
RISK FACTORS

An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information in this [REDACTED], including the risks and uncertainties described below, before making an [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The [REDACTED] of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Any decline in the number of drivers or passengers using our platform would reduce the value of our network and would harm our future results of operations.

Our success in a given geographic market is affected by our ability to maintain or increase the scale of our network in that geographic market by attracting and retaining passengers and drivers on our platform and by keeping them engaged on our platform. If users choose to use other mobility services, we may not generate sufficient opportunities for drivers to earn competitive income, which may reduce the perceived utility of our platform. An insufficient supply of users would decrease our network activity and adversely affect our revenues and results of operations. If our service quality diminishes or our competitors’ services and products achieve greater market adoption, we might lose users to our competitors, which may diminish our network effect. Similarly, we have experienced and expect to continue to experience driver supply constraints in certain geographic markets in which we operate. To the extent that we experience driver supply constraints in a given market, we may need to increase or may not be able to reduce the driver incentives that we offer without adversely affecting our ability to promptly respond to user requests in that market. Any reduction in the number or availability of drivers would likely lead to a reduction in platform usage by users. Any decline in the number of drivers or passengers using our platform would reduce the value of our network and would harm our future results of operations.

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We had substantial indebtedness and net current liabilities, total deficit, and negative operating cash flows during the Track Record Period. We cannot assure you that we will not experience substantial indebtedness and net current liabilities, total deficit and negative operating cash flows in the future, which may expose us to liquidity risk.

We maintained a substantial level of borrowings to finance our operations during the Track Record Period and will continue to have a substantial level of borrowings after the [REDACTED]. As of December 31, 2022, 2023 and 2024, our short-term debt and current portion of long-term debt amounted to RMB3.5 billion, RMB5.2 billion, and RMB5.7 billion, and our non-current portion of long-term debt amounted to RMB2.1 billion, RMB2.4 billion, and RMB1.5 billion. For details, see “Financial Information—Our Financial Position—Summary of Our Debt.” We may from time to time in the future issue new ABSs and ABNs and obtain bank borrowings to support our business operation. Our indebtedness could adversely affect us by increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates, and limiting our flexibility in the planning for, or reacting to, changes in our business or industry.

We had net current liabilities of RMB4.4 billion, RMB5.2 billion, and RMB8.1 billion as of December 31, 2022, 2023 and 2024, respectively. We had total deficit of RMB5.3 billion, RMB6.4 billion, and RMB7.2 billion as of December 31, 2022, 2023 and 2024, respectively. We had negative operating cash flows of RMB1.1 billion in 2022, although we had positive operating cash flows of RMB136.4 million and RMB235.9 million in 2023 and 2024. We may experience net current liabilities, total deficit, and negative operating cash flows in the future, any of which may expose us to the risk of shortfalls in liquidity. In addition, during the Track Record Period, deposits from drivers equaled a relatively significant percentage of our cash and cash equivalents, and these deposits may be withdrawn by drivers, causing further pressure on our liquidity. Pressures on our liquidity may require us to seek additional financing from [REDACTED] and issuing our Shares, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operation, and prospects.

If we are unable to effectively deploy purpose-built vehicles and upgrade our auto solutions, we may be less able to attract and retain passengers and drivers.

We rely on the deployment of our purpose-built vehicles and the support of our auto solutions, including infrastructure that we facilitated through Geely Group, to provide users with consistently high-quality and intelligent ride experience, and provide drivers with optimized economics and operating experience. Our purpose-built vehicles and auto solutions, however, may not be appreciated by stakeholders in the market as an upgrade to other shared mobility service providers, and our offerings may not achieve broad market acceptance, or at all. For example, users may prefer our competitors’ platforms for a variety of reasons including the size of their driver base, the average wait time for orders, the price of fares taking into account user incentives, and features of their apps and online platforms. Similarly, drivers may prefer our competitors’ platforms for a variety of reasons, including the size of their user base

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in different regions, expected income taking into account driver incentives, and features of their apps and online platforms. As we continue to grow our business, we will face challenges in managing our purpose-built vehicles and auto solutions at scale. If our purpose-built vehicles and auto solutions do not appeal to drivers or passengers, we may be less able to attract and retain drivers and passengers, which could materially and adversely affect our business and growth prospect.

The shared mobility industry is highly competitive, and we may be unable to compete effectively.

Our industry is highly competitive. We face significant competition from existing, well-established, and low-cost alternatives, and in the future we expect to face competition from new market entrants. In addition, within each of the markets where we offer our services, the cost to switch between service providers is low. Users have a propensity to shift to low-cost or high-quality provider, and drivers have a propensity to shift to the platform with high earnings potential. As we and our competitors introduce new products and services, and as existing services and products evolve, we expect to become subject to additional competition. In addition, our competitors may adopt features of our offerings, which would reduce our ability to differentiate our offerings from those of our competitors, or they may adopt innovations that drivers and passengers value more highly than ours, which would render our offerings less attractive.

The markets in which we compete have attracted significant investments from a wide range of funding sources. Some of our competitors are subsidiaries or affiliates of large global companies that may subsidize their losses or provide them with additional resources to compete with us. As a result, many of our competitors are well capitalized and have the resources to offer discounted services and driver and passenger incentives, as well as to develop innovative offerings and alternative pricing models that may be more attractive to users than those that we offer.

In addition, some of our current or potential competitors have, and may in the future continue to have, greater resources and access to larger driver and passenger bases in a particular geographic market. Furthermore, our competitors in certain geographic markets enjoy substantial competitive advantages such as greater brand recognition, longer operating histories, better localized knowledge, and more supportive regulatory regimes. As a result, such competitors may be able to respond more quickly and effectively than us in such markets to new or changing opportunities, technologies, user preferences, regulations, or standards, which may render our offerings less attractive.

For all of these reasons, we may not be able to compete successfully against our current and future competitors. Our inability to compete effectively would harm our business, financial condition, and operating results.

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We are making investments in connection with our vehicles, including the development of our purpose-built vehicles and related vehicle intelligence technologies and the purchase of such vehicles for our own use, and we expect to continue such investments in the future. These investments are inherently risky, and we may not realize the expected benefits from them.

We have made investments in connection with our vehicles. We invested in the development of our purpose-built vehicles and related vehicle intelligence technologies, and we intend to continue such investment. We may also invest significant resources to develop new offerings and technologies. The purpose-built vehicles that we have developed may be purchased for our own use or sold or leased to other parties. If the purpose-built vehicles and related vehicle intelligence technologies or other new offerings and technologies do not deliver anticipated commercial return, or if we do not spend our development budget efficiently on commercially successful and innovative technologies, we may not realize the expected benefits of our strategy.

We have spent significantly on the purchase of purpose-built vehicles for our own use, and expect such spending to continue in the future. However, we may not realize the expected benefit from the purchase of our purpose-built vehicles. If we are unable to attract sufficient users to use our mobility service, the purpose-built vehicles that we have purchased may not be utilized frequently enough to generate sufficient returns over time. While we own a large number of vehicles, some of them have been idle and we store them in leased warehouses. If we are unable to effectively manage our vehicle idle rate, we may incur additional expenses to accommodate idle vehicles.

We have established dedicated channels for the sale and leasing of our purpose-built vehicles. However, we cannot assure you that demand for our purpose-built vehicles and related vehicle intelligence technologies will be sustained at the levels that we anticipate, or that the vehicles and technologies will gain sufficient traction or market acceptance to generate sufficient revenues to offset any new expenses or liabilities associated with these investments. It is also possible that vehicles and technologies developed by others will render our vehicles and technologies non-competitive.

Furthermore, our development efforts with respect to purpose-built vehicles, vehicle intelligence technologies, and other new offerings and technologies could distract management from current operations, and will divert capital and other resources from our more established offerings. If we do not realize the expected benefits of our investments, our business, financial condition, results of operations, and prospects may be harmed.

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If we or drivers or vehicles on our platform fail to obtain and maintain the required licenses or permits, our business, financial condition, and results of operations may be materially and adversely impacted.

The online ride hailing industry is highly regulated in China. The existing regulations and rules applicable to the industry are constantly evolving, and uncertainties exist with respect to their interpretation and implementation on a case-by-case basis. As an online ride hailing platform, we are required to obtain Platform Permits in the cities where we operate. In addition, Transportation Permits and Online Ride Hailing Driver’s Licenses are required for vehicles and drivers on our platform, respectively, subject to satisfaction of certain conditions. See “Regulations—Regulations on Online Ride Hailing Services.”

As of the Latest Practicable Date, we obtained the Platform Permits in all the cities where we have operations. However, some of the vehicles and drivers that provide services on our platform have not fully complied with the requirements for obtaining Transportation Permits and Online Ride Hailing Driver’s Licenses. For a detailed discussion of specific non-compliance data, reasons for the non-compliance, implications of the non-compliance including our PRC Legal Advisor’s view, and our remedial measures, see “Business—Legal Proceedings and Compliance—Compliance Matters—Transportation Permits and Online Ride Hailing Driver’s Licenses.”

