

RISK FACTORS

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

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

The industry in which we operate is highly competitive. If we fail to compete against other market participants, our business, results of operations and financial condition may be materially and adversely affected.

Our products operate in intensely competitive markets characterized by aggressive pricing pressures, regular launches of new items, swift integration of technological innovations and varied consumer tastes. The consumer technology market is highly fragmented, with over 2,500 industry participants in Chinese mainland and over 10,000 globally. In 2025, the combined revenue of consumer technology extension products of the top five brands reached approximately RMB9.0 billion in Chinese mainland, representing an aggregate market share of approximately 8.1%. For details, please see “Industry Overview — Competitive Landscape of the Consumer Technology Extension Products Market.” We also encounter rivalry from entities that employ lower pricing strategies or alternative approaches to offer more compelling options to buyers. Existing rivals and emerging players may introduce innovative products, technologies or features that could make our offerings outdated or less appealing. Competitors could lure away our existing and prospective customers by promoting their alternatives, thereby diminishing our sales volumes. Should any of these situations arise, it could impede our expansion, weaken our competitive stance, shrink our market presence and, consequently, have a material adverse impact on our business, operating results, financial position and future prospects.

Failure to identify or respond to changes in consumer preferences and market demand, design new products aligned with evolving consumer demand, or effectively compete with our competitors may adversely affect our business operations and financial performance.

Our continued success therefore depends on our ability to innovate and create new products while enhancing existing ones to meet market expectations. The process of developing new products and technologies is inherently complex, requiring substantial innovation, skilled research and development (“R&D”) personnel, and accurate forecasting of technological advancements and market trends. We may not be able to identify, develop, or launch new products or technologies successfully, or on a timely basis. Furthermore, such products may not be well-received by customers or achieve meaningful market acceptance.

The market for consumer technology products is dynamic and heavily influenced by fluctuating consumer preferences, which are often difficult to predict with precision. However, the ultimate success of our R&D investments depends on a variety of factors, many of which are outside our control. If we fail to accurately assess or promptly respond to changing consumer preferences or market demands, or if we misjudge product demand, we could miss emerging growth opportunities, accumulate excess inventory, all of which could erode our brand image, diminish the consumer experience, and lead to substantial declines in sales. Additionally, the introduction of our new products could inadvertently reduce the demand and revenue of our older products or affect their pricing.

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In particular, failure to continuously enhance our product portfolio, maintain manufacturing standards, ensure distribution efficiency, or retain R&D personnel could materially and adversely impact our business and results of operations. Any failure to respond to shifting consumer preferences may further lead to loss of market share and diminished profitability.

We may fail to keep up with rapid technological changes and evolving industry standards and regulatory requirements, which may adversely affect our market position and render our products in production or under R&D and our production facilities uncompetitive or obsolete.

The market for our products is characterized by rapid technological changes and evolving industry standards and regulatory requirements, which are difficult to predict. This, together with the frequent introduction of new products and models, has shortened product life cycles and may render our products obsolete or unmarketable. We may not be able to adjust our R&D direction, product line and capacity in a timely manner in the face of these rapid technological changes, evolving industry standards or new regulatory requirements. If we fail to adapt, or if competitors move faster than us, our business, financial condition and results of operations may be materially and adversely affected.

Our sales cover numerous countries and regions globally, and the product certification standards for consumer technology products in these jurisdictions vary significantly. To meet these standards, we are required to invest in specialized personnel, funds and enhanced R&D management capabilities. If these product certification standards undergo material adjustments or changes, and we are unable to adapt and obtain the relevant product certification qualifications in a timely manner, it may lead to a decline in our revenue or expose us to the risk of penalties.

Our ability to adapt to evolving industry standards and regulatory requirements and anticipate future changes is crucial for our success. A portion of our R&D expenses may be used to develop general technology infrastructure rather than specific products; while important for long-term capabilities, this may not immediately enhance the competitiveness of our current products or produce immediate returns. Any failure to effectively keep up with rapid technological changes and evolving industry standards and regulatory requirements by introducing new and enhanced products or adjusting our product line and capacity may cause us to lose our market share and to suffer a decrease in our revenue.

Any failure to maintain our brand image could have a material adverse effect on our business, financial condition and results of operations.

Our business depends significantly on the value and reputation of our brand, which in turn relies on factors such as the quality of our products, marketing initiatives, product innovation and customer satisfaction. We intend to continue investing substantially in these areas to develop, sustain and strengthen our brand image. The costs associated with upholding our brand image can be substantial, and we may incur further significant expenses to build our brand presence in new markets we enter or plan to enter. Our strategic efforts in maintaining our brand image may not be consistently effective, and we may not be able to manage related expenditures in a cost-efficient manner. If our selling and marketing strategies fail to generate sufficient revenue to offset their costs, or if we are unable to maintain the efficiency of our spending, it could materially and adversely affect our business, financial condition, and results of operations.

Our brand, reputation and product sales could be harmed if, for example, our products fail to meet customer expectations or contain defects or malfunctions. In addition, adverse publicity arising from regulatory or legal actions against us could undermine our reputation and brand image, erode customer confidence and diminish long-term demand for our products.

Negative posts or comments about us on social networking sites and other online forums, including inaccurate posts or comments, can spread quickly and could severely damage our reputation and brand image. To attract and retain customers, we may need to significantly increase our spending on building and maintaining brand loyalty. If we are unable to sustain our

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reputation, boost brand recognition or foster positive awareness of our products, it may be challenging to maintain and expand our customer base, and our business and growth prospects may be materially and adversely affected.

A significant portion of our online sales depends on certain e-commerce platforms, and any disruption in these partnerships, adverse policy modifications, or unfavorable contract changes could materially harm our operations and financial results.

During the Track Record Period, our revenue generated from e-commerce platforms was RMB3,564.3 million, RMB4,581.5 million, RMB6,903.7 million, and RMB4,046.8 million, respectively, accounting for 74.2%, 74.3%, 72.8%, and 69.6% of our total revenue in each year/period. Our profitability and business performance rely on, among other things, the continued stable cooperation between these third-party e-commerce platforms and us.

We have entered into standard agreements with third-party e-commerce platforms. If a platform experiences a decline in market share and we fail to promptly adjust our sales channel strategies, it may adversely affect our revenue. We may not be able to maintain and renew our agreements on favorable terms, or at all. In the case that third-party e-commerce platforms amend the terms of agreements or render such terms unfavorable to us, our business performance, results of operations and profitability may be adversely affected. Moreover, any failure to comply with e-commerce platforms’ evolving rules could potentially result in adverse consequences. In addition, if stricter laws and regulation on e-commerce activities are established and impose additional compliance obligations on us, we may incur significant compliance costs.

Our sales of products depend on the proper operation of third-party e-commerce platforms. However, we do not have control over such third-party e-commerce platforms, and they may be vulnerable to damage or interruptions. Any material interruption or damage to the third-party e-commerce platforms may have an adverse effect on our business, financial condition and results of operations. Should any of these key platforms terminate their business relationships with us or experience significant operational issues, we may not be able to find alternative e-commerce platforms to compensate for the resulting reduction in sales demand or loss of business.

We are subject to risks associated with our global presence and will continue to face such risks as we expand our business overseas, which may adversely affect our business, results of operations and financial condition.

We derive a portion of our revenue from overseas markets. In 2023, 2024, 2025, and for the six months ended June 30, 2026, we generated 50.4%, 57.5%, 61.4%, and 66.9% of our revenue from overseas sales. During the Track Record Period, we have established subsidiaries in overseas markets. As a result, we are subject to a broad range of risks associated with conducting business across multiple jurisdictions.

In particular, some of our business units can be affected by the economic and market conditions in each of the geographic areas in which we operate. There is considerable uncertainty as to how the trade tensions may evolve or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, tariffs, new trade policies or investment restrictions.

