and prospects.**

Industry standards and technical requirements for our products and solutions are subject to frequent updates and revisions. This is primarily driven by advancements in technology, evolving industry needs, the continuous pursuit of improved accuracy, precision and reliability, increased demand for traceability and safety and regulatory considerations. Our ability to compete in the future will depend on our ability to identify and comply with evolving industry standards and technical requirements.

The emergence of new industry standards and technical requirements could render our products incompatible with products developed by other suppliers or make it difficult for our products to meet the requirements from our customers. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards and requirements. If our products are not in adherence to prevailing industry standards and technical requirements for a significant period of time, we may lose the market opportunities, our revenue may decline and we may incur significant expenses to redesign our products to meet the relevant standards, which could adversely affect our business, financial condition, results of operations and prospects.

**Our manufacturing activities are subject to safety risks, and any accidents that occur during our manufacturing operations may expose us to civil, labor, environmental, and criminal liabilities and adversely affect our business, results of operations, financial condition, and prospects.**

The manufacture of our products involves operational risks such as equipment defects or malfunctions, process upsets, handling of hazardous materials, and misconduct by employees or third-party manufacturers and suppliers. Personnel involved in production may work in potentially dangerous conditions, which exposes us to potential liability, in line with applicable occupational safety standards, for personal injury and other accidents, business interruptions, and the damage or destruction of property. During the Track Record Period and up to the Latest Practicable Date, there were no other material accidents and personal injuries in our manufacturing operations. However, the safety protocols and training adopted by us and by our contract manufacturers and key suppliers may not be adequate to ensure that manufacturing activities are performed without causing damage or accidents. Where we rely on third-party manufacturers, and absent contractual arrangements to the contrary, these manufacturers typically assume primary safety responsibilities and risks within their facilities; nevertheless, we may still face claims and liabilities arising from manufacturing incidents involving our products. The insurance policies maintained by us or our manufacturing partners may not be adequate to cover all potential liability if there were safety accidents during the manufacturing process. Furthermore, we cannot guarantee that we will not become entangled in legal proceedings in

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relation to personal and property damages, environmental releases, or other harms arising from the manufacture of our products. In addition, any accidents involving our manufacturing operations or products can cause our reputation to be questioned and subject us to the filing of lawsuits and administrative proceedings and the launch of regulatory investigations against us, with possible imposition of fines or other penalties, product holds, or mandatory recalls. Further, a major safety accident, even if we are not at fault, may bring enhanced scrutiny and regulation of our manufacturing operations, with a corresponding increase in operating expenses and capital expenditures. Any accidents that occur in connection with our manufacturing activities may damage our reputation and result in significant costs and, consequently, adversely affect our business, results of operations, financial condition, and prospects.

**We may be unable to fund our operations, make scheduled debt payments, pay dividend and make adequate capital investments.**

To develop new products, solutions and technologies, support future growth and achieve operating efficiencies in order to generate operating cashflows, we must make significant capital investments in procurements of equipment and R&D. From time to time, we may experience volatility in our cash flows and operating results. We have utilized external sources of financing when needed. We may need additional capital in the future to fund our continued operations, in addition to the use of our cash inflows from our operating activities. However, we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing Shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our Shareholders’ rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, our credit rating may be affected by our liquidity, financial results, economic risk or other factors, which may increase the cost of future borrowings and make it difficult for us to obtain financing on terms acceptable to us or at all. There can be no assurance that we will be able to generate sufficient cash flows, access capital or credit markets, or find other sources of financing to fund our operations, make debt payments, pay dividend, and make adequate capital investments to remain competitive in terms of technology development and cost efficiency. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

**We may incur additional impairment loss on our assets.**

During the Track Record Period, we conducted regular review and impairment assessment on carrying amounts of our financial assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Our impairment loss on financial assets, net, amounted to RMB9.6 million, RMB83.9 million, RMB10.7 million, RMB23.8 million and RMB19.7 million in 2023, 2024 and 2025 and the four months ended April 30, 2025, 2026, respectively. Any significant impairment of financial assets could have a material adverse effect on our results of operations and financial position.