Platforms like us could be subject to administrative penalties including orders of correction and fines, or potentially orders to suspend, terminate, or significantly reduce our operations, if vehicles or drivers providing online ride hailing services do not have the requisite licenses or permits. During 2022, 2023, and 2024, we were fined no more than 0.1% of our revenue for the respective period due to non-compliance. As of the Latest Practicable Date, a significant majority of these fines were fully settled. These fines did not have a material adverse impact on our financial conditions as a whole. Nevertheless, we may be subject to a variety of penalties if we or drivers or vehicles on our platform fail to obtain or maintain any required licenses or permits in a timely matter or at all. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition, and results of operations.

In addition, we also provide offline taxi hailing under the brand of Limao Mobility and engage in other businesses such as vehicle sales and leasing. If we fail to obtain requisite licenses, permits and approvals for these activities, we could be subject to administrative penalties. Any such penalty may disrupt our business operations and materially and adversely affect our business, financial condition, and results of operations.

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We rely on third-party aggregation platforms for a significant number of orders. If the market of aggregation platforms becomes more concentrated, we may have to accept unfavorable terms due to limited bargaining power.

We collaborate with various third-party aggregation platforms that facilitate user traffic to our platform. In recent years, competition between these aggregation platforms have allowed us to receive user facilitation services from these platforms at relatively low costs. As collaboration with aggregation platforms enables us to receive significant user traffic and scale up our operation, we have also benefited from economies of scale and experienced improved profitability. During the Track Record Period, an increasing number and percentage of our orders were generated through these aggregation platforms, and this trend may persist in the near future. In 2022, 2023, and 2024, orders attributable to aggregation platforms accounted for 49.9%, 73.2%, and 85.4% of our GTV and 51.4%, 74.1%, and 85.7% of our order volume, respectively. In 2024, the top three aggregation platforms that we worked with contributed 42.5%, 11.8%, and 10.4% of our GTV, respectively. We dynamically adjust the level of our cooperation with each aggregation platform based on the commercial terms offered by these platforms. However, the market of aggregation platforms may become more concentrated. If we can only choose from a small number of aggregation platforms that are able to provide the user facilitation services that we require, we may have to accept unfavorable terms due to limited bargaining power. If we are charged higher commission fees by aggregation platforms, our profit margin will be negatively affected. Furthermore, any disruption in our collaboration with third-party aggregation platforms may significantly reduce the number of orders that we can serve, and we cannot assure you that we would be able to find alternative aggregation platforms on terms that are acceptable to us on a timely basis, or at all.

If our collaboration with Geely Group is terminated or otherwise becomes limited, restricted, curtailed, less effective, or more expensive in any way, our business, financial condition, and results of operations may be adversely affected.

We closely collaborate with Geely Group in many aspects of our businesses. During the Track Record Period, we have procured vehicles, licensed trademarks, and received battery leasing services, technology services, vehicle insurance management services, and travel agency services from Geely Group, among others. We provided ride hailing services and sold batteries for vehicles under the CaoCao brand to Geely Group. We plan to continue engaging in various business transactions with Geely Group. For more details about our related party transactions during the Track Record Period, see note 34 to the Accountant’s Report in Appendix I to this document. For more details about our future transactions with Geely Group, see “Connected Transactions.”

In addition, during the Track Record Period, we received guarantees from Geely Group for our ABSs, ABNs, bank borrowings, and factoring borrowings, and borrowed directly from Geely Group. As of December 31 of 2022, 2023 and 2024, Geely Group provided guarantees for RMB5.3 billion, RMB7.2 billion, and RMB6.3 billion of our ABSs, ABNs, bank borrowings, and factoring borrowings. In relation to the guarantees, we paid Geely Group guarantee fees of RMB22.0 million, RMB34.9 million, and RMB36.7 million in 2022, 2023, and 2024.

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We will continue to maintain a close business relationship with Geely Group. If Mr. Li ceases to maintain a controlling stake in us or Geely Group changes important elements of its strategic relationship with us, we may lose the benefits of collaborating with Geely Group. In addition, Geely Group may have economic or business interests or goals that are inconsistent with ours. If we fail to continue our cooperation with Geely Group, or if Geely Group determines to conduct its business in a way that is not aligned with our business interests, or to take other actions that are detrimental to our interests, we will need to enter into renegotiation with Geely Group relating to our partnership and to secure alternate and comparable business partners, which may be costly, time-consuming, and disruptive to our operations and financial performance, any of which could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our financial obligations as well as the value of our Shares.

If we fail to ensure the safety of passengers and drivers, our business, financial condition, and results of operations could be materially and adversely affected.

We rely heavily on our ability to maintain a high level of safety of our services, as well as the public perception of the level of safety on our platform, to attract and retain passengers and drivers. Vehicles on our platform have encountered traffic accidents. In 2022, 2023, and 2024 the accident rate of our orders were 83, 45, and 37 accidents per million orders completed, respectively. In particular, accidents that resulted in injuries or fatalities accounted for 12.2%, 15.4%, and 14.8% of the total number of traffic accidents during the respective periods. We have been subject to lawsuits relating to traffic accidents. During the Track Record Period, we were held liable for RMB9.5 million, RMB8.4 million, and RMB33.7 million of monetary damage as a result of these lawsuits after accounting for insurance coverage. Although the rate of traffic accidents on our platform has been low, incidents still occur from time to time, and some of them are serious. Our driver screening procedures may fail, or the databases on which we rely to identify past problematic behavior may be incorrect or incomplete, or traffic accidents may be caused by drivers with no prior history of problematic behavior. Deaths or injuries may have an impact on public perception that is disproportionate to their statistical likelihood. Furthermore, public perception and regulatory scrutiny of the safety of ride hailing or other shared mobility services in general may be influenced by traffic accidents that occur on other platforms unrelated to ours, which may divert our management’s time and attention from our business operations and adversely affect our reputation. In the event that we are not able to prevent or mitigate traffic accidents, our business, financial condition, and results of operations could be materially and adversely affected.

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Our business is subject to a variety of laws, regulations, rules, policies, and other obligations regarding privacy, data protection, and cybersecurity. Any losses, unauthorized access, or releases of confidential information or personal information could subject us to significant reputational, financial, legal, and operational consequences.

We receive, transmit, and store a large volume of personally identifiable information and other data including automobile data on our platform. We are subject to numerous laws and regulations that address privacy, data protection, and the collection, storage, utilization, processing, transferring, provision, disclosure, and deletion of certain types of data. See “Regulations” for laws, rules, and regulations applicable to us, including the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) effective in June 2017, the PRC Data Security Law (《中華人民共和國數據安全法》) effective in September 2021, the Several Provisions on Safety Management of Automobile Data (Trial) (《汽車數據安全管理若干規定(試行)》) effective in October 2021, and the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) effective in November 2021. Interpretation, application, and enforcement of these laws, rules, and regulations evolve from time to time and their scope may continually change through new legislation, amendments to existing legislation, and changes in enforcement. We have incurred, and will continue to incur, significant expenses in an effort to comply with privacy, data protection, and cybersecurity standards and protocols imposed by laws, regulations, national and industry standards, or contractual obligations. Changes in existing laws or regulations or adoption of new laws and regulations relating to privacy, data protection, and cybersecurity, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations with regard to data retention, protection, transfer, disclosure, or deletion, could greatly increase the cost to us of providing our service offerings or require significant changes to our operations.

Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, data protection, and cybersecurity, it is possible that our practices, offerings, or platform could fail to meet all of the requirements imposed on us by such laws, regulations, or obligations. Any failure on our part to comply with applicable laws or regulations or any other obligations relating to privacy, data protection, or cybersecurity, or any compromise of security that results in unauthorized access, use, or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing drivers and passengers from using our platform, or result in investigations, fines, suspension of one or more of our apps, or other penalties by government authorities and private claims or litigation, any of which could materially and adversely affect our business, financial condition, and results of operations. Even if our practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition, and results of operations.