Given our international footprint, we may face a range of jurisdiction-specific risks, including potential disputes and litigation, and geopolitical developments, as well as local market risks such as trade restrictions or prohibitions, foreign exchange fluctuations, competitive pressures, and tax regimes. Changes in international political relationships among the jurisdictions in which we conduct business may affect our cost structure, product demand, and collaboration with business partners. Any escalation of geopolitical tensions or political uncertainties could materially and adversely affect our business, results of operations, and future prospects.

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Our business is exposed to various risks relating to our operations in overseas markets, and our reputation, business, results of operations and financial condition could be adversely affected.

The international trade environment may also affect our overseas sales. In recent years, trade frictions in the international market have intensified. If any new legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if any government takes retaliatory trade actions due to recent global trade tensions, such changes could have an adverse effect on our business, financial condition and results of operations. Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets, or affect our supply chain. In this regard, various trade, export controls, and economic sanctions laws and regulations may affect our businesses.

However, these policies are rapidly evolving and subject to factors beyond our control. Such changes and uncertainties could lead to actions, investigations or challenges raised by relevant regulatory authorities, resulting in increased operational costs and affecting our market access. Additionally, alterations in trade protection measures may lead to higher costs or restrictions on our exports. Our operations are also subject to economic sanctions, export control and trade restriction regulations administered by various government authorities, including the U.S. Department of the Treasury’s Office of Foreign Assets Control and the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”). These restrictions may affect our ability to acquire or sell technologies, systems, devices or components that may be critical to our business operations. In particular, recent years have seen increased export control restrictions on Chinese mainland, Hong Kong and Macau through measures such as the U.S. Export Administration Regulations (the “EAR”). During the Track Record Period, we procured certain U.S.-origin chips products through Chinese suppliers that are subject to the EAR and are incorporated into our NAS. For more details, please see “Business — Recent Regulations in Relation to Tariffs, Export Controls, Sanctions, and U.S. Outbound Investment Rule.”

Furthermore, geopolitical and trade conflicts may lead to broader economic consequences, including volatility in financial markets, fluctuations in currency exchange rates and increased procurement costs. In extreme cases, such conflicts could result in economic downturns that adversely impact our operations.

We rely on third-party manufacturing partners for the production of a substantial portion of our products. Any disruption in our supply chain, failure by suppliers to meet our requirements, or deterioration in our relationships with them could materially and adversely affect our business, financial condition, and results of operations.

We have historically outsourced the production of a substantial portion of our products to third-party manufacturing partners. In 2023, 2024, 2025, and for the six months ended June 30, 2026, we engaged 165, 203, 229, and 209 third-party manufacturing partners, respectively. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our cost of purchased goods and changes in finished goods and work-in-progress, which represents payments made to our third-party manufacturing partners, amounted to RMB1,845.6 million, RMB2,392.3 million, RMB3,798.8 million, and RMB2,277.1 million, respectively, representing 60.9%, 61.4%, 63.1%, and 63.6% of our total cost of sales for the respective year/period. However, we generally do not have direct control over the daily operations of these third-party manufacturing partners, they may not always meet our delivery timelines or adhere strictly to our quality specifications. Any failure by our manufacturing partners to allocate sufficient capacity to us, particularly during peak seasons, could lead to inventory shortages and delayed deliveries to our customers.

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Furthermore, our reliance on external manufacturing exposes us to a variety of operational risks inherent to our suppliers’ operations. These manufacturing partners are subject to risks including equipment failures, power outages and raw material shortages. If our manufacturing partners experience operational difficulties or financial distress, their ability to fulfill our orders may be severely compromised.

Additionally, if a manufacturing partner fails to maintain consistent quality, makes unauthorized changes to raw materials or manufacturing processes, or uses sub-standard raw materials, our products may suffer from defects. This could lead to product recalls, reverse logistics costs, product replacements, warranty claims, increased costs, and significant damage to our brand reputation and customer trust. We are also susceptible to cost fluctuations; if our manufacturing partners face rising costs for labor, raw materials, or compliance, they may pass these increases on to us. If we are unable to manage these increased costs, our profit margins may be adversely affected.

Friction with key manufacturing partners, or any failure to renew or maintain these relationships on favorable terms, could cause significant operational challenges. If we are unable to secure timely and commercially reasonable alternatives following a disruption, we may experience supply delays and potential contract liabilities. Consequently, any significant disruption in our outsourcing arrangements could have a material adverse effect on our business, financial condition, and results of operations.

Disruptions to our production facilities could limit or halt our sales and materially and adversely affect our business, financial condition and results of operations.

As at the Latest Practicable Date, we operated three production facilities in Chinese mainland. Our manufacturing operations are vulnerable to a range of potential disruptions, including natural disasters, catastrophic events and labor disputes. These events could severely impair our capacity to produce and deliver products, leading to operational downtime, supply chain interruptions and delays in fulfilling customer orders. If unforeseen circumstances compel us to suspend or shut down our production facilities, our output could be significantly reduced, resulting in lost revenue and potential breaches of contracts. Such events may also destroy raw materials or inventory stored on-site, further exacerbating financial losses. In the event of extended facility closures, we may need to seek alternative production arrangements, which could involve substantial additional costs, regulatory approvals and time delays. Any inability to swiftly resume normal operations could have a material adverse effect on our business, financial condition and results of operations.

Disruptions in our supply chain, particularly shortages, delays in delivery, or increases in the prices of key electronic components, could materially and adversely affect our business, financial condition and results of operations.

In 2023, 2024, 2025, and for the six months ended June 30, 2026, our raw materials consumed for production were RMB461.6 million, RMB563.6 million, RMB760.8 million, and RMB452.8 million, respectively, representing 15.2%, 14.5%, 12.6%, and 12.6% of our total cost of sales. In the event of a shortage or supply interruption from suppliers of raw materials and electronic components, we may not be able to develop alternate sources quickly, cost-effectively or at all. An extended period of global supply chain and economic disruption could have a material negative impact on our business, results of operations, access to sources of liquidity and financial condition, though the full extent and duration are uncertain.

The fluctuation in prices of raw materials and electronic components, and shortage in supply may disrupt our supply chain, delay deliveries of our products to customers and affect our market price, which would further affect our business, financial condition and results of operations. The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including the availability of resources, market demand and other factors.

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Any shortages or delay in the supply of our raw materials could result in occasional price adjustments or cause delays in our delivery to customers. We may experience price fluctuations and supply shortages of raw materials. We may not be able to find alternate sources of supply in a timely manner and at a reasonable price. If we are unable to keep up with demand for our products due to the failure to supply the raw materials we need, our customers may reduce, delay or cancel their orders and our business could be adversely affected.

Specifically, our NAS products are used in conjunction with memory hardware. Therefore, any prolonged shortage or significant price increase in such hardware may affect our customers' preference, which could materially and adversely affect our business, prospects, financial condition, and results of operations.

Any disruptions to our warehousing operations could materially and adversely affect our business, financial condition and results of operations.

Our warehousing operations are vulnerable to a range of potential disruptions. If we are unable to promptly restore the affected warehouse or relocate to a suitable alternative, our business operations could be severely interrupted, leading to delays in product distribution, inventory shortages and failure to fulfill customer orders, which could in turn materially and adversely affect our business, financial condition and results of operations.

If a major incident occurs at any of our warehouses and our preventive measures prove inadequate, we may suffer loss or damage to stored inventory, incur substantial costs for restoration or relocation, or face regulatory violations resulting in administrative penalties, fines or operational suspensions from relevant authorities. If such an incident causes harm to third parties and we are found partially or wholly liable, we may be required to pay compensation for damages. Under these circumstances, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, as our warehouses used for logistics solutions are leased, we are exposed to risks related to unpredictable and rising rental costs, as well as relocation expenses. Renegotiating lease renewals with landlords may lead to higher rental rates or more onerous terms, and we may be unable to extend or renew our leases upon expiration, on commercially acceptable terms or at all, potentially requiring us to relocate our warehouse operations. Such relocations may incur significant costs. If we are unable to secure suitable alternative premises in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to the risks relating to third-party logistics and storage solutions and service providers.