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

In order to operate our business effectively and meet the procurement demands and expectations of our end customers, we need to maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. When market demand increases, we correspondingly raise our inventory levels to ensure supply stability. However, such an

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approach is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future.

If we fail to accurately assess the demand, we may experience inventory backlog and obsolescence or inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. If we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we recorded provision for inventory write-down of RMB56.7 million, RMB55.6 million, RMB60.0 million and RMB59.9 million, respectively. In 2023, 2024 and 2025 and the four months ended April 30, 2026, our inventory turnover days were 68 days, 59 days, 79 days and 80 days, respectively. Demand forecasts are inherently uncertain despite supply chain management mechanisms due to a number of factors, such as launch of new products, pricing, changes in customer procurement decisions and evolving preferences of consumers, each of which may affect the accuracy of any forecast. We may record impairment losses from time to time in accordance with our impairment policies. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

**We are exposed to credit risk of our customers. Failure to collect our trade and bills receivables in a timely manner may affect our financial condition and results of operations.**

As of December 31, 2023, 2024 and 2025 and April 30, 2026, our trade and bills receivables amounted to RMB571.2 million, RMB1,729.3 million, RMB1,747.4 million and RMB2,037.4 million, respectively. Our trade and bills receivables turnover days were 30 days, 40 days, 56 days and 39 days in 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively.

If the creditworthiness of our customers deteriorate, or if our customers delay payments beyond their respective credit period or if a significant number of our customers fail to settle our accounts receivables in full for any reason, we may incur bad debt expenses or even recognize an allowance for doubtful accounts and our results of operations and financial position could be materially and adversely affected. There is no assurance that we will be able to fully recover our accounts receivables from the customers or that they will settle our accounts receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be materially and adversely affected.

**Fluctuations in changes in fair value of financial assets and liabilities measured at fair value through profit or loss may adversely affect our financial results.**

We recorded financial assets at fair value through profit or loss (“FVTPL”) of RMB1,854.8 million, RMB3,077.7 million, RMB1,736.0 million and RMB3,717.4 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. Our financial assets at FVTPL mainly consist of wealth management products and derivative financial instruments. We recorded financial liabilities at fair value through profit or loss of RMB56.0 million, RMB21.6 million, RMB74.9 million and RMB65.5 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. We also recorded debt investments at fair value through other comprehensive income of RMB5.9 million, RMB10.8 million, RMB20.5 million and RMB38.3 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. See “Financial Information – Discussion on Key Items of Consolidated Statements of Financial Position – Financial Assets/Liabilities at Fair Value Through Profit or Loss” for more details. The fair value change

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of financial assets and liabilities measured at FVTPL may significantly affect our financial position and results of operations. The determination of the fair value of such financial assets and liabilities requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial assets and liabilities. These factors include, but are not limited to, general economic conditions, changes in market interest rates and the stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

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

We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including Directors) of us receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. In 2023, 2024, 2025 and the four months ended April 30, 2026, we incurred equity-settled share-based payment expenses of RMB228.7 million, RMB220.5 million, RMB112.5 million and RMB26.3 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 condition. In addition, the issuance of additional Shares for share-based awards could dilute the ownership percentage of our existing shareholders.

**Our success depends on our ability to attract and retain key employees. Our failure to do so could harm our ability to grow our business and execute our business strategies.**

Our business depends on the continuing efforts of our management team to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, our future success also depends on our ability to attract, recruit and train qualified employees and retain existing key personnel. The competition for talent in our industry is intense, and excellent and high-end R&D talents are the key to our competitive advantage. We rely on our top R&D team to develop our core technologies, products and solutions. We also need our experienced sales and marketing personnel to maintain relationships with our customers and end customers of our products and solutions. Competition for personnel in our industry is intense, and the availability of suitable and qualified candidates is limited. We compete to attract and retain qualified R&D personnel with our competitors. In order to compete for talents, we may need to offer higher compensation, better trainings and more attractive career opportunities, employees share incentives schemes and other benefits to our employees, which may be costly and time-consuming. If we lose the services of any key senior management member or employee, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely impact our business and prospects. The loss of the services of one or more of our key employees, especially our key technical personnel with the appropriate qualifications and experience, or our inability to attract and retain qualified technical personnel, could harm our business, financial condition and results of operations.