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In addition, pursuant to the Revised Measures for Cybersecurity Review (《網絡安全審查辦法》) effective on February 15, 2022, a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities, which affect or may affect national security, must apply for cybersecurity review and that a platform operator with more than one million users’ personal information aiming to [REDACTED] abroad must apply for cybersecurity review. As of the Latest Practicable Date, we have not been notified or identified as a critical information infrastructure operator by any domestic authority responsible for critical information infrastructure security protection. The Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) effective on September 1, 2022, provide detailed supporting regulations for data processors to comply with security assessment of providing overseas important data and personal information collected and generated in domestic operations. To ascertain whether we are required to initiate a submission for cybersecurity review in connection with the [REDACTED] under the Revised Measures for Cybersecurity Review, on December 19, 2022, we made a real-name telephone consultation with the China Cybersecurity Review Technology and Certification Center (網路安全審查技術與認證中心) (now known as China Cybersecurity Review, Certification, and Market Regulation Big Data Center), the authority responsible for accepting applications for cybersecurity review and conducting formality review under the guidance of the Cybersecurity Review Office of the CAC, and received feedback that the Revised Measures for Cybersecurity Review requires a company to initiate a submission for cybersecurity review if, among other factors, it aims to [REDACTED] abroad, and a proposed [REDACTED] in Hong Kong is not deemed as [REDACTED] abroad. Based on the foregoing consultation, our PRC Legal Advisor is of the view that we are not required to initiate a submission for cybersecurity review in connection with the [REDACTED] under the Revised Measures for Cybersecurity Review. Nevertheless, the Regulations on the Administration of Cyber Data Security, which came into effect on January 1, 2025, require data processors to, among others, apply for cybersecurity reviews in certain situations including conducting data processing activities that affects or may affect national security. However, the regulations do not specify what constitutes “affects or may affect national security.” Given that the meaning of activities that “affect or may affect national security” under current PRC laws and regulations requires further clarification from the competent authorities, and the identification of “critical information infrastructure operators” and the scope of “network products and services” and “data processing activities that affect or may affect national security” are subject to further clarification and interpretation by the competent authorities, we cannot assure you that we will not be subject to the cybersecurity review or that new rules or regulations promulgated in the future will not impose additional compliance requirements on us.

Maintaining and enhancing our brand and reputation is critical to our business prospects. Failure to maintain our brand and reputation will cause our business to suffer.

Maintaining and enhancing our brand and reputation is critical to our ability to attract new users, drivers, and partners to our platform, to preserve and deepen the engagement of our existing users, drivers, and partners, and to mitigate legislative or regulatory scrutiny, litigation, government investigations, and adverse public sentiment. Negative publicity, whether or not justified, can spread rapidly through social media. To the extent that we are unable to respond timely and appropriately to negative publicity, our reputation and brand can be harmed.

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Our brand and reputation might also be harmed by events that do not occur on our platform. For example, we may be associated with the actions of our drivers even at times when they are not performing services on our platform. If drivers on our platform are involved in accidents or other incidents or otherwise violate the law, we may receive unfavorable press coverage and our reputation and business may be harmed.

The successful maintenance of our brand will depend largely on maintaining a good reputation, minimizing the number of safety incidents, maintaining a high quality of service, and continuing our marketing and public relations efforts. Our brand promotion, reputation building, and media strategies have involved significant costs and may not be successful. If we fail to successfully maintain our brand in the current or future competitive environment, our brand and reputation would be further damaged and our business may suffer.

We have incurred significant losses since inception, and we may not achieve or maintain profitability.

We have incurred net losses for each fiscal year since our inception. We incurred operating loss of RMB1.9 billion, RMB1.6 billion, and RMB0.8 billion, and net losses of RMB2.0 billion, RMB2.0 billion, and RMB1.2 billion, in 2022, 2023, and 2024, respectively. We may not be able to achieve or maintain profitability in the future. Our ability to achieve profitability depends on, among others, our ability to manage our costs and expenses. We intend to control our costs and expenses but cannot assure you that we are able to achieve this goal. We may experience losses in the future due to our continued investments in purpose-built vehicles, passengers and drivers base, technology, talents and other initiatives. In addition, our ability to achieve and sustain profitability is affected by various factors, some of which are beyond our control, such as regulatory developments or competitive dynamics in the industry. Our expenses will likely increase in the future as we develop and launch new offerings and technologies, expand in existing and new markets, and continue to invest in our platform. These efforts may be more costly than we expect and may not result in increased revenues or growth in our business. Any failure to increase our revenues sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive operating cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition, and results of operations could be adversely affected.

Non-compliance with or failure to respond to developments of the regulations or licensing regimes regarding the mobility service market may materially and adversely affect our business, financial condition, and results of operations.

The mobility service market is undergoing constant regulatory developments. The Interim Measures for the Management of Online Ride Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》) effective in November 2016 and last amended on November 30, 2022, regulate the ride hailing services and ensure the safety of passengers by establishing a regulatory system for the platforms, vehicles, and drivers engaged in ride hailing services. The Emergency Notice on Further Strengthening the Safety Management of the Online Ride

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Hailing and Carpooling of Private Vehicles (《關於進一步加強網絡預約出租汽車和私人小客車合乘安全管理的緊急通知》) published in September 2018 requires enhanced background checks of drivers engaged in ride hailing and hitch of private vehicles, among others. Platforms are prohibited from allocating any orders to drivers who have not passed the background check. See “Regulations—Regulations on Online Ride Hailing Services.” In addition, local authorities in China have promulgated rules to regulate and monitor platforms operating ride hailing services. See “Regulations—Regulations on Online Ride Hailing Services.” As these regulations and rules may be constantly evolving and would be interpreted or implemented on an ad hoc basis depending on the facts and circumstances, we cannot assure you that we are always deemed in full compliance with these regulations and rules and we have been, and may continue to be, subject to claims, lawsuits, arbitrations, administrative actions, government investigations, and other legal and regulatory proceedings, which may in turn materially and adversely affect our business, financial condition, and results of operations.

An evolving market may also bring forth significant evolvments in the regulatory landscape. The level of regulatory scrutiny may increase on all mobility platforms, including ride hailing platforms. We cannot predict with certainty the interpretation or implementation of current laws and regulations or their future evolution. We may fail to adapt to such evolvments timely and effectively, and we may incur significant compliance costs in this process. Any heightened regulatory scrutiny or action may impose conflicting obligations on us, which may impede our ability to continue our operations and, in turn, materially and adversely affect our business, financial condition, and results of operations.

Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges that we may encounter.

We have offered ride hailing services since 2015, and our business has evolved. For example, we shifted our focus from high-end to affordable services in 2019 and started focusing on our purpose-built vehicles and auto solutions in 2021. We began deploying purpose-built vehicles for premier service in 2022 and purpose-built vehicles for express service in 2023. We launched our autonomous driving platform, CaoCao Smart Mobility, in February 2025. We regularly introduce new platform features, offerings, and services. Our limited operating history and evolving business make it difficult to evaluate our future prospects and the risks and challenges that we may encounter. These risks and challenges include our ability to:

- forecast our revenues and budget for and manage our expenses;
- attract new drivers and passengers and retain existing drivers and passengers in a cost-effective manner;

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- comply with existing and new laws and regulations applicable to our business;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth;
- successfully expand our geographic reach and overcome challenges particular to new geographical markets;
- hire, integrate, and retain talented people at all levels of our organization; and
- successfully develop new platform features, offerings, and services to enhance the experience of users.

If we fail to address the risks and difficulties that we face, our business, financial condition, and results of operations could be adversely affected. Further, because we have limited historical financial data and operate in a rapidly evolving market, any predictions about our future revenues and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will continue to encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our business, financial condition, and results of operations could be adversely affected or materially differ from our expectations.

We may be required to defend or insure against product liability claims.

The automobile industry generally experiences significant product liability claims. Although we are not the manufacturer of our purpose-built vehicles, we may be subject to product liability claims as the seller of defective products. We face the risk of such claims in the event our purpose-built vehicles do not perform or are claimed to not have performed as expected, and our sales process contributed to or are claimed to have contributed to the performance issue. Our vehicles may be involved in accidents resulting in death or personal injury. Any product liability claim may subject us to lawsuits and substantial monetary damages, product recalls, or redesign efforts, and even a meritless claim may require us to defend it, all of which may generate negative publicity and be expensive and time-consuming.

We generally do not purchase third-party insurance to protect us against the risk of product liability claims. We have not experienced any successful product liability claims against us during the Track Record Period. In addition, if our sales process does not contribute to a vehicle’s product defect which causes damage to others, we are entitled to claim the

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manufacturer of the vehicle for any successful product liability claims related to the vehicle against us. Nonetheless, if our sales process contributed to a product defect which causes damage to others and the relevant product liability claim is successful, we will likely have to pay from our own funds rather than by insurance.

Illegal, improper, or otherwise inappropriate activity of drivers or passengers, whether or not occurring while utilizing our platform, could expose us to liability and harm our business, brand, financial condition, and results of operations.

Illegal, improper, or otherwise inappropriate activities by drivers or passengers, including the activities of individuals who may have previously engaged with our platform but are not then receiving or providing services offered through it, or individuals who are intentionally impersonating drivers or passengers of our platform, could adversely affect our brand, business, financial condition, and results of operations. These activities may include assault, abuse, theft, and other misconduct. While we have implemented various measures intended to anticipate, identify, and address the risk of these types of activities, these measures may not adequately address or prevent all illegal, improper, or otherwise inappropriate activity by these parties. Such conduct could expose us to liability or adversely affect our brand or reputation. At the same time, if the measures that we have taken to guard against these illegal, improper, or otherwise inappropriate activities are too restrictive and inadvertently prevent or discourage drivers or passengers from remaining engaged on our platform, or if we are unable to implement and communicate these measures fairly and transparently or are perceived to have failed to do so, the growth and retention of the number of drivers and passengers on our platform and their utilization of our platform could be adversely affected. Furthermore, any negative publicity relating to the foregoing, whether such incident occurred on our platform or on our competitors’ platforms, could adversely affect our reputation and brand or public perception of ride hailing and other mobility services in general, which could adversely affect demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could harm our business, financial condition, and results of operations.