We rely on multiple delivery methods to fulfill customer orders. Our overall logistics fees were RMB511.6 million, RMB680.0 million, RMB1,036.1 million, and RMB642.5 million, representing 16.9%, 17.4%, 17.2%, and 17.9% of our total cost of sales in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, which is in line with the industry average, according to Frost & Sullivan. Our collaboration with third-party logistics solutions providers could expose us to potential service disruptions, inefficiencies or non-compliance risks. If such third-party logistics solutions providers fail to meet their service obligations, we may not be able to deliver products to customers in a timely and cost-effective manner, which could cause a decline in product sales, loss of revenue, or we may be subject to penalties. Additionally, such logistics solutions providers may mishandle our products resulting in product damage, which could lead to product liabilities or claims and damage our brand reputation. Furthermore, fluctuations in the prices of logistics solutions affect our ability to provide cost-effective products to our customers, potentially harming our profitability and operational performance. Any of these events could materially and adversely affect our business, financial condition and results of operations.

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Any defects or quality issues in our products could lead to product liability or warranty claims, trigger product recalls, damage our reputation and result in reduced sales and market share.

Our products may not be entirely free from flaws or always meet elevated standards of quality and reliability. We could face product liability claims, potentially including collective lawsuits, from those end users in applicable jurisdictions if our products cause any safety concerns or harm. Additionally, we lack control over end users’ handling of our products, and improper usage could endanger their well-being, potentially leading to complaints and liability claims against us. Defending these claims could be expensive and resource-intensive, generate unfavorable media attention that tarnishes our image, and invite increased governmental oversight or more stringent rules, all of which could materially and adversely affect our business, financial condition and results of operations. In addition, should the quality or functionality of our products decline for any reason, we might encounter order returns or cancellations, customer grievances or mandatory recalls. This could impose significant expenses for handling returns, substitutions or recalls, undermine our trustworthiness and market standing, and negatively impact our revenue and competitive position. Moreover, defective products could raise further regulatory concerns, exposing us to administrative actions and adverse outcomes like operational corrections.

We may incur significant costs in connection with warranty obligations, and our existing provisions may prove insufficient to cover future potential claims.

We provide standard product warranties to end-users of our products. Given the high volume of products we sell and the complexity of the electronic components and software integrated into our devices, there is an inherent risk that defects may occur or manifest after sale. Our products may not remain free from defects and our existing provisions may not be sufficient to cover actual warranty claims. We could be subject to significant and unexpected warranty claims, resulting in significant expenses, which would in turn materially and adversely affect our business, prospects, financial condition, and results of operation. If we fail to fulfill our obligations under these standard warranty arrangements, or if we are unable to resolve defects related to hardware or electronic components in a timely manner, we may face increased return rates, incur substantial costs related to product recalls, repairs, or replacements that exceed our financial provisions, and suffer severe reputational damage. Such damage to our brand image could erode consumer confidence and result in a material adverse impact on our business operations and profitability.

We are subject to risks associated with the Third-Party Payment Arrangements.

During the Track Record Period, we accepted payments from third parties (the “**Third-Party Payers**”) to settle amounts owed by certain customers (the “**Relevant Customers**”) for purchases of our products (the “**Third-Party Payment Arrangements**”). In 2023, 2024, 2025, and the six months ended June 30, 2026, the number of the Relevant Customers was 57, 79, 77, and nil, respectively; and the aggregate amount settled through such Third-Party Payment Arrangements was RMB16.8 million, RMB70.0 million, RMB103.0 million, and nil, respectively, representing 0.4%, 1.1%, 1.1%, and nil of our total revenue for the same year/period, respectively. For further details, please refer to “Business — Third-Party Payment Arrangements.” We face various risks in connection with these Third-Party Payment Arrangements, including potential claims from third-party payers seeking repayment of funds, as some of them were not contractually obligated to us, and potential claims from liquidators of such Third-Party Payers, such claims or related legal proceedings could require us to allocate substantial financial and management resources, which could adversely affect our financial condition and results of operations.

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Our transfer pricing arrangements may be subject to review by relevant tax authorities in the countries and regions in which we operate.

During the Track Record Period, our Group’s intra-group transactions, which involved subsidiaries in the Chinese mainland and multiple overseas jurisdictions, primarily include tangible goods buy-sell, supporting services, warehouse service and business process management service. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the amount of intra-group transactions was RMB3,390.9 million, RMB4,985.5 million, RMB8,590.3 million, and RMB5,766.4 million, respectively.

Under the applicable laws and regulations in the jurisdictions in which we operate, arrangements and transactions among related parties may be subject to review or challenge by the relevant tax authorities. Our intra-group transactions may be scrutinized by the competent authorities going forward, and the applicable regulations or guidelines may not stay the same. If our transfer pricing arrangements are subsequently deemed not to align with arm’s length principles by the relevant authorities, or if they differ from our evaluations and conclude that our intra-group dealings do not adhere to the pertinent transfer pricing laws and regulations, we may need to revisit the transfer prices, re-allocate revenues or adjust our taxable income. Furthermore, we may encounter unfavorable tax outcomes, including the settlement of unpaid taxes, accrued interest or fines. In addition, if we do not address any issues within the deadlines set by the authorities, we could incur late payment charges, additional fees or other penalties on any outstanding taxes. Such scenarios could result in an elevated overall tax burden for our Group and may materially and adversely affect our business, financial condition and results of operations. Moreover, should the authorities question the intra-group transactions, it might result in tax refunds in some jurisdictions owing to taxable income adjustments. However, we may not be able to successfully reclaim such taxes from the relevant authorities, which could materially and adversely affect our business, results of operations and financial condition.

Any deterioration of our offline and online distribution channels could have a material adverse effect on our business and results of operations and we may not be able to effectively manage any overlap or potential competition among our different sales channels.

We sell our consumer technology products through a global distribution network comprising offline and online channels. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our revenue generated from sales to online retailers amounted to RMB815.8 million, RMB818.9 million, RMB1,159.9 million, and RMB473.8 million, respectively, accounting for 17.1%, 13.3%, 12.2%, and 8.2% of our total revenue in each year/period; our revenue generated from offline distributors amounted to RMB1,008.3 million, RMB1,343.7 million, RMB2,168.6 million, and RMB1,529.8 million, respectively, accounting for 21.0%, 21.8%, 22.8%, and 26.3% of our total revenue in the respective year/period. If our distribution partners fail to sell our products effectively, our revenue may decline. In addition, our current agreements with distribution partners generally do not restrict them from collaborating with our competitors or offering competing products. Our competitors may be more successful in providing incentives to our distribution partners to prioritize their products and boost their sales. Building, establishing and maintaining relationships with our distribution partners requires considerable time and resources. We may not be able to renew our agreements with our distribution partners upon expiry or on favorable terms. If, for any reason, our relationships with our distribution partners deteriorate, our business and results of operations may be materially and adversely affected. Moreover, measures we take to manage overlap or potential competition within our sales network may not be effective. As a result, the expansion of our sales network may not result in a proportionate increase in our net revenues. Furthermore, adverse competition or cannibalization among the various channels may negatively impact our relationships with distribution partners, which could have a material adverse effect on our business and results of operations.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our business has experienced ongoing growth in recent years, along with expansions in our business network and workforce.

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Our ongoing expansion requires us to efficiently collaborate with business partners and continuously upgrade our infrastructure, internal controls and workforce management. These initiatives will demand substantial resources and may not achieve the anticipated outcomes. We may not be able to effectively manage our growth, and our strategies and new business initiatives may not be implemented successfully. If we fail to execute our business plans and strategies in a timely and efficient manner, or if other unanticipated events or factors hinder our progress, our business, financial position, and results of operations could be materially and adversely affected.

Ineffective inventory management could materially and adversely affect our results of operations, financial condition, and liquidity.