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**If we are unable to protect or promote our brand and reputation, our business could be materially and adversely affected. Negative publicity or rumors about us, our products and solutions, our management, Directors, employees, Shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.**

We need to maintain and enhance our brand identity while increasing market awareness of the reputation of our business, products and solutions. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our products and solutions, attract and retain customers, maintain our current market leadership, and successfully differentiate our offerings from those of competitors. These efforts require substantial expenditures, and we anticipate expenses will increase as our market becomes more competitive and as we expand into new markets. Furthermore, these investments in brand promotion and thought leadership may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur.

In addition, adverse publicity, with or without merits, relating to events or activities attributed to us, our management, Directors, employees, Shareholders, business partners or their affiliates, industry, or productions or services similar to ours, may tarnish our reputation and reduce the value of our brand. For instance, unfounded and adversarial statements or opinions could be misleading and harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Moreover, our brand value depends on our ability to provide products and solutions that meet industry standards in our markets. Damage to our reputation and loss of brand equity may reduce demand for our products and solutions, have an adverse effect on our future financial results, or reduce the trading price of our Shares. Damage may also require additional resources to rebuild our reputation and restore the value of the brand. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

**Failure to protect our intellectual property or our proprietary technology could substantially harm our business. If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be harmed significantly.**

Our success and ability to compete depend in part upon our ability to protect our intellectual property. We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, trade secrets and know-how, in China and other jurisdictions. See “Business – Intellectual Property” for details of our intellectual property. The steps we take to protect our intellectual property rights may not be adequate, particularly in foreign jurisdictions. The laws of some foreign countries do not protect our intellectual property rights as fully as the laws of other countries, and our ability to protect our intellectual property rights will differ per jurisdiction. Any patents we hold may not adequately protect our intellectual property rights or our products against competitors, and third parties may challenge the scope, validity or enforceability of our issued patents. Changes in either the patent laws or their interpretation in the relevant jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. In addition, other parties may independently develop similar or competing technologies designed around any patents or patent applications that we hold. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. Any failure to timely seek patent protection

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on products or technologies generally precludes us from seeking future patent protection on these products or technologies.

We may initiate claims against third parties to protect our intellectual property rights if we are unable to resolve matters satisfactorily through negotiation. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. It could also result in the impairment or loss of portions of our intellectual property, as an adverse decision could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations. Additionally, any enforcement of our patents or other intellectual property may provoke third parties to assert counterclaims against us. Our failure to secure, protect and enforce our intellectual property rights could materially harm our business.

**We may use artificial intelligence in our business, products and solutions. Challenges with properly managing its use could result in reputational harm, competitive harm and legal liability, and adversely affect our results of operations.**

We may leverage AI in our product development, our operations, our software programming and our website’s intelligent customer service. Our competitors or other third parties may incorporate AI into their products or operational processes more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations.

In addition, there are significant risks involved in developing and deploying AI. There can be no assurance that the usage of AI will enhance our products or solutions or be beneficial to our business, including our efficiency or profitability. For example, our AI-related efforts subject us to risks related to accuracy, intellectual property infringement or misappropriation, data privacy, and cybersecurity, among others. There remains uncertainty regarding the applicable legal framework for our AI-related business operations, as new AI-related legislation has been continuously introduced and enacted in recent years. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including the regulation of AI by government or other regulatory agencies, will require significant resources to develop, test and maintain our platforms, offerings, services, and features to implement AI ethically and minimize any unintended harmful impacts.

**Any disruption to the operation of our production facilities or interruptions in our IT systems could adversely affect our business.**

We conduct the core production processes of our products in our facilities in Zhejiang. The operation of our facilities may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. Any power outage, disruption or shortage in power supply could have a materially adverse impact on our production and employee safety.