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

Since our inception, we have experienced rapid growth in our business, the number of drivers and passengers on our platform, and our geographic reach, and we expect to continue to experience growth in the future. This growth has placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. Our ability to manage our growth effectively and to integrate new employees, technologies, and acquisitions into our existing business will require us to continue to expand our operating and financial infrastructure and to continue to retain, attract, train, motivate, and manage employees. Continued growth could strain our ability to develop and improve our operating, financial, and management controls, enhance our reporting systems and procedures, recruit, train, and retain highly skilled personnel and maintain user satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our offerings

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could suffer, which could adversely affect our reputation and brand, business, financial condition, and results of operations. Our growth strategies may evolve and change from time to time. For instance, the autonomous driving industry is developing rapidly, and we intend to invest in autonomous driving technologies and the provision of robotaxi services to capitalize on the industry growth. However, investment in autonomous driving could be capital intensive in nature, while we have had recurring and increasing net current liabilities and total deficits during the Track Record Period. In particular, the growth rate of the robotaxi industry may be lower than we expected as a result of a number of factors beyond our control, including the technical challenges of developing sophisticated autonomous driving technologies that can be deployed for large-scale commercialization, and the availability of favorable government regulations and policies. We may also be less successful than other competitors engaged in the development of their robotaxi services. If our increased investments and expenditures in autonomous driving do not lead to the growth of our business as planned, our business, financial condition, and results of operations may be materially adversely affected.

To remain competitive in certain markets, we may continue to offer driver and passenger incentives, which may adversely affect our financial performance.

To remain competitive in certain markets and generate network scale and liquidity, we sometimes lower fares or service fees and offer significant driver and passenger incentives. We may engage in these practices to try to gain a leading position in a market or to try to protect a leading position against competitors. We may continue to offer these discounts and incentives on a large scale for an indefinite period of time if necessary. We cannot assure you that these practices would be successful in achieving their goals of attracting or maintaining the engagement of drivers and passengers, or that the positive impact of achieving those goals would outweigh the negative impact of these practices on our financial performance.

China has adopted new regulations governing the use of algorithms. If new or existing regulations restrict our ability to use algorithms in our business, our business, financial condition, results of operations, and prospects could be adversely affected.

We use algorithms in our operations. For example, we use algorithms to predict and identify fluctuations in supply and demand, such as during peak hours or between residential and commercial areas. In response to such fluctuations, our systems will dynamically adjust incentives and provide direct recommendations to drivers on our platform, leading drivers to move away from low-demand areas and toward high-demand areas. We also use algorithms and deep learning systems to match individual drivers and passengers efficiently, taking into account factors such as distance, wait times, and driver and passenger preferences. We rely on our matching algorithms to reduce pickup waiting times for users and idle driving times for drivers, with the goal of satisfying user demands and maximizing driver income. In addition, we have a technology and data advantage due to our large driver and passenger base, significant transaction volume, and fleet of purpose-built vehicles. This allows us to analyze data to power and improve our technology.

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China has adopted new regulations governing the use of algorithms and algorithm-generated recommendation. The Anti-Monopoly Guidelines on Platform Economy effective on February 7, 2021, prohibit differentiated transaction prices or other transaction conditions without justifiable reasons, based on data analytics regarding users’ paying capacity, consumption preference, and habits, among others. The Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services issued on September 17, 2021, require competent regulatory authorities to monitor daily data use, application scenarios, and effects of algorithms, conduct security assessment of algorithms, establish an algorithm filing system, and promote classified security management of algorithms. The Provisions on the Administration of Algorithm Recommendation for Internet Information Services effective on March 1, 2022, require algorithmic recommendation service providers to fulfill their responsibilities for algorithm security, inform users in a conspicuous manner of their provision of algorithmic recommendation services, and publicize and regularly review the basic principles, purposes, and main operating mechanisms of algorithmic recommendation services in an appropriate manner. The Regulations on the Administration of Cyber Data Security, which took effect on January 1, 2025, stipulate that large network platform service providers are forbidden from using algorithms to give users unreasonable differential treatment, damaging their lawful rights and interests. See “Regulations—Regulations on Cybersecurity, Data Security, and Privacy Protection” and “Regulations—Regulations on Anti-Monopoly.” The algorithms that we currently use adjust incentives to drivers based on objective information such as supply and demand in different areas across time, and does not adjust transaction prices to users based on their paying capacity or habits, which are prohibited by law. We have also conducted security assessment of our algorithms, completed relevant filings, publicly disclosed the basic principle, purposes, and main operating mechanisms of our algorithms, and provided users with convenient options to turn off algorithmic recommendation services within our apps. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we did not use any algorithmic recommendation technologies that are prohibited or restricted by law to provide internet information services, and have complied with relevant requirements on algorithmic recommendation management in all material respects. Nonetheless, if new or existing regulations restrict our ability to use algorithms in our business, we may be unable to leverage our competitive advantage to the same extent, and our business, financial condition, results of operations, and prospects could be adversely impacted.

If we fail to effectively manage our car partners or our relationship with car partners becomes disrupted, our business, financial condition, and results of operations may be materially and adversely impacted.

We collaborate with car partners which manage some of the drivers who provide service on our platform and usually independently hold vehicles. Our collaboration enables us to expand our geographical reach and enter new markets efficiently. However, we may not be able to effectively manage our car partners to ensure that their drivers provide service that meet our service standards. In addition, we may be unable to retain our car partners on satisfactory terms, or at all. If a significant number of our existing agreements with car partners are terminated early or are not renewed on satisfactory terms upon expiration, our results of

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operation may deteriorate. If we cannot secure new car partners to replace those expired or terminated car partners and compensate for the loss of business, our results of operations could be materially and adversely affected.

Termination or deterioration of our partnerships may adversely affect our business.

We have established strategic cooperation relationships with certain business partners. For example, we have partnered with leading autonomous driving technology companies in the research and development of our autonomous driving capability. Furthermore, we collaborate with certain business partners to obtain information technology platform services, payment processing services, colocation services, and cloud communication services for our business. The contracts that we have entered into with these business partners are ordinary course of business contracts relating to the specific services that these partners provide to us. The duration of these contracts varies depending on the nature of the services. If we fail to maintain such relationships, or these business partners choose to terminate our relationships, we may need to source other alternative partners to provide such services, which may divert significant management attention from existing business operations. We may not be able to find alternative partners on favorable terms or at all, and our business may be adversely affected until we are able to find alternative partners.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

Our ability to obtain additional capital in the future is subject to a number of uncertainties, including those relating to our future business development, financial condition, and results of operations, general market conditions for financing activities by companies in our industry, and macro-economic and other conditions regionally and globally. If we cannot obtain sufficient capital to meet our capital needs, we may not be able to execute our growth strategies, and our business, financial condition, results of operations, and prospects may be materially and adversely affected.

We may incur impairment losses in relation to prepayments, other receivables, and trade receivables.

Our prepayments, other receivables, and trade receivables primarily comprise (i) prepayments, primarily for insurance costs, (ii) other receivables, including deposits to trust institutions and rental and other deposits, and (iii) trade receivables, including outstanding amounts payable by aggregation platforms. As of December 31, 2024, we have prepayments, other receivables, and trade receivables of RMB309.2 million, RMB119.9 million, and RMB274.0 million, respectively. There is no guarantee that our suppliers will perform their obligations in a timely manner. If our suppliers fail to provide products and/or services in a timely manner or at all, we may be exposed to prepayment default and impairment loss risk in relation to the prepayment. This default and risk would in turn materially and adversely affect our business and financial position.

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Changes in the carrying amount of convertible redeemable preferred shares issued to investors may affect our financial condition and results of operations.

We have issued convertible redeemable preferred shares to Series B investors, which were recognized as financial liabilities at fair value through profit or loss. In 2022, 2023, and 2024, we recorded losses of RMB14.1 million, RMB69.1 million, and RMB88.7 million from the changes in the carrying amount of the financial liabilities at fair value through profit or loss. We expect that the continual fluctuations in the carrying amount of our convertible redeemable preferred shares to affect our financial position until the [REDACTED], when the preferred shares will be re-classified from financial liabilities to equity as a result of the automatic conversion into ordinary shares.

Our company culture has contributed to our success and if we cannot maintain this culture as we grow, our business could be harmed.