Our inventory primarily consists of raw materials, work in progress and finished goods. As of December 31, 2023, 2024, 2025, and June 30, 2026, our total net carrying amount of inventories amounted to RMB995.9 million, RMB1,234.6 million, RMB2,000.5 million, and RMB2,457.7 million, respectively. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our inventory turnover days were 104.5 days, 104.4 days, 98.1 days, and 112.1 days, respectively. If we fail to accurately forecast demand, we face risks related to both inventory obsolescence and potential shortages. Excessive inventory levels relative to actual demand, or a substantial decline in the market price of our products, could necessitate inventory write-downs or write-offs. Furthermore, we may be forced to liquidate excess stock at discounted prices, which would have a detrimental impact on our profitability and overall financial performance.

Failure to recover trade receivables in a timely manner may adversely impact our financial condition and results of operations.

We face inherent credit risks associated with delayed payments from our customers. As of December 31, 2023, 2024, 2025, and June 30, 2026, our gross carrying amount of trade receivables totaled RMB144.6 million, RMB103.7 million, RMB365.4 million, and RMB509.8 million, respectively. Furthermore, our trade receivables turnover days were 7.6 days, 7.0 days, 8.6 days, and 12.8 days in 2023, 2024, 2025, and for the six months ended June 30, 2026.

If the creditworthiness of our customers declines, or if a significant portion of our customer base fails to settle their obligations in full for any reason, we may incur additional impairment losses in the future. Additionally, customers may delay payments even within their agreed credit periods, which could necessitate further impairment loss provisions. We may not be able to fully recover outstanding amounts and our customers may not be able to settle their debts on time. If settlements are delayed or not made at all, our business, financial position, and results of operations could be materially and adversely affected.

If our suppliers cease offering us favorable credit terms or shorten the existing credit period, or otherwise impose more stringent commercial terms, our liquidity condition may be materially and adversely affected.

We experienced fluctuations in our trade payables and turnover days during the Track Record Period. As of December 31, 2023, 2024, 2025, and June 30, 2026, our trade payables amounted to RMB355.8 million, RMB554.1 million, RMB805.6 million, and RMB775.0 million, respectively, representing 62.2%, 64.3%, 58.0%, and 56.6% of our current liabilities as of the corresponding date. Our trade payables turnover days amounted to 39.4 days, 42.6 days, 41.2 days, and 39.7 days in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively. For more details, please see “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Liabilities — Trade Payables.” We may not be able to successfully negotiate and obtain favorable credit terms from our suppliers, as the credit terms granted by suppliers may be influenced by several factors that are beyond our control, such as the financial performance of our suppliers, the raw material prices and macro-economic conditions. If our suppliers shorten the credit period granted to us, our liquidity condition may be materially and adversely affected. In addition, if our suppliers impose less favorable commercial terms or increase procurement prices, our operations and financial performance could be adversely affected.

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We may be exposed to liquidity risks as a result of a long cash conversion cycle.

During the Track Record Period, we recorded relatively prolonged cash conversion cycle, calculated by adding inventory turnover days and trade receivables turnover days minus trade payable turnover days, of 72.7 days, 68.8 days, 65.5 days, and 85.2 days in 2023, 2024, 2025, and for the six months ended June 30, 2026. This was primarily attributable to the relatively prolonged inventory turnover days. For more details, please see “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Assets — Inventories.” A long cash conversion cycle may increase our reliance on working capital and/or external financing to support our operations and future growth. If we are unable to manage our inventory levels efficiently, actively collect from customers or maintain favorable payment terms with suppliers, our liquidity position may be negatively impacted, which could increase working capital requirements, reduce financial flexibility and adversely affect our operations and financial condition.

We historically experienced fluctuations in our cash flow from operating activities.

Our ability to generate sufficient operating cash flow depends on factors including operational efficiency, accounts receivable collection, customer inspection processes, market conditions, and competition, many of which are outside our control. Adverse changes may lead to liquidity shortfalls and negatively affect our operations. Continued negative operating cash flows may require additional financing for working capital or expansion, which may not be available on acceptable terms or at all, and could increase credit risk. Persistent net operating cash outflows may materially and adversely affect our business, financial condition, and results of operations.

Uncertainty in the valuation of financial assets at fair value may affect our financial position.

As of December 31, 2023, 2024, 2025, and June 30, 2026, we had financial assets at fair value through profit or loss of nil, RMB1,075.0 million, RMB431.3 million, and RMB110.2 million, respectively. As of December 31, 2023, 2024, 2025, and June 30, 2026, we had financial assets at fair value through other comprehensive income of nil, nil, RMB16.0 million, and RMB18.4 million, respectively. See Note 36 to the Accountants’ Report included in Appendix I to this Document for details. The fair value of certain of these financial assets is determined using valuation techniques involving unobservable inputs. Such inputs and assumptions may be subject to a high degree of uncertainty and may not reflect prevailing market conditions, particularly in the absence of active markets for these assets, rendering such valuation inaccurate.

Our sales and results of operations are subject to seasonal variations.

There are certain seasonal patterns for purchases of our products due to holiday-driven promotions. We generally recognize a higher portion of our revenue in the fourth quarter of our fiscal year than other quarters, primarily because certain of our customers tend to schedule their procurement during holidays and shopping festivals held by e-commerce platforms. For instance, revenue from the fourth quarter of 2025 accounted for approximately 32.9% of our total revenue in 2025. We expect the impact of seasonality on our business to remain in the future. Because of such seasonality, we believe that comparisons of our operational results between different quarters within a single fiscal year or across different fiscal years are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance. Furthermore, fluctuations between peak and off-peak sales seasons may affect our ability to accurately forecast market demand and to plan and coordinate our warehousing activities. Any failure to anticipate or respond to such fluctuations in a timely manner may have a material adverse impact on our operating results.

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Our business success and ability to innovate depend significantly on our ability to attract, retain, and motivate executive officers, senior management, and highly skilled technical personnel.

Much of our success depends on the continued contributions of our executive officers, senior management, and other key employees. Our ability to maintain our competitive position and execute our product roadmap is directly linked to our R&D capabilities. If we lose key members of our R&D team, we may experience delays in product development, an inability to solve complex technical challenges, or a slowdown in the enhancement of existing products. Furthermore, the specific technical skills required for our R&D efforts are in high demand and short supply. We also rely on experienced sales personnel to maintain and expand our sales and distribution network. Replacing these highly skilled individuals often requires a significant investment of time and resources, during which our development cycles could be stalled. Competition for qualified talent is intense. Our future success depends on our ability to attract qualified employees and retain existing key employees through competitive compensation and career development opportunities. If we are unable to do so, our business and growth may be materially and adversely affected.

Our future success therefore depends on our ability to recruit, train, or retain qualified personnel, particularly technical, marketing, and other operational personnel with relevant experience. If we experience a loss of professional talent or fail to recruit suitable replacements in a timely manner, our R&D capabilities and sustainable development may be hindered. We may not be able to attract or retain our executive officers, senior management, qualified R&D staff, or other highly skilled employees that we will need to achieve our strategic objectives.

Negative publicity or rumors about us, our products, management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

Our business and growth prospects depend significantly on maintaining a strong reputation and brand image in the consumer technology industry. Negative publicity or rumors arising from various channels, whether accurate or not, could spread rapidly through social media, online reviews on e-commerce platforms, consumer forums, news reports or other digital channels, amplifying its impact and potentially leading to viral misinformation. We may not be able to respond effectively or in a timely manner to counter false rumors or mitigate reputational damage. In addition, adverse events involving our customers, suppliers or industry peers could indirectly tarnish our brand by association.

If our reputation is harmed, it could result in decreased customer confidence, reduced demand for our products, loss of market share, difficulties in attracting new customers or business partners, or challenges in retaining existing ones. This could lead to lower sales volumes, increased marketing costs to rebuild trust, potential regulatory investigations or legal proceedings, and fluctuations in our [REDACTED] following the [REDACTED]. We may not be able to prevent or adequately address all instances of negative publicity. Any such occurrences could materially and adversely affect our business, financial condition, results of operations and prospects.