We rely on the efficient and uninterrupted operation of complex IT systems and networks to operate our business. Any significant disruption to our systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, facility issues, natural disasters, terrorism, war, telecommunication failures or energy blackouts, could have a material adverse impact on our operations and financial results. We may experience attacks on our data, attempts to breach our security and attempts to introduce malicious software into our IT systems. If attacks are successful, we may be unaware of the incident, its magnitude, or its effects until significant harm is done. Any such attack or disruption could result in additional costs related to rebuilding our internal systems, defending litigation, responding to regulatory

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## RISK FACTORS

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actions, or paying damages. Such attacks or disruptions could have a material adverse impact on our business, operations and financial results.

**In order to fully comply with environmental laws and regulations, we may need to modify our activities or incur substantial costs, and if we fail to fully comply with environmental regulations we could be subject to substantial fines or be required to have our suppliers alter their processes.**

To identify, manage, and mitigate environmental, social and governance (“ESG”) risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes or heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See “Business – Environmental, Social and Governance Matters.”

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products and solutions from other companies, which may materially and adversely affect our results of operations and financial condition.

**Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.**

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. There is no assurance that we can successfully update or renew the licenses, permits, certificates and approvals required for our business in a timely manner or at all, or that these licenses, permits, certificates and approvals are sufficient to conduct all of our present or future business. There are uncertainties regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. If we fail to complete, obtain or maintain any of the required licenses, permits, certificates and approvals or make the necessary filings, we may be subject to various penalties, such as imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

**Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition.**

We may be subject to or involved in lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines relating to our business operations inside and outside China. Lawsuits and other administrative or legal proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Lawsuits and other legal and administrative proceedings may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal

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business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our products and solutions, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happens, our business, financial condition, results of operations or liquidity could be materially and adversely affected. In addition, our Directors, management, Shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We or certain of our Directors or officers may be a target for lawsuits, including putative class action lawsuits brought by Shareholders and lawsuits against our Directors and officers as a result of their position in other public companies. We cannot assure you that we or our Directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our Directors or officers may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs’ appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus materially and adversely affect our business, financial condition, results of operations, cash flows and reputation.

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

We have obtained insurance to cover certain potential risks and liabilities, such as property damage insurance and product liability insurance. See “Business – Insurance” for more details. However, insurance companies in the PRC and other jurisdictions in which we operate may offer limited business insurance products. As a result, we may not be able to acquire any insurance for all types of risks we face in our operations in the PRC and overseas, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. This potentially insufficient coverage could expose us to potential claims and losses. Any business disruption, litigation, regulatory action, outbreak of epidemic disease, adverse weather conditions or natural disasters could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage will be sufficient to cover us for any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensation amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

**Our operations in different parts of the world could be subject to natural disasters, health epidemics and other business disruptions, which could have a material adverse effect on our business, results of operations and financial condition.**

Our business could be adversely affected by natural disasters or outbreaks of epidemics. These natural disasters, outbreaks of contagious diseases and other adverse public health developments in any market where we operate could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

**We may be subject to fines for failure to register some of our leases, and our legal right to use certain properties could be challenged or restricted.**

We lease properties primarily for our offices. As of the Latest Practicable Date, 29 of our lease agreements of our properties leased in the PRC had not been registered and filed with the relevant real estate administration bureaus in the PRC. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they

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fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so.

In addition, for one of our leased properties which serves as office and laboratory space, we have failed to complete the fire safety filing required under PRC fire safety laws and regulations for this leased address. As advised by our PRC Legal Advisor, failure to complete such filing may subject us to an order for rectification and a fine of no more than RMB5,000, and, if such property fails a subsequent spot check and we do not suspend use upon notification by the relevant government authorities, a further fine of RMB30,000 to RMB300,000, resulting in a maximum aggregate fine of no more than RMB305,000. In the worst case, we may also be ordered to cease use of the property. We believe that, given the ready availability of alternative properties and the low cost of relocation, any such cessation would not have a material and long-lasting adverse effect on our operations.