We believe that our company culture has been critical to our success. We face a number of challenges that may affect our ability to sustain our corporate culture, including:

- failure to identify, attract, reward, and retain people in leadership positions in our organization who share and further our culture and values;
- the increasing size and geographic diversity of our workforce as we expand into new cities;
- competitive pressures to move in directions that may divert us from our vision and values;
- the increasing need to develop expertise in new areas of business that affect us;
- negative perception of our treatment of employees or our response to employee sentiment or actions of management; and
- the integration of new personnel and businesses from acquisitions.

If we are not able to maintain our culture, our business, financial condition, and results of operations could be materially and adversely affected.

Our business depends on retaining and attracting high-quality personnel, and failure to retain, attract, or maintain such personnel could adversely affect our business.

Our success depends in large part on our ability to attract and retain high-quality management, operations, engineering, and other personnel. These personnel are in high demand, are often subject to competing employment offers, and are attractive recruiting targets for our competitors. The loss of qualified executives and employees, or an inability to attract, retain, and motivate high-quality executives and employees required for the planned expansion

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of our business, may harm our results of operations and impair our ability to grow. To attract and retain key personnel, we use equity incentives, among other measures. These measures may not be sufficient to attract and retain the personnel we require to operate our business effectively. If we are unable to attract and retain high-quality management and operating personnel, our business, financial condition, and results of operations could be adversely affected.

If we are unable to protect our intellectual property, or if third parties are successful in claiming that we are misappropriating the intellectual property of others, we may incur significant expense and our business may be adversely affected.

Our intellectual property includes the content of our websites, apps, registered domain names, software code, firmware, hardware and hardware designs, trademarks, copyrights, trade secrets, inventions (whether or not patentable), patents, and patent applications. We believe that our intellectual property is essential to our business and affords us a competitive advantage in the markets in which we operate. If we do not adequately protect our intellectual property, our brand and reputation may be harmed, drivers and passengers could devalue our service and product offerings, and our ability to compete effectively may be impaired.

To protect our intellectual property, we rely on a combination of copyright, trademark, patent, and trade secret laws, contractual provisions, end-user policies, and disclosure restrictions. Upon discovery of potential infringement of our intellectual property, we promptly take action to protect our rights as appropriate. We also enter into confidentiality agreements and invention assignment agreements with our employees and consultants and seek to control access to, and distribution of, our proprietary information in a commercially prudent manner. The efforts that we have taken to protect our intellectual property may not be sufficient or effective. In addition, it may be possible for other parties to copy or reverse-engineer our service and product offerings or obtain and use the content of our website without authorization. Furthermore, we may be unable to detect infringement of our intellectual property rights, and even if we detect such violations and decide to enforce our intellectual property rights, we may not be successful, and may incur significant expenses, in such efforts. Any failure to protect or any loss of our intellectual property may have an adverse effect on our ability to compete and may adversely affect our business, financial condition, and results of operations.

In addition, we cannot be certain that our operations or any other aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our services or other aspects of our business. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against these claims and proceedings is costly and time consuming and may divert management’s time and other

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resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine, or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial condition, and results of operations could be materially and adversely affected.

The successful operation of our business depends upon the performance and reliability of internet, mobile, and other infrastructures that are not under our control.

Our business depends on the performance and reliability of internet, mobile, and other infrastructures that are not under our control. Disruptions in internet infrastructure or GPS signals or the failure of telecommunications network operators, cloud service providers, and other third-party providers of network services that provide us with the bandwidth needed to provide our service and product offerings could interfere with the performance and availability of our platform. If our platform is unavailable when users attempt to access it, or if our platform does not load as quickly as users expect, users may not return to our platform as often in the future, or at all. In addition, we have no control over the costs of the services provided by national telecommunications operators. If mobile internet access fees or other charges to internet users increase, user traffic may decrease, which may in turn cause our revenues to significantly decrease.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology. We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures, or other problems with China’s internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. If the relevant telecommunication service providers cease to provide us with telecommunication networks or services, or do not allow us to continue to use the internet infrastructure and the fixed telecommunications networks in places where we have operations, our demands associated with the continued growth in internet usage will not be met.

Our business also depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of power outages, telecommunications delays or failures, security breaches, or computer viruses could result in delays or interruptions to our products, offerings, and platform, as well as business interruptions for us, our users, and our drivers. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, financial condition, and results of operations.

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We rely on third parties maintaining open marketplaces to distribute our apps and to provide the software that we use in certain of our service and product offerings. If such third parties interfere with the distribution of our service and product offerings or with our use of such software, our business would be adversely affected.

Our platform relies on third parties maintaining open marketplaces, including the Apple App Store and other marketplaces on Android, which make applications available for download. We cannot assure you that such marketplaces will not charge us fees to list our applications for download. We rely upon certain third parties to provide software for our service and product offerings. We do not control all mapping functions employed by our platform or drivers using our platform, and it is possible that such mapping functions may not be reliable. If such third parties cease to provide access to the third-party software that we and drivers use, do not provide access to such software on terms that we believe to be attractive or reasonable, or do not provide us with the most current version of such software, we may be required to seek comparable software from other sources, which may be more expensive or inferior, or may not be available at all, any of which would adversely affect our business.

Our business depends upon the interoperability of our platform across devices, operating systems, and third-party applications that we do not control.

One of the most important features of our platform is its broad interoperability with a range of devices, operating systems, and third-party applications. Our platform is accessible from the web and from devices running various operating systems such as iOS and Android. We depend on the accessibility of our platform across these third-party operating systems and applications that we do not control. Moreover, third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties following development changes. The loss of interoperability, whether due to actions of third parties or otherwise, could adversely affect our business.

Increases in energy and other costs could adversely affect our business and results of operations.

Factors such as inflation, increased energy prices, and increased vehicle purchase, rental, or maintenance costs may increase the costs incurred by drivers when providing services on our platform. Many of the factors affecting driver costs are beyond their control. In many cases, these increased costs may cause drivers to spend less time providing services on our platform or to seek alternative sources of income. A decreased number of drivers on our platform would decrease our network liquidity, which could harm our business and results of operations.

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Computer malware, viruses, spamming, and phishing attacks could harm our reputation, business, and results of operations.

We rely heavily on information technology systems across our operations. Our information technology systems, including mobile and online platforms, mobile payment systems and administrative functions, and the information technology systems of our third-party business partners and service providers contain proprietary or confidential information related to business and sensitive personal data, including personally identifiable information, entrusted to us by drivers, users, businesses, employees, and job candidates. Computer malware, viruses, spamming, and phishing attacks have become more prevalent in our industry, have occurred on our systems in the past, and may occur on our systems in the future. Various other factors may also cause system failures, including power outages, catastrophic events, inadequate or ineffective redundancy, issues with upgrading or creating new systems or platforms, flaws in third-party software or services, errors by our employees or third-party service providers, or breaches in the security of these systems or platforms. If we cannot resolve these issues in an effective manner, they could adversely impact our business and results of operations. Because of our prominence, the number of platform users, and the types and volume of personal data on our systems, we may be a particularly attractive target for such attacks. Although we have developed systems and processes that are designed to protect our data and that of platform users, and to prevent data loss, undesirable activities on our platform, and security breaches, we cannot assure you that such measures will provide absolute security. Our efforts on this front may be unsuccessful as a result of, for example, software bugs or other technical malfunctions, employee, contractor, or vendor error or malfeasance, or the appearance of new threats that we did not anticipate or guard against, and we may incur significant costs in protecting against or remediating cyber-attacks. Any actual or perceived failure to maintain the performance, reliability, security, and availability of our products, offerings, and technical infrastructure to the satisfaction of platform users and government regulators would likely harm our reputation and result in loss of revenues from the adverse impact to our reputation and brand, disruption to our business, and our decreased ability to attract and retain drivers and passengers.

Any significant disruptions in services on our platform, including those caused by third parties, malfunctions of our technology systems, errors and quality issues in our software, hardware, and systems, or human errors in operating these systems could materially and adversely affect our business, financial condition, and results of operations.

Our business depends on the ability of our information technology systems to process information and transactions in a consistently stable and timely manner. The satisfactory performance, reliability, and availability of our technology and underlying network infrastructure are critical to our operations, service quality, reputation, and ability to retain and attract users. We cannot assure you that access to our platform will be uninterrupted, error-free, or secure at all time. In addition, we use third-party services, such as cloud services, in connection with our business. We are therefore vulnerable to service interruptions experienced by third-party service providers. In the event of a partial or complete failure of any of our computer systems, including as a result of service interruptions experienced by our third-party service providers, our business activities would be materially disrupted. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our prospects and profitability.

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We and our third-party service providers may experience system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. These events may result in losses of revenue. A prolonged interruption in the availability or reduction in the availability, speed, or other functionality of our services could adversely affect our business and reputation and could result in the loss of users. Also, our and our third-party service providers’ software and hardware systems may contain undetected errors that could materially and adversely affect our business, particularly where such errors are not timely detected and remedied. In addition, our platform and services use complex software, and may have coding defects or errors that may impair our users’ ability to use our platform and services. The models and algorithms that we use for our platform and services also may contain design or performance defects that are not detectable even after extensive internal testing. We cannot assure you that we would be able to detect and resolve all such defects and issues through our quality control measures.