We may face risks relating to workplace safety, production safety, labor disputes, labor shortages and increases in labor costs.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. Our production activities may be associated with risks of accidents and we may face liability claims, negative publicity and government investigations or interventions related to workplace safety or production safety. Such incidents could result in a deterioration of our labor relations with

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employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

Companies operating in Chinese mainland have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in Chinese mainland, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines or other penalties. During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance and housing provident funds as required by the relevant PRC laws and regulations for our employees in certain PRC entities of our Group. The shortfall amount of social insurance and housing provident fund contributions is estimated to be approximately RMB13.7 million, RMB20.1 million, RMB26.5 million, and RMB14.7 million in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. Only if such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. For details, see “Business — Employees.” During the Track Record Period and up to the Latest Practicable Date, we have not received any notice requiring us to make full payment of all outstanding social insurance and housing provident fund contributions, nor have we been subject to any administrative action or penalty by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. However, new laws and regulations or any changes in the implementation of the existing laws and regulations may require us to settle any outstanding amount within a specified time limit, which may adversely affect our results of operations and financial condition.

We face certain risks relating to our leased properties, which may cause operational disruptions or additional costs.

There might be defects in the leasehold interest of certain of our leased properties. For instance, certain lessors fail to provide the valid ownership certificates for our leased properties, hence they may have no rights or authorizations to lease such properties to us. Our use of the leased properties with title defects may be affected by third parties’ claims or challenges against the lease. If we have to find alternative properties, additional costs will be incurred, and our business operations may be disrupted, any of which may have an adverse effect on our business, financial condition and results of operations. Furthermore, under PRC law, certain leases are required to be registered with the PRC government. We have several leases that have not been registered with the relevant PRC governmental authorities. Non-registration of lease agreements will not affect the validity of such lease agreements; however, we may be subject to penalties, which may result in adverse effects on our results of operations, financial position or prospects. As of the Latest Practicable Date, the aggregate amount of maximum fine was approximately RMB0.2 million. For details, see “Business — Our Properties.”

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We have limited insurance coverage, which could expose us to significant costs and business disruptions.

We maintain insurance policies covering our properties which we believe are subject to key business risks. We also hold third-party insurance for certain potential risks and liabilities. However, we do not obtain insurance for risks that are not typically covered under standard industry practices in Chinese mainland, or that are uninsurable on commercially reasonable terms, if at all. As a result, there may be situations where we are not compensated, either partially or fully, for particular losses, damages or liabilities. Our existing insurance coverage may not be adequate to address all potential losses. Nonetheless, we would still be responsible for any bank loans or other financial commitments related to the affected property.

We may become involved in legal or other disputes arising from our operations, including product liability claims, from time to time, and could face substantial liabilities as a result.

We may encounter disputes with parties connected to our business activities. These disputes could escalate into legal or other proceedings, potentially damaging our reputation, incurring significant expenses and diverting management resources and focus. We may face additional compliance challenges during our operations, leading to administrative actions and adverse outcomes that could result in liabilities, operational delays or interruptions to our production or product rollout timelines. Irrespective of the final resolution of any such proceedings, we could incur considerable costs and redirect resources, including management’s time and efforts, to address them. Results of these proceedings are uncertain, and any unfavorable outcomes may materially and adversely affect our business, financial condition and results of operations.

We are also subject to potential product liability claims if defects in our products cause any harm or damage. A successful claim of this nature against us could obligate us to pay significant compensation. Defending product liability claims, regardless of their merit, is expensive and resource-intensive, and could harm our brand reputation. If our products are found to be defective, we may need to redesign or recall them. There may be product liability claims will be filed against us in the future. Any such claim, whether valid or not, could generate substantial negative publicity, impair the marketability of our products and damage our reputation, which could in turn materially and adversely affect our business, financial condition and results of operations.

Environmental, social and governance (“ESG”) matters may impact our business and reputation.

We may incur costs and expenses to identify, manage and mitigate ESG risks. We monitor environmental and climate-related risks that may affect our business, strategy and financial performance, assessing their potential impact over short-, medium- and long-term horizons. We track various indicators, such as power consumption, greenhouse gas emissions, water usage and waste production, to address environmental and climate-related risks from our operations. We are also committed to providing sufficient support to our employees to foster a supportive and motivating corporate culture. This commitment may involve substantial additional expenses, which could potentially reduce our profitability. See “Business — Environmental, Social and Governance.” Furthermore, the growing ESG-related regulatory requirements, including various ESG disclosure obligations in the jurisdictions where we operate, may increase compliance costs and elevate our cost of sales. If we fail to adapt to new regulations or meet evolving industry expectations and standards, consumers may opt for products from other companies, which could materially and adversely affect our results of operations and financial condition.

We could be subject to changes in our tax rates, the adoption of new overseas tax legislation or exposure to additional tax liabilities.

We operate in countries and regions overseas and are subject to various taxes. See “Financial Information — Key Components of Our Consolidated Statements of Comprehensive Income —

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Income Tax Expense.” Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our financial condition, operating results and cash flows could be adversely affected. In addition, dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. The tax treatments of our transaction arrangements may be subject to interpretation by the respective tax authorities, and there is uncertainty as to the outcome of these examinations. If our weighted average effective tax rate was to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

We may not continue to receive preferential tax treatment currently available to us, and any increase in enterprise income tax could reduce our net income and materially and adversely affect our financial condition and results of operations.

The policies on preferential tax treatment may change and certain preferential tax treatment we enjoy or are entitled to enjoy may be terminated. We and certain of our subsidiaries enjoy a preferential income tax treatment during the Track Record Period. For details, see Note 11 to the Accountants’ Report in Appendix I. If the PRC governments decides to withdraw or scale back such preferential treatment in the future, or if our Company is unable to renew its accreditation, the effective tax rate for us will be higher. Consequently, our financial condition and results of operations could be materially and adversely affected.

We are exposed to foreign exchange risks.

Fluctuations in currency exchange rates can impact our consolidated financial results. As we operate a portion of our business in overseas jurisdictions, exchange rate movements between foreign currencies and the RMB could influence our pricing competitiveness and negatively affect our business operations and financial results. In 2023, 2024, and 2025, net foreign exchange gains included in our consolidated statements of comprehensive income amounted to RMB5.7 million, RMB9.7 million, and RMB4.9 million, respectively. For the six months ended June 30, 2026, we recorded net foreign exchange losses of RMB43.9 million. Such exchange rate variations may stem from various uncontrollable factors. We may not be able to realize comparable or any net foreign exchange gains going forward, which could in turn influence our financial performance. Should the RMB’s exchange rates against foreign currencies experience substantial swings in the future, and if we are unable to implement adequate strategies to mitigate these exchange risks, we may encounter volatility in our operating results.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our failure to secure or enforce our intellectual property rights effectively, including patents and trade secrets in various global jurisdictions, could lead to substantial costs and damage our competitive standing.

We seek to protect the technologies that we consider commercially important by filing patent applications in the PRC and other jurisdictions, relying on patent or trade secrets, or employing a combination of these methods. However, the patent prosecution process is expensive, time-consuming, and complex. Furthermore, approvals of our intellectual property applications

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may not fully shield us from competitive pressures, and both the duration of patent protection and the scope of coverage are limited. In addition, the laws of some countries do not protect our intellectual property rights as fully as do the laws of other countries. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products and technologies in all such fields and jurisdictions.

Furthermore, monitoring unauthorized use and disclosures of our proprietary technology and confidential information can be difficult and expensive. Any litigation initiated by us concerning the infringement by third parties of our intellectual property rights is likely to be expensive and time-consuming and could lead to the invalidation of, or render unenforceable, our intellectual property rights. Even when we sue other parties for such infringement, that suit may have adverse consequences for our business, including diverting our management’s time and attention.

If we are unable to adequately protect, establish, maintain, or enforce our intellectual property or other proprietary rights, our business, financial condition, and results of operations may be adversely affected.

We may face claims by third parties alleging infringement of their intellectual property rights, which could result in significant legal costs, liability for damages, and disruption to our business operations.