In addition, the actual usage of certain properties we leased in the PRC are different from the usage stated in the title certificates of those properties. According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisor, properties with a illegal change in usage cannot be leased. Therefore, we face the risk of being unable to continue using the relevant leased property. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects. See “Business – Properties” for more details.

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

We face the challenge of complying with a diverse array of labor-related laws and regulations across different countries. For example, companies operating in the PRC are required to make certain social security premiums and housing provident fund contributions for their employees in the Chinese mainland. Social security premiums include pension insurance premiums, unemployment insurance premiums, basic medical insurance premiums, work injury insurance premiums, and maternity insurance premiums. Pursuant to applicable PRC laws and regulations, employers are required to contribute to social security premiums and housing provident fund for the benefits of their employees. During the Track Record Period, we and certain of our PRC subsidiaries did not make adequate contribution to social insurance and housing provident funds for employees as required by relevant PRC laws and regulations. The shortfall of social insurance contributions and housing provident funds amounted to RMB41.1 million, RMB58.9 million, RMB76.9 million and RMB36.0 million, respectively, with respect to 3,505, 5,615, 5,775 and 8,280 employees, representing 0.6%, 0.5%, 0.6% and 0.6% of our revenue for each respective period.

According to our PRC Legal Advisor, (i) the likelihood of an administrative penalty being imposed is remote in the event that the relevant authorities require us and our PRC subsidiaries to pay any shortfalls within a prescribed period, provided that we make such payments in full within the required timeframe; (ii) the likelihood that the relevant authorities would proactively initiate collective action to recover such shortfalls in respect of the period prior to the completion of the local social insurance contribution collection system reform is also remote, provided that there are no material changes in the prevailing policies, laws and regulations, local enforcement practices or regulatory environment, and there are no material employee complaints, reports or related litigation or arbitration. As such, no provision was made for the shortfalls

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during the Track Record Period. However, there is no assurance that our historical and current practices with respect to the contribution to social insurance and housing provident fund will at all times satisfy the government authorities in the Chinese mainland. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. See “Regulatory Overview – Regulations on Employment, Social Insurance and Housing Provident Fund” for further details. In addition to the above, if we fail to fully comply with any other relevant labor laws and regulations in the Chinese mainland, we may be exposed to penalties or be required to compensate employees.

According to the Interpretation II of the Supreme People’s Court on Several 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)》) enacted by the Supreme Peoples’ Court on July 31, 2025, and took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people’s court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people’s court shall support such claims in accordance with the law. Considering that (i) as advised by our PRC Legal Advisor, the Interpretation II does not repeal or revise currently effective PRC laws or regulations relating to social insurance, nor does it expand the scope of applicable penalties relating to social insurance; and (ii) during the Track Record Period and up to the Latest Practicable Date, there have been no material employee complaints, reports, litigation or arbitration proceedings against our Group, our Directors believe that the Interpretation II has no material adverse impact on our business operation or financial conditions.

Despite our compliance efforts, as the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in the jurisdictions where we operate, which may subject us to labor disputes or government investigations. In general, compliance with the different labor-related laws and their respective implementation rules may increase our operating expenses, in particular our personnel expenses. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to fines and penalties or be required to provide additional compensation to our employees. Our business, financial condition, results of operations and reputation may be adversely affected as a result.

### **RISKS RELATING TO DOING BUSINESS IN THE MARKETS IN WHICH WE OPERATE**

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

We operate our business in the PRC and overseas, across Europe, Africa, America and Asia Pacific. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. The industry we operate in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, customer demand and discretionary spending. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

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

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

**Our business is subject to a variety of laws and regulations regarding data security, personal information protection and cybersecurity and our manufacturing capability is dependent on a highly automated industrial system comprising industrial facilities, software and databases. Data and cyber security incidents such as cyber attacks and unauthorized access could result in interruption of our IT facilities and key manufacturing processes, which could subject us to significant financial and operation consequences.**