Any errors, defects, and disruptions in services, or other performance problems with our platform and services could hurt our reputation, affect user experience or cause economic loss or other types of damage to our users. Software and system errors or human errors could delay or inhibit order dispatching, matching of users, route calculation, settlement of payments, and reporting of errors, or prevent us from collecting service fees or providing services. Such issues could result in liabilities and losses, which could materially and adversely affect our business, financial condition, and results of operations. In addition, if we fail to adopt new technologies or adapt our apps, websites, and systems to changing user preferences or emerging industry standards, our business and prospects may be materially and adversely affected.

Our use of third-party open source software could adversely affect our ability to offer our service and product offerings and subjects us to possible litigation.

We use third-party open source software in connection with the development of our platform. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and their compliance with the terms of the applicable open source license. We may be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with the applicable open source licensing terms. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the applicable terms of such license, including claims for infringement of intellectual property rights or for breach of contract. In addition, there are more and more types of open-source software license, almost none of which have been tested in a court of law, resulting in a dearth of guidance regarding the proper legal interpretation of such licenses. If we were to receive a claim of non-compliance with the terms of any of our open source licenses, we may be required to publicly release certain portions of our proprietary source code or expend substantial time and resources to re-engineer some or all of our software.

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Furthermore, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open-source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Additionally, because any software source code that we contribute to open source projects becomes publicly available, our ability to protect our intellectual property rights in such software source code may be limited or lost entirely, and we would be unable to prevent our competitors or others from using such contributed software source code. Any of the foregoing could be harmful to our business, financial condition, and results of operations and could help our competitors develop service and product offerings that are similar to or better than ours.

Failure to be in full compliance with PRC laws and regulation relating to social insurance may subject us to penalties.

PRC laws and regulations require us to pay statutory social welfare benefits for our employees, including social insurance premium. During the Track Record Period, we did not make adequate contributions to the social insurance plan for our employees as required under applicable PRC law. As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make the full contribution of social insurance premiums as required, the local social insurance agencies may require us to pay the outstanding amount within a prescribed period and may impose a late payment fee equivalent to 0.05% of the overdue payment per day from the date on which the payment is payable. If such payment is not made within the prescribed period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. For details, see “Business—Legal Proceedings and Compliance—Compliance Matters—Social Insurance.” Although we did not receive any fines or penalties or order of correction from competent authorities as a result of our inadequate contribution to our employees’ social insurance plan during the Track Record Period, if the relevant local authorities require us to pay the outstanding amount and impose late fees or fines on us, our business, financial condition, and results of operations could be adversely affected.

Certain issues relating to certain properties we lease may disrupt our occupancy and continued use of those properties.

We leased 37 properties for our business operations as of the Latest Practicable Date, all of which are used as office space for our business operations. For some of these leased properties, the landlords have not provided us with valid title certificates or authorization documents evidencing their rights to lease the properties to us, primarily due to the difficulty of getting in touch with and securing the cooperation of the properties’ title holders. For details, see “Business—Properties.” We cannot assure you that these landlords have the right to lease the properties to us. As advised by our PRC Legal Advisor, we may not be able to continue using these properties. If ownership of the properties that we have leased is disputed or the validity of the leases is challenged by third parties, we may not be able to continue to use these properties and have to relocate to other places, which could result in additional costs.

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In addition, pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branches of the Ministry of Housing and Urban Development. As of the Latest Practicable Date, we did not complete lease registration or lease registration modification of the properties that we leased in China. Our PRC Legal Advisor has advised us that the lack of registration for the leases will not affect their validity under PRC law, and has also advised us that a maximum penalty of RMB10,000 may be imposed for each incident of non-compliance of lease registration requirements. In the event that any fine is imposed on us for our failure to register our leases, we may not be able to recover such losses from the lessors.

Our business and results of operations are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonality in our business. For example, we generally experience less user traffic during the Chinese New Year holidays in the first quarter of each year. We generally experience higher user traffic during July, August, November, and December, when the weather is typically the warmest or the coldest during the year. Other seasonal trends that affect us or China’s mobility industries may develop, and current seasonal trends may become more extreme, all of which would contribute to fluctuations in our results of operations. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful, especially given our limited operating history. Our results of operations in future quarters or years may fluctuate and deviate from the expectations of securities analysts and [REDACTED], and any occurrence that disrupts our business during any particular quarters could have a disproportionately material adverse effect on our liquidity and results of operations.

Our business would be adversely affected if drivers were classified as employees, workers, or quasi-employees.

Consistent with the practice of other companies in the online ride hailing industry in China, we treat drivers on our platform as independent contractors rather than employees, and our terms of use with drivers reflect such understanding. The status of drivers as independent contractors has not been challenged by government authorities. However, we cannot assure you that the independent contractor status of our drivers will not be challenged by legislators, government authorities, or private parties in the future. We may be required under new regulations to treat drivers on our platform as employees, sign full-time employment contract with them, or afford them protections in our service agreement that are similar to protections for full-time employees. We may become involved in legal proceedings, including lawsuits, demands for arbitration, charges, and claims before administrative agencies, and investigations or audits by labor, social security, tax, or other authorities that seek to claim that drivers should be treated as our employees rather than independent contractors. We may not be successful in defending the classification of drivers. In addition, the costs associated with defending, settling, or resolving pending and future lawsuits (including demands for arbitration) or government investigations relating to the classification of drivers could be material to our business and, regardless of outcome, could adversely affect our reputation. Furthermore, even if we prevail under current law, the law may be changed in the future in ways that are unfavorable to us.

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If we were required under laws, regulations, or judicial or government decisions to classify drivers as employees, we would be required to fundamentally change our business model, with repercussions that are difficult to anticipate. Currently we do not require platform drivers to use our platform exclusively and many platform drivers simultaneously use our competing platforms. The number of hours spent by each driver on our platform also varies by individuals. If we were required to treat platform drivers as our employees, we might choose to reduce the number of drivers on our platform and retain the drivers who earn income primarily from our platform. We would become subject to additional regulatory requirements, such as those relating to tax and minimum wage and overtime, those relating to employee benefits, social security, workers’ compensation, and unemployment, and those relating to anti-discrimination, anti-harassment, and anti-retaliation, among others. Compliance with such laws and regulations would require us to incur significant additional expenses. The reclassification of drivers also could increase the rate of employment-related claims being brought against us in the future, subject us to vicarious liability for any misconduct of drivers, or reduce our attractiveness to drivers given the loss of flexibility under an employee model. The foregoing could materially and adversely affect our business and financial condition, significantly increase our operating costs, or even make our current business model no longer sustainable.

We rely on third parties for elements of the payment processing infrastructure underlying our platform. If these third-party elements become unavailable or unavailable on favorable terms, our business could be adversely affected.

The convenient payment mechanisms provided by our platform are key factors contributing to the development of our business. We rely on third parties for elements of our payment-processing infrastructure to collect payments from users and to remit payments to drivers using our platform, and these third parties may refuse to renew our agreements with them on commercially reasonable terms or at all. If these companies become unwilling or unable to provide these services to us on acceptable terms or at all, our business may be disrupted.

Adverse litigation judgments or settlements resulting from legal proceedings or investigations in which we may be involved could expose us to monetary damages or limit our ability to operate our business.

We have been, and may in the future become, involved in private actions, collective actions, investigations, and various other legal proceedings by drivers, users, employees, commercial partners, competitors, or government authorities, among others. We are subject to litigation relating to various matters. See “Business—Legal Proceedings And Compliance—Legal Proceedings” for more details. The results of any such litigation, investigations, and legal proceedings are inherently unpredictable, and defending against them is expensive. Any claims against us, whether meritorious or not, could be time consuming, costly, and harmful to our reputation, and could require significant amount of management time and corporate resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could suffer monetary damages or be forced to change the way in which we operate our business, which could adversely affect our business, financial condition, and results of operations.

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We have granted and may continue to grant options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We believe that the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel. We adopted the Pre-[REDACTED] Share Incentive Plan in November 2022. The maximum aggregate number of Shares that may be issued under the Pre-[REDACTED] Share Incentive Plan is 55,555,600 Shares. As of the Latest Practicable Date, we granted options to 556 grantees whose options were outstanding, representing the rights to subscribe for 51,533,214 Shares. After the [REDACTED], no further awards (options or other types of awards) will be granted pursuant to the Pre-[REDACTED] Share Incentive Plan. The principal terms of the Pre-[REDACTED] Share Incentive Plan are set out in “Statutory and General Information—Pre-[REDACTED] Share Incentive Plan” in Appendix IV. As a result, our expenses associated with share-based compensation may increase substantially, which may adversely affect our results of operations.

Our business depends heavily on insurance coverage for drivers and on other types of insurance for additional risks relating to our business.