We may be involved in legal proceedings and claims in which third parties allege that our devices, technologies, or services infringe upon their intellectual property rights and we may not prevail in such legal proceedings. An adverse outcome in current or future litigation could subject us to significant monetary liability, including the issuance of preliminary or permanent injunctions. Additionally, adverse judgments may cause reputational harm and necessitate costly remediation measures, such as the redesign of our products.

In February 2025, one of our competitors, Anker Innovations Technology Co., Ltd. (the “**Plaintiff**”), filed a civil action against us in the United States. The Plaintiff alleges that certain of our products marketed, imported, offered for sale, and sold in the U.S. market, for which we hold an authorized design patent, infringe a design patent owned by the Plaintiff (the “**Asserted Patent**”). The relief sought by the Plaintiff includes permanent injunctive relief, monetary damages, and recovery of attorneys’ fees and costs. In March 2026, we filed a request for ex parte reexamination of the Asserted Patent with the United States Patent and Trademark Office (“**USPTO**”) to review the validity of the Asserted Patent. In 2026, the USPTO granted our request and instituted the ex parte reexamination proceeding with respect to the Asserted Patent. Subsequently, we and the Plaintiff filed a joint motion to stay the court proceedings pending the outcome of the re-examination, which was granted by the court in June 2026. Accordingly, the litigation is expected to be delayed, with the duration of such delay depending on the progress of the USPTO reexamination proceedings. As of the Latest Practicable Date, the litigation remained stayed. After consulting with our PRC Legal Advisor, our Directors are of the view that the proceeding is unlikely to have any material impact on our operations or financial performance.

Furthermore, because patent applications are typically maintained in confidence for a period after filing, there may be pending applications unknown to us that could result in issued patents which our products are alleged to infringe. If our products are found to infringe a valid patent, or if we seek to avoid litigation, we may be required to obtain a license. Such licenses may not be available on commercially reasonable terms, or at all. Alternatively, we may be compelled to pay substantial royalties, redesign our products to ensure non-infringement, or indemnify our customers and partners against claims arising from their use of our products.

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Our reputation, brand value, and profitability could be materially and adversely affected if our products are counterfeited, imitated, or otherwise subject to unauthorized replication or infringement in the market.

Our products, including their designs, features, and associated branding, may be vulnerable to counterfeiting, imitation, or unauthorized replication by third parties. We have adopted a multidimensional IP protection system to protect our intellectual property rights. For details, see “Business — Intellectual Properties.” However, enforcement of anti-counterfeiting measures can be challenging. We may not be able to promptly detect, prevent, or effectively address such activities if they arise. If counterfeit or imitative products proliferate, they could dilute our brand equity, erode consumer trust and confidence in the authenticity and quality of our genuine offerings, divert sales from us to unauthorized sellers, and lead to potential liability claims if consumers mistake inferior counterfeits for our products, which may materially and adversely affect our business, prospects, financial condition, and results of operations. Moreover, pursuing legal remedies against counterfeiters often involves significant expenses, time-consuming proceedings, and uncertain outcomes, particularly in international markets with differing legal standards. We may choose not to litigate in certain instances due to cost-benefit considerations or jurisdictional hurdles.

If our trademarks, trade names, copyrights, patents, and other intellectual property rights fail to adequately safeguard our product designs, trade secrets, or proprietary technologies, we may experience loss of market share to competitors, diminished competitive advantages, and an inability to operate our business profitably.

We depend on a combination of intellectual property and competition laws, including those governing trademarks, copyrights, patents, and trade secrets, as well as confidentiality agreements and other contractual protections, to secure our proprietary rights. However, these measures may not provide sufficient protection against unauthorized use, imitation, counterfeiting, or misappropriation by third parties, which could erode our market position and lead to revenue losses.

Monitoring and policing unauthorized use of our proprietary technologies and intellectual property is inherently challenging, time-consuming, and expensive. We may be required to initiate litigation or other legal proceedings to enforce our rights. Such proceedings could involve substantial financial costs, divert management attention and resources, and result in prolonged disputes, regardless of the merits. An unfavorable outcome in any such litigation or administrative challenge could materially and adversely affect our business, financial condition, results of operations, prospects, and reputation.

Furthermore, we may inadvertently infringe upon the intellectual property rights of third parties, exposing us to claims, injunctions, or settlement demands. In the technology sector, intellectual property positions are often uncertain, with frequent overlaps, disputes, and evolving judicial interpretations. Changes in intellectual property laws or their enforcement in key jurisdictions could further heighten these risks, reduce the value of our protections, or increase the likelihood of successful challenges against us. Given these uncertainties, we may elect not to pursue aggressive enforcement actions or allocate significant resources to litigation, which could allow competitors to exploit similar technologies and harm our competitive standing.

We may be unable to adequately protect our unpatented proprietary technologies, trade secrets, processes, and know-how from disclosure, misappropriation, or independent development by third parties, which could erode our competitive advantages and materially adversely affect our business, financial condition, and results of operations.

In addition to our patented technologies, we rely significantly on unpatented proprietary technologies, trade secrets, processes, and know-how to maintain our market position and

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differentiate our products and services. To protect these assets, we implement various measures. However, we may not be able to successfully prevent unauthorized disclosure, use, or misappropriation of our proprietary information. If we fail to maintain the confidentiality or exclusivity of our unpatented proprietary assets, we could lose key competitive edges, face increased competition, suffer revenue declines, or incur additional costs to develop alternatives, all of which could have a material adverse effect on our business, prospects, financial condition, and results of operations.

Furthermore, there is a risk that our products or technologies incorporating these unpatented assets may inadvertently infringe upon the intellectual property rights of third parties. If such infringement claims are asserted against us, we may be required to defend against litigation or administrative proceedings, which could involve substantial legal fees, management distraction, and potential outcomes including injunctions, damages, royalties, or forced redesigns of our offerings. Moreover, the costs and uncertainties associated with such disputes could harm our reputation and operational performance. Given the uncertainties in trade secret laws and their enforcement across relevant jurisdictions, we may choose not to pursue certain enforcement actions due to prohibitive expenses or low prospects of success, further exposing us to these risks.

Our patent applications may not result in issued patents, which could materially and adversely affect our ability to prevent third parties from commercially exploiting technologies or products similar to ours.

We may not be the first inventor of the subject matter covered by our patent applications or that we were the first to file such applications. Chinese mainland and other major jurisdictions operate under a “first-to-file” system, and applications are typically not published for 18 months. Consequently, if a third party filed a prior application, we may be denied patent protection, allowing competitors to commercialize similar technologies without infringement. Also, we cannot be certain that our filed patent applications will lead to issued patents, or that any issued patents will have sufficient breadth to safeguard our proprietary technology or provide meaningful competitive advantages against similar offerings from others.

The technology sector is characterized by high uncertainty in patent positions, with frequent litigation and administrative challenges that can result in patents being narrowed, invalidated, or held unenforceable. Moreover, enforcing patents, confidentiality agreements, or other intellectual property rights often involves substantial costs, time-consuming proceedings, and diversion of management resources, which may render aggressive enforcement economically or practically unfeasible. Changes in patent laws or their interpretation in relevant jurisdictions could further diminish the value of our patent rights or expose us to additional risks of invalidation or non-protection.

RISKS RELATED TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

Changes in economic, political or social conditions or government policies in the markets in which we operate may materially and adversely affect our business, financial condition and results of operations.

Our business operations, assets are primarily located in Chinese mainland, and we also conduct business in overseas markets. Accordingly, our business, financial condition and results of operations are significantly influenced by economic, political and social conditions in these markets. Government policies, regulatory developments and industry guidelines in Chinese mainland continue to evolve, and compliance with such changes may increase our operating costs. In addition, the consumer technology market would generally be affected by macroeconomic and market conditions, if we fail to respond to or comply with in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

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It may be difficult for [REDACTED] to effect service of process upon us or our Directors or senior management, or to enforce judgments obtained from courts outside Chinese mainland.