We are subject to a variety of laws and regulations relating to data security, personal information protection and cybersecurity, including, among others, the PRC Data Security Law (《中華人民共和國數據安全法》), the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), and Regulations on Network Data Security Management (《網絡數據安全管理條例》). We have employed significant resources to comply with the relevant requirements and obligations, and have taken appropriate security measures to maintain the integrity, confidentiality and availability of our data, IT systems, software and databases. Despite all these efforts, data security and cybersecurity incidents may still occur due to the limitation of development of information security technology and reasons beyond our reasonable control. The manufacturing of products by the Company is highly dependent on a combination of automated industrial and IT facilities, and in the event of a data or cyber security incident, the Company’s manufacturing capability could be adversely impacted, which might lead to a reduction in product supplies and distribution, thereby significantly affecting the Company’s business operations and financial performance.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which provides that an operator of critical information infrastructure purchasing network products and services, and network platform operators conducting data processing activities, which affects or may affect national security, shall be subject to cybersecurity review. In addition, network platform operators possessing personal information of more than one million users seeking to go listing in a foreign country must apply for cybersecurity review. As advised by our PRC Legal Advisor, we are of the view that it is not required for the Company to initiate a submission for the cybersecurity review for the purposes of the [REDACTED]. However, the relevant laws and regulations do not specify what constitutes “affects or may affect national security” and the identification of “critical information infrastructure operators” is an ongoing process, we cannot assure that we will not be subject to the cybersecurity review and the additional compliance obligations applicable to an operator of critical information infrastructure in the future.

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### **Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.**

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (“**Non-PRC Resident Individual Holders**”) are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函[2011]348號) dated June 28, 2011 and issued by the SAT of the PRC, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. Based on our knowledge, as of the Latest Practicable Date, the PRC tax authorities had not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders’ investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation regulations, a non-PRC resident enterprise is generally subject to EIT at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of EIT for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No.897) (《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》(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). 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. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how EIT on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders’ investments in H Shares may be materially and adversely affected.

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

During the Track Record Period, some of our subsidiaries were entitled to preferential income tax rates pursuant to the relevant tax regulations. For example, during the Track Record Period, certain entities within our Group enjoyed preferential EIT tax rate of 15% as they were “high and new technology enterprises” (commonly known as HNTes). For details, see Note 11 to the Accountants’ Report in Appendix I to this document. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee that the preferential tax treatments and other incentives to which our PRC subsidiaries are currently entitled would be kept valid or successfully renewed. There can be no assurance that the local tax authorities will

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not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

In addition, we recorded government grants of RMB50.4 million, RMB53.7 million, RMB75.9 million, RMB40.0 million and RMB26.8 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively, which mainly consist of subsidies for our contribution to the new energy and high-tech industry and economy. We cannot assure you that we will continue to receive and benefit from such grants in the future. If we are not qualified for receiving the government grants, our financial condition and results of operations may be materially and adversely affected.

**Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.**

According to the Notice of the Ministry of Finance and the SAT on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》) issued by Ministry of Finance and the SAT on May 25, 2012, revised on December 9, 2014 and January 20, 2020, unless otherwise provided by law, export goods and services are subject to the exemption and refund of VAT policies. Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be cancelled. For example, according to the Announcement of the Ministry of Finance and the State Administration of Taxation on Adjusting the Export Tax Rebate Policy for Photovoltaic and Other Products (《財政部稅務總局關於調整光伏等產品出口退稅政策的公告》) issued by the Ministry of Finance and the SAT on January 8, 2026, effective April 1, 2026, as of April 1, 2026, the VAT export tax rebate for photovoltaic and other products shall be canceled, and from April 1, 2026 to December 31, 2026, the export VAT recoverable for battery products will be reduced from 9% to 6%. Starting January 1, 2027, the VAT export rebate for battery products will be canceled. As only the energy storage batteries among our export products are included in the product list of such battery products set out in the Announcement, the Announcement is not expected to have a material adverse impact on the Group’s operations and financial performance. However, if there is any further reduction, suspension, discontinuation or cancellation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected.