We purchase automobile insurance for all of our owned vehicles and require drivers who use their vehicles to carry automobile insurance as well. If insurance carriers change the terms of their policies in a manner not favorable to us or the drivers, our or the drivers’ insurance costs could increase. If the insurance coverage that we maintain is not adequate to cover losses that occur, we could be liable for significant additional costs.

We may be subject to claims of significant liability based on traffic accidents, injuries, or other incidents that are alleged to have been caused by drivers on our platform. Our insurance policies may not cover all potential claims relating to traffic accidents, injuries, or other incidents that are claimed to have been caused by drivers who use our platform, and may not be adequate to indemnify us for all liability that we could face. Even if these claims do not result in liability, we could incur significant costs in investigating and defending against them. If we are subject to claims of liability relating to the acts of drivers or others using our platform, we may be subject to negative publicity and incur additional expenses, which could harm our business, financial condition, and results of operations.

In addition, we are subject to local laws, regulations, and rules relating to insurance coverage. Any failure, or perceived failure, by us to comply with local laws, regulations, and rules or contractual obligations relating to insurance coverage could result in proceedings or actions against us. These lawsuits, proceedings, or actions may subject us to significant penalties and negative publicity, require us to increase our insurance coverage, increase our costs, and disrupt our business.

RISK FACTORS

Misconduct and errors by our employees could harm our business and reputation.

We operate in an industry in which integrity and the confidence of our passengers and drivers are of critical importance. We are subject to the risk of errors, misconduct, and illegal activities by our employees. Errors, misconduct, and illegal activities by our employees, or even unsubstantiated allegations of them, could result in a material adverse effect on our reputation and our business. It is not always possible to identify and deter misconduct or errors by employees, and the precautions that we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees engages in illegal or suspicious activities or other misconduct, we could suffer economic losses and may be subject to regulatory sanctions and significant legal liability, and our ability to attract new passengers and drivers may be adversely affected as a result. If any sanction was imposed against an employee during his or her employment with us, even for matters unrelated to us, we may be subject to negative publicity, which could adversely affect our brand, public image, and reputation, and result in investigations or claims against us. We also could be perceived to have facilitated or participated in the illegal activities or misconduct, and therefore be subject to civil or criminal liability.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business, financial condition, and results of operations.

We seek to establish risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. See “Business—Risk Management and Internal Control.” However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent, and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner, or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on the effective implementation by our employees. However, we cannot assure you that such implementation will not be subject to any human errors or mistakes, which may materially and adversely affect our business, financial condition, and results of operations. As we are likely to offer a broader and more diverse range of services in the future, the diversification of our services will require us to continue to enhance our risk management and internal control capabilities. If we fail to timely adapt our risk management and internal control policies and procedures to our changing business, our business, financial condition, and results of operations could be materially and adversely affected.

RISK FACTORS

Our business could be adversely affected by natural disasters, public health crises, economic downturns, or other unexpected events.

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood, or significant power outage, could disrupt our operations, mobile networks, the internet, or the operations of our third-party technology providers.

The COVID-19 pandemic materially and adversely affected the global economy. Our results of operations suffered as both the demand for mobility services and the supply of drivers on our platform were adversely affected in general.

Any other unforeseen public health crises economic downturns or other unexpected events could adversely affect our operations or the economies of the markets where we operate. The impact of any natural disaster or other disruption to us or our third-party providers' abilities could result in decreased demand for our offerings or a delay in the provision of our offerings, which could adversely affect our business, financial condition, and results of operations. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate. Disruptions or downturns in global or national or local economic conditions may cause discretionary spending and demand for ride hailing and other mobility services to decline. An economic downturn resulting in a prolonged recessionary period would have a material adverse effect on our business, financial condition, and results of operations.

The current tensions in international trade and rising political tensions, particularly between the United States and China, may adversely affect our business, financial condition, and results of operations.

Political tensions between the United States and China have escalated due to, among other things, trade disputes, tensions over Taiwan, and various restrictions related to the Chinese semiconductor industry imposed by the U.S. government. For example, on April 2, 2025, President Trump announced that the United States would impose a 10% tariff on all countries, effective on April 5, 2025, and an individualized reciprocal higher tariff on countries with which the United States has the largest trade deficits. As of the Latest Practicable Date, the United States imposed a total tariff rate of 145% on goods imported from China, and China imposed a retaliatory 125% tariff on goods imported from the United States. These policies have adversely affected the global economy and financial markets, such as significant declines in the global stock markets. We believe that such tariffs have no material impact on our business operations, but as relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts. Geopolitical conflicts like this may also lead to volatility in the financial markets and declines in the trading price of our Shares.

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Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition, and results of operations.

In addition, the United States has threatened to impose further export controls, sanctions, trade embargos, and other heightened regulatory requirements on China and Chinese companies for alleged activities both inside and outside of China. These have raised concerns that there may be increasingly regulatory challenges or enhanced restrictions against China or Chinese technology companies, in a wide range of areas such as applications that could be deployed for surveillance or military purposes. If we, our business partners or other parties that have collaborative relationships with us or our affiliates become targeted under sanctions or export control restrictions, we may experience significant business interruptions, regulatory investigations, or reputational harms. On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, or the Final Rule, to implement the executive order of August 9, 2023 which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau), collectively defined as “Covered Foreign Persons,” that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “covered transactions.” We believe we are not a “Covered Foreign Person” as defined in the Final Rule. However, if we were to be deemed a Covered Foreign Person due to changes in our business operations or amendments to relevant laws and regulations, our ability to raise capital would be significantly and negatively affected.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 had a severe and negative impact on the Chinese and the global economy from 2020 through 2022, and the global macroeconomic environment still faces numerous challenges. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Federal Reserve and other central banks outside of China have raised interest rates. The Russia-Ukraine conflict, the Hamas-Israel conflict, and the attacks on shipping in the Red Sea have heightened geopolitical tensions across the world. The impact of the Russia-Ukraine conflict on Ukraine food exports has contributed to increases in food prices and thus to inflation more generally. There have been concerns about the relationship between China and other countries, which may potentially have economic effects. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

RISKS RELATING TO OUR CORPORATE STRUCTURE

If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC laws and regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or the nullification of the Contractual Arrangements or be forced to relinquish our interests in those operations.

Foreign ownership of certain businesses is prohibited or subject to restrictions under current PRC laws and regulations. Specifically, foreign investors are restricted to conduct value-added telecommunications services (except for electronic commerce, domestic multi-party communication, store-and-forward, and call center). In addition, certain of our subsidiaries hold vehicles for the provision of online ride hailing business and are required to collect and transmit information of drivers, vehicles, and data in relation to, among others, orders, operations, and service quality to the Online Ride Hailing Supervision Information Exchange Platform (網約車監管信息交互平台). Under the privacy and data security regulations, we are required to maintain cybersecurity and prevent leakage of data, and the VIE Structure is crucial in achieving such purpose. We are a Cayman Islands exempted company. Suzhou Youxing is our PRC subsidiary, which we refer to as our WFOE in this document, and it is a wholly foreign-owned enterprise under PRC laws. To comply with PRC laws and regulations, we conduct our business in China mainly through Hangzhou Youxing and its subsidiaries, based on a series of contractual arrangements by and among, among others, our WFOE, Hangzhou Youxing, and its shareholders. For a description of these contractual arrangements, see “Contractual Arrangements.” As a result of these contractual arrangements, we exert control over our Consolidated Affiliated Entities and consolidate their financial results in our financial statements under the IFRS.

In the opinion of King & Wood Mallesons, our PRC Legal Advisor, (i) each agreement under the Contractual Arrangements has been duly executed by each party; (ii) each agreement under the Contractual Arrangements would not fall within the circumstances that violate the mandatory provisions of the PRC Civil Code (《中華人民共和國民法典》), which would lead the Contractual Arrangements to be deemed invalid under the Civil Code; (iii) none of the Contractual Arrangements violates any provisions of the articles of association of WFOE or Hangzhou Youxing; and (iv) the execution and effectiveness of each agreement under the Contractual Arrangements are not subject to the approval of, registration with, or filing with any PRC government authority and are binding under PRC laws, except for the dispute resolution provisions of the Contractual Arrangements regarding the remedies that may be awarded by the arbitration tribunal and the power of overseas courts to grant interim remedies in support of the arbitration may not be recognized or enforced by PRC courts. However, we have been further advised by our PRC Legal Advisor that the interpretation and application of current or future PRC laws and regulations in relation to the Contractual Arrangements may be determined on a case by case basis depending on the facts and circumstances. If the PRC

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competent authorities otherwise find that we are in violation of any existing or future PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant government authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- terminating or placing restrictions or onerous conditions on our operations of our Consolidated Affiliated Entities;
- placing restrictions on our right to collect revenues;
- imposing additional conditions or requirements on our operations with which we may not be able to comply;
- requiring us to restructure our ownership structure or operations;
- shutting down our servers or blocking our apps and websites; and/or
- taking other actions against us that adversely affect our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition, and results of operations. If occurrences of any of these events results in our inability to direct the activities of our Consolidated Affiliated Entities in China that most significantly impact its economic performance, and/or our failure to receive the economic benefits and residual returns from our Consolidated Affiliated Entities, and we are unable to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the entity in our consolidated financial statements in accordance with the IFRS.