A substantial portion of our operations and assets are situated in Chinese mainland, and the majority of our Directors and senior management members reside in Chinese mainland. Consequently, [REDACTED] may find it difficult to effect service of process upon us or such individuals outside Chinese mainland or to enforce against us or them any judgments obtained from courts outside Chinese mainland. The PRC does not generally maintain treaties or arrangements for the reciprocal recognition and enforcement of judgments with many foreign jurisdictions. As a result, civil, commercial or securities-related judgments issued by courts of such jurisdictions may not be recognized or enforced in Chinese mainland, and the enforcement of such judgments may be difficult or even impossible.

On January 18, 2019, the Supreme People’s Court of the PRC and the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Between the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “2019 Arrangement”), which became effective on January 29, 2024 and substantially expanded the categories of civil and commercial judgments that may be mutually recognized and enforced between the Chinese mainland and Hong Kong.

Judgment obtained by an [REDACTED] from a Hong Kong court or other non-PRC court may not be recognized or enforced by PRC courts. As a result, [REDACTED] may experience significant obstacles in effecting service of process upon us or our Directors or senior management members, or in seeking recognition and enforcement of foreign judgments against us or them in Chinese mainland.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems in the geographic markets where we operate differ substantially across jurisdictions and the legal systems in certain markets where we operate continue to evolve. Newly enacted laws and regulations may not fully address all aspects of commercial activities in these markets, and their interpretation and enforcement remain subject to future implementation. The application of certain laws and regulations to our business operations also remains unsettled. Regulatory ambiguity may provide opportunities for frivolous or opportunistic claims, including claims relating to the conduct of third parties or threats intended to pressure us into monetary or other concessions.

Moreover, many of the legal systems in the markets where we operate are influenced, to varying degrees, by government policies and internal regulatory interpretations, some of which may not be published in a timely manner, or at all, and may have retroactive effect. There are also circumstances where key regulatory definitions are vague, incomplete or absent, or where regulatory interpretations adopted by administrative authorities diverge from those applied by courts in comparable matters. As a result, we may not become aware of inadvertent violations of certain rules or policies until after such violations have occurred. In certain jurisdictions, administrative or judicial proceedings may also take prolonged periods to conclude, resulting in significant costs and diversion of management attention and other resources.

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It is possible that additional laws and regulations may be enacted, or that existing laws may be interpreted in ways that become applicable to our operations in the markets where we operate or elsewhere, which could affect our business and activities. Heightened scrutiny and tightening of regulatory oversight in the industries in which we operate may require us to devote additional legal and compliance resources. Amendments to existing laws or regulations, or the introduction of new legal requirements in the markets where we operate, may slow the development of our industries and adversely affect our business, financial condition and results of operations.

We are subject to the regulations of the CSRC and the listing rules of the Shenzhen Stock Exchange.

As a company listed on the Shenzhen Stock Exchange, we and our Directors, senior management, employees and shareholders are subject to securities regulations promulgated by the CSRC and the listing rules of the Shenzhen Stock Exchange. These regulations and rules, as well as their interpretation or enforcement, may be amended or supplemented from time to time. Moreover, the CSRC and the Shenzhen Stock Exchange may conduct periodic or ad hoc inspections, examinations or inquiries regarding our compliance with the applicable regulatory requirements. We are required to fully comply with these regulations and rules, which may require us to incur additional expenses and devote considerable time and resources. Accordingly, our business reputation, financial condition and results of operations may be adversely affected.

We may be subject to additional regulatory requirements under newly issued PRC laws and regulations governing overseas securities [REDACTED] and [REDACTED] for any of our future [REDACTED].

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”), together with five supporting guidelines, which became effective on March 31, 2023. As the Overseas Listing Trial Measures are relatively new, their interpretation, implementation and enforcement remain subject to further development. Any failure or delay in completing the necessary filing or reporting procedures in connection with our future capital raising activities may subject us to regulatory sanctions imposed by the CSRC or other PRC government authorities. Such authorities may impose fines or penalties, restrict our ability to distribute dividends outside Chinese mainland, limit our business operations within Chinese mainland, delay or restrict the remittance of [REDACTED] from the [REDACTED] or future [REDACTED] into Chinese mainland, or take other actions that could materially and adversely affect our business, financial condition, results of operations and prospects, as well as the [REDACTED] of our H Shares.

Laws and regulations governing foreign currency conversion and the remittance of funds into and out of the Chinese mainland may affect our ability to utilize our revenue and to distribute dividends.

The PRC government maintains controls on the convertibility of Renminbi into foreign currencies and, in certain circumstances, on the inbound and outbound remittance of funds, see “Regulatory Overview — Laws, Regulations and Policies of the PRC — Laws and Regulations on Foreign Investment, Overseas Investment, and Foreign Exchange Regulation — Laws and Regulations on Foreign Exchange Regulation” for details. Moreover revenue, assets and liabilities are primarily denominated in Renminbi, whereas our Shares are traded in Hong Kong dollars. As a result, changes in the Renminbi–Hong Kong dollar exchange rate may affect the value of any dividends payable to our Shareholders when expressed in foreign currency terms. If there are unfavorable changes in exchange rates, or if the PRC government implements regulatory policies that limit our ability to convert RMB into foreign currency, we may not have sufficient foreign exchange to meet our foreign exchange needs, and we may not be able to distribute dividends in foreign currencies to holders of our H Shares.

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We are a PRC enterprise and are subject to PRC tax on our global income, and any gains on the sales of our H shares by holders and dividends paid to such holders may be subject to PRC tax obligations.

Under the current PRC tax law, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. Additionally, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax laws and regulations.

The interpretation and implementation of PRC tax laws and regulations may change over time. It is uncertain, for example, whether future changes in policies or regulations may result in the revocation of existing preferential tax treatment, such that all non-PRC resident individual holders may become subject to PRC individual income tax at a flat rate of 20%. Any change in the applicable tax laws, regulations, or their interpretation or enforcement could materially affect the value of your [REDACTED] in our H Shares.

Any reduction or discontinuation of PRC tax rebate policies for our exported products may adversely affect our profitability.

We are currently entitled to value-added tax (“VAT”) rebates in connection with our export sales pursuant to the applicable PRC tax laws, including the Notice of the MOF 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》) as amended from time to time. However, the PRC government may adjust, reduce, suspend or cancel the existing tax rebate policies in the future, and we may not be eligible for such rebates. Any reduction, suspension, discontinuation or cancellation of the applicable tax rebate policies may adversely affect the recoverability of our VAT receivables and, as a result, our business, financial condition and profitability may be materially and adversely affected.

RISKS RELATED TO THE [REDACTED]

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

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the Main Board of the [REDACTED], we will be required to comply with the applicable listing rules and regulatory regimes in both jurisdictions, unless exemptions are available. As a result, we may be required to devote additional costs and resources on an ongoing basis to ensure compliance with the relevant requirements of the Shenzhen Stock Exchange, the China Securities Regulatory Commission and the [REDACTED].

Our A Shares are listed on the Shenzhen Stock Exchange. The characteristics of the A Share and H Share markets may differ.

Our A Shares are currently listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange while our H Shares will be [REDACTED] on the [REDACTED]. Under current PRC laws and regulations, our A Shares and H Shares are not interchangeable or fungible, and there is no trading or settlement mechanism between the A Share market and the H Share market. The A Share and H Share markets differ in various respects, including trading characteristics, liquidity levels, trading volumes, and the composition of their respective [REDACTED] bases, as well as the relative

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participation of retail and institutional [REDACTED]. As a result, the [REDACTED] performance of our A Shares and H Shares may not be directly comparable, and the historical trading prices of our A Shares may not be indicative of the [REDACTED] of our H Shares. Nevertheless, fluctuations in the price of our A Shares may have an adverse impact on the [REDACTED] of our H Shares, and vice versa. Accordingly, you should not place undue reliance on the historical trading performance of our A Shares when assessing an [REDACTED] in our H Shares.

There has been no established public market for our H Shares, and we cannot guarantee that an active or liquid market will develop or remain stable.