**It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.**

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with the PRC or if the jurisdiction has been otherwise deemed by the courts of the PRC to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions. Similar to many other jurisdictions worldwide, the recognition and enforcement in the PRC of court judgments from foreign jurisdictions may face challenges due to differences in legal systems and cross-border enforcement frameworks.

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On January 18, 2019, the Supreme People’s Court of the PRC and the Government of Hong Kong Special Administrative Region of the PRC entered into an agreement regarding the scope of judgments which may be enforced between mainland China and Hong Kong (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”). The New Arrangement broadens the scope of judgments that may be enforced between mainland China and Hong Kong under the Arrangement, and provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties’ agreement. The New Arrangement became effective on January 29, 2024, both in mainland China and in Hong Kong and replaced the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of Mainland China and Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned Interpretation (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), promulgated by the Supreme People’s Court on July 3, 2008 and implemented on August 1, 2008. Under the New Arrangement, any party concerned may apply to the relevant court of mainland China or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has become effective, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a mainland China court.

Although we will be subject to the Listing Rules and the Hong Kong Takeover Codes upon the [REDACTED] of our H Shares 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.

### **We are subject to the currency exchange regulatory system.**

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to our Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

### **RISKS RELATING TO THE [REDACTED]**

#### **We will be concurrently subject to [REDACTED] and regulatory requirements of China 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 continuously complying with all sets of listing rules in the two jurisdictions.

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## RISK FACTORS

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

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

**Our A Shares are listed on the Shanghai Stock Exchange, and the characteristics of the A Share and H Share markets may differ.**

Our A Shares are 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 the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have divergent [REDACTED], [REDACTED] and [REDACTED], as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] 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 [REDACTED] of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] in our H Shares.

**The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.**

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

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

If the [REDACTED] of our H Shares is higher than the net tangible book value per H Share of our H Shares immediately prior to the [REDACTED], [REDACTED] of our H Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] net tangible book value. If we issue additional H Shares in the future, [REDACTED] of our H Shares in the [REDACTED] may experience further dilution in their shareholding percentage.

## RISK FACTORS

**Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.**

Our ability to declare future dividends will primarily depend on the availability of dividends, if any, generated from us and our other PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in certain respects from the calculation under IFRS. Our Company and our PRC operating subsidiaries may not be able to pay a dividend in a given year if our Company or our PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. See “Financial Information – Dividends” and Note 12 to the Accountants’ Report in Appendix I to this document for more details.

There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as they may deem relevant, and subject to the approval at a Shareholders’ meeting. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

**You should not place any reliance on any information released by us 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 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] as to whether to [REDACTED] our H Shares, they should rely only on the financial, operating and other information included in this document. By [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].

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

The [REDACTED] our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also 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 in their holdings if we issue more securities in the future. New Shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

## RISK FACTORS

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

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders’ interests may be adversely affected as a result.

In addition, there is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [REDACTED]. We cannot predict the effect, if any, of any future sales of the Shares by any of its Controlling Shareholders, or that the availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the [REDACTED] of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing [REDACTED] of the Shares.

**Certain facts, forecasts and statistics contained in this document are derived from various government official sources and may not be accurate, reliable, complete or up to date.**

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industries in which we operate are obtained from official government publications that we believe are reliable. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the Joint Sponsors, the [REDACTED][REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC, the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy. Therefore, you should not unduly rely upon the industry facts, forecasts and statistics contained in this document.

**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] of our H Shares may decline.**

The [REDACTED] for our H Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade our H Shares or publishes inaccurate or unfavorable research about our business, the [REDACTED] for our H Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] for our H Shares to decline.

## RISK FACTORS

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**You should read the entire document carefully and should not rely on any information contained in press articles or other media 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 has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this document but prior to the completion of 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. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Our Company, the Joint Sponsors, the [REDACTED][REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the [REDACTED] 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, our Company, the Joint Sponsors, the [REDACTED][REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the [REDACTED] disclaim responsibility for it, and you should not rely on such information.

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

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