Prior to the [REDACTED], no public market has existed for our H Shares. As a result, a robust trading market with adequate liquidity or trading activity may not develop or continue following the [REDACTED]. The initial [REDACTED] of our H Shares will be determined through negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), and such price may not reflect the eventual [REDACTED] of our H Shares after [REDACTED]. We have submitted an application to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], our H Shares. However, the granting of such approval does not ensure that an active or liquid market for our H Shares will form or, if established, will be sustained. If no active market develops or if it subsequently weakens following the [REDACTED], the [REDACTED] and [REDACTED] of our H Shares may be materially and adversely affected, and [REDACTED] may find it difficult to dispose of their H Shares at or above the [REDACTED] at which they [REDACTED] them in the [REDACTED].

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

Substantial sales, or the expectation of substantial sales, of our Shares in the [REDACTED] after the [REDACTED] may materially and adversely affect the [REDACTED] of our H Shares. If our Controlling Shareholder or any of our existing shareholders were to dispose of a significant number of Shares following the [REDACTED] — or if the market anticipates that such disposals may occur — the [REDACTED] of our H Shares could decline, and our ability to secure additional [REDACTED] through future [REDACTED] could be negatively impacted. Our Controlling Shareholder may sell any of the Shares it holds, and we may [REDACTED] additional Shares pursuant to the general mandate granted to our Directors or through other means. It is uncertain how any such sale or potential sale of Shares by our Controlling Shareholder, or any future [REDACTED] of Shares by us, may affect the [REDACTED] of our H Shares. Any actual or perceived substantial [REDACTED] or [REDACTED] could materially and adversely impact the prevailing [REDACTED] of our H Shares.

A future or perceived significant increase in the supply of our Shares in the [REDACTED] could adversely affect the [REDACTED] of our H Shares and dilute the shareholdings of holders of H Shares.

The [REDACTED] of our H Shares could decline as a result of future [REDACTED] of a substantial number of our H Shares or other [REDACTED] relating to our H Shares in the [REDACTED], the [REDACTED] of new shares, or the market perception that any such [REDACTED] or [REDACTED] may occur. Future [REDACTED], or anticipated [REDACTED], of a significant amount of our [REDACTED], including in any future [REDACTED], could materially and adversely affect the [REDACTED] of our H Shares and our ability to [REDACTED] at a specific time or on terms favorable to us. In addition, our Shareholders may experience dilution in their shareholdings if we [REDACTED] additional [REDACTED] in the future. Any new shares or share-linked securities [REDACTED] by us may also carry rights and privileges that are senior to, or otherwise differ from, those conferred by our H Shares.

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As the [REDACTED] of our H Shares exceeds our consolidated net tangible asset value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon completion of their investment.

Because the [REDACTED] of our H Shares is higher than the consolidated net tangible asset value per Share immediately prior to the [REDACTED], [REDACTED] for H Shares in the [REDACTED] may incur immediate dilution in the [REDACTED] adjusted consolidated net tangible asset value per Share of the H Shares they purchase. Conversely, our existing Shareholders will benefit from an increase in the [REDACTED] adjusted consolidated net tangible asset value per Share of their respective holdings. Moreover, holders of our H Shares may experience further dilution of their shareholding interests if we [REDACTED] additional H Shares in the future for [REDACTED] or other purposes.

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

The [REDACTED] of our H Shares may be volatile and subject to significant fluctuations in response to factors that are outside our control. In addition, volatility in the Hong Kong Stock Exchange and other securities markets, whether or not related to our performance, may materially and adversely affect the [REDACTED] of our [REDACTED].

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 amount of dividends in the future.

We have declared dividends in the past. We protect our Shareholders’ interest by ensuring a consistent dividend policy. However, dividends of any amount may not be declared or distributed by us in any year in the future. Under the applicable laws and regulations of Chinese mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS accounting standard. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of Chinese mainland. See “Financial Information — Dividends and Dividend Policy” for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Whether, when, or in what amount we will pay dividends in the future remains uncertain.

Any declaration, payment or determination of dividends in the future is subject to the discretion of our Board and the approval at the Shareholders’ meeting, both of which will take into account various factors, including our profitability, cash flow generation, financial condition, operating and capital expenditure requirements, the amount of distributable profits available under IFRS Accounting Standards, the provisions of our Articles of Association, the PRC Company Law and other applicable PRC laws and regulations, prevailing market conditions, our long-term business and development strategies, as well as any contractual or regulatory constraints.

Therefore, it remains uncertain whether we will declare or pay dividends at any particular time or in any particular amount. We may also be unable to distribute dividends in accordance with any stated dividend policy. As a result, [REDACTED] may not receive any return on their [REDACTED] through dividend distributions.

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We have granted and may continue to grant share-based awards, which may adversely affect our business, financial condition and results of operations.

We have established share incentive plans to grant shares to certain of our employees and we may grant share-based awards in the future. Our financial performance and ownership interests of our Shareholders may be affected by the share-based compensation, as the expenses associated with compensation will decrease our net profit. We recorded share-based payment expenses of RMB18.9 million, RMB40.3 million, RMB27.5 million and RMB2.5 million in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively. Any additional grant of share awards by us will further increase our share-based payment, which may adversely affect our results of operations and financial condition, and potentially dilute existing Shareholders’ ownership.

Our Controlling Shareholder may exercise significant influence over our Company, and their interests may not align with those of our other Shareholders.

Our Controlling Shareholder may be able to exert significant influence over our operations. Immediately following the completion of the [REDACTED], our Controlling Shareholder will beneficially own approximately [REDACTED]% of our issued share capital enabling the Controlling Shareholder to influence or determine the outcome of Shareholders’ resolutions that require a simple majority vote. Such concentration of ownership may discourage, delay or prevent a change in control of our Company, potentially depriving other Shareholders of an opportunity to receive a premium for their H Shares in connection with a sale of the Company, and could negatively impact the [REDACTED] of our H Shares. These consequences may occur even where other Shareholders oppose the decisions or actions supported by our Controlling Shareholder. Furthermore, the interests of our Controlling Shareholder may not always be aligned with those of our other Shareholders. Our Controlling Shareholder may influence our Company to enter into transactions, pursue strategies, or take—or refrain from taking—actions that may not be in the best interests of our other Shareholders.

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

Certain facts, forecasts and statistical information presented in this Document are derived from official government sources.

We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the sponsor, [REDACTED] or any other party involved in the [REDACTED] and no representation is given as to its accuracy.

Accordingly, [REDACTED] should exercise caution when interpreting or relying on any such facts, forecasts or statistical data and should consider carefully the extent to which reliance should be placed on such information.

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Forward-looking statements included in this Document involve inherent risks and uncertainties.

This Document contains forward-looking statements identified by terms such as “aim,” “anticipate,” “believe,” and “expect,” and other similar expressions. These statements involve inherent risks and uncertainties; therefore, the inclusion of such statements should not be regarded as a representation that our future plans or objectives will be achieved. Subject to compliance with the requirements of the Listing Rules, we do not undertake to publicly update or revise any forward-looking statements contained in this Document, whether as a result of new information, future developments or otherwise. Accordingly, you should exercise caution in placing reliance on any forward-looking statements in this Document. All such statements are qualified in their entirety by this cautionary statement.

You should rely solely on the information contained in this Document, and not place reliance on press articles or other media reports concerning us or the [REDACTED].

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this Document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or otherwise publicly available, nor the fairness or appropriateness of any estimates, forecasts, views or opinions expressed by the press or other media or otherwise publicly available regarding our H Shares or the [REDACTED] or us.

When considering whether to [REDACTED] for our H Shares, prospective [REDACTED] should rely solely on the financial, operational and other information set out in this Document, the [REDACTED] and our formal announcements in Hong Kong. By applying for H Shares under the [REDACTED], you will be deemed to have acknowledged and agreed that you have not relied on any information other than that contained in this Document, the [REDACTED] and our formal announcements made in Hong Kong.