We rely on contractual arrangements with our Consolidated Affiliated Entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with Hangzhou Youxing, its subsidiaries, and its shareholders to operate our business in China. These contractual arrangements may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. For example, our Consolidated Affiliated

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Entities and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of Hangzhou Youxing in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of Hangzhou Youxing, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by Hangzhou Youxing and its shareholders of their obligations under the contracts to exercise control over Hangzhou Youxing. The shareholders of Hangzhou Youxing may not act in the best interests of our Company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portion of our business through the contractual arrangements with Hangzhou Youxing. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and we cannot assure you that such legal proceedings will always be recognized by the PRC courts. See “—Any failure by our Consolidated Affiliated Entities or the Registered Shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our Consolidated Affiliated Entities may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by our Consolidated Affiliated Entities or the Registered Shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

If our Consolidated Affiliated Entities or the Registered Shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of our Consolidated Affiliated Entities were to refuse to transfer their equity interests in our Consolidated Affiliated Entities to us or our designee if we exercise the exclusive call option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. There are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. These uncertainties

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could limit our ability to enforce these contractual arrangements. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected.

Contractual arrangements in relation to our Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our Consolidated Affiliated Entities owe additional taxes, which could negatively affect our financial condition and the value of your [REDACTED].

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to our Consolidated Affiliated Entities were not entered into on an arm’s length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of our Consolidated Affiliated Entities in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our Consolidated Affiliated Entities for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiary’s tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our Consolidated Affiliated Entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our Consolidated Affiliated Entities’ tax liabilities increase or if it is required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are material to the operation of certain portion of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

As part of our contractual arrangements, our Consolidated Affiliated Entities hold or in the future may hold certain assets that are material to the operation of certain portion of our business, including permits, licenses of prohibited/restricted businesses in PRC, vehicles, domain names and most of our intellectual property rights. If our Consolidated Affiliated Entities become insolvent and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition, and results of operations. Under the contractual arrangements, our Consolidated Affiliated Entities may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. If our Consolidated Affiliated Entities undergo a

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voluntary or involuntary liquidation proceeding, the independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition, and results of operations.

Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

On March 15, 2019, the National People’s Congress approved the PRC Foreign Investment Law, which took effect on January 1, 2020. On December 26, 2019, the State Council issued the Implementation Regulations on the PRC Foreign Investment Law of the People’s Republic of China, which took effect on January 1, 2020.

The Foreign Investment Law, together with the Implementation Regulations on the PRC Foreign Investment Law stipulates three forms of foreign investment, but does not explicitly stipulate whether contractual arrangements should be deemed as a form of foreign investment. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. In the extreme case scenario, we may be required to unwind the Contractual Arrangements and/or dispose of Hangzhou Youxing, which could materially and adversely affect our current corporate structure, corporate governance and business operations.

We may rely on dividends paid by our WFOE to fund cash and financing requirements. Any limitation on the ability of our WFOE to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of our Shares.

We are a holding company, and we may rely on dividends to be paid by our WFOE for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our WFOE incurs debt on its own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in the PRC, such as our WFOE, may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after

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making up previous years’ accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. At the discretion of the board of directors of the wholly foreign-owned enterprise, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Any limitation on the ability of our Consolidated Affiliated Entities to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

The shareholders of Hangzhou Youxing may have potential conflicts of interest with us.

The shareholders of Hangzhou Youxing may have actual or potential conflicts of interest with us. These shareholders may breach, or cause Hangzhou Youxing to breach, or refuse to renew, the Contractual Arrangements we have with them and Hangzhou Youxing, which would have a material and adverse effect on our ability to effectively control Hangzhou Youxing and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with Hangzhou Youxing to be performed in a manner adverse to us by, among other things, failing to remit payments due under the Contractual Arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our Company or such conflicts will be resolved in our favor. If we cannot resolve any conflict of interest or dispute between us and such shareholders of Hangzhou Youxing should it arise, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements with Hangzhou Youxing and their shareholders. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in China’s economic, political, or social conditions or government policies could have a material adverse effect on our business and operations.

All of our revenues are sourced from China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and social developments in China. Similar to many other countries and regions, China regulates its economy through imposing and adjusting industrial, fiscal or monetary policies from time to time. The overall economic growth is influenced by the governmental regulations and policies in relation to resources allocation, monetary policies, regulations of financial services and institutions, preferential treatment to a particular industries or companies or others. Any adverse change in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such development could adversely affect our business and operating results,

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lead to reduction in demand for services and adversely affect our competitive position. Our business has been and would continue to be affected by China’s economy, which in turn is increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence China’s economic growth and may cause uncertainties in our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

The PRC legal system is evolving, and failure to respond to such evolution could affect us.

Our operations in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on statutes. Unlike the common law system, prior court decisions may be cited for reference but may have limited precedential value.

As the legislation in China and the PRC legal system has continued to evolve over the past few decades and the PRC government has made significant progress in promulgating laws and regulations related to economic affairs and matters, for example, such laws and regulations have significantly enhanced the protection afforded to various forms of foreign investments in China. However, many of these laws and regulations are relatively new, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and adverse impact on our business. Any failure to respond to evolution in the regulatory environment in China could materially affect our business and impede our ability to continue our operations.

Regulations on currency conversion and changes in the exchange rate between RMB and other currencies could negatively affect our financial condition, operations and our ability to pay dividends.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in RMB into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Our PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of RMB into foreign currencies. Foreign invested enterprises are required to apply for Foreign Exchange Registration Certificates.

Under relevant PRC foreign exchange laws and regulations, payment of current account items, including profit distributions and interest payment are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Approval from appropriate government authorities may be required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses in accordance with applicable PRC laws and regulations.

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Certain PRC regulations establish procedural requirements for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements. In addition, the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the Ministry of Commerce that took effect in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to review by the Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review. On December 19, 2020, the National Development and Reform Commission, or the NDRC and the Ministry of Commerce jointly promulgated the Measures on the Security Review of Foreign Investment, effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment. The Office of the Working Mechanism of the Security Review of Foreign Investment, or the Office of the Working Mechanism, will be established under the NDRC, who will lead the task together with the Ministry of Commerce. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to the investments in, among other industries, important cultural products and services, important information technology and internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. In addition, the PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》). For example, on January 22, 2024, the State Council released the Provisions of the State Council on the Threshold for the Filing of Concentration of Undertakings, which provides that, if there is evidence indicating that the concentration of business operator has or may have an effect of excluding or limiting competition, the anti-monopoly authority may order the relevant operators to file for clearance, regardless of the threshold standard for the filing of concentration of undertakings. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce or its local counterpart or anti-monopoly law enforcement agency may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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We are subject to filing procedures of the CSRC, and may be subject to other requirements of the CSRC or other PRC government authorities, in connection with this [REDACTED] and our future capital raising activities.

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**”), and the relevant five guidelines, which took effect on March 31, 2023. The Overseas Listing Trial Measures require PRC domestic enterprises that directly or indirectly [REDACTED] or [REDACTED] their securities in an overseas market to file with the CSRC within three business days after submitting their [REDACTED] application documents to the relevant regulator in the place of intended [REDACTED]. Failure to complete such filing may subject a PRC domestic enterprise to an order of rectification, a warning or a fine between RMB1 million and RMB10 million, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. Pursuant to these regulations, a domestic enterprise applying for [REDACTED] abroad shall, among others, complete record filing procedures and report relevant information to the securities regulatory authority as required. For details, see “Regulations—Regulations on Mergers and Acquisitions and Overseas Listings.” Our PRC Legal Advisor has advised us that this [REDACTED] is considered as an indirect overseas securities [REDACTED] and [REDACTED] under the Overseas Listing Trial Measures, and we are subject to the filing requirements of the CSRC in connection with this [REDACTED]. We are in the process of completing the required filing procedures. However, there is no assurance that we can complete the filing procedures on a timely basis, or at all.

We may also be subject to filing requirements with the CSRC under the Overseas Listing Trial Measures with respect to our future [REDACTED], [REDACTED] or any other capital raising activities. We cannot assure you that we could meet the filing requirements for our future capital raising activities in a timely manner or at all. Such failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial condition. In addition, we cannot guarantee that new rules or regulations promulgated in the future pursuant to the Overseas Listing Trial Measures and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tightening the regulations on companies with a VIE structure. If it is determined that we are subject to any additional CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial conditions.

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PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the [REDACTED] of our [REDACTED] to make loans to or make additional capital contributions to our PRC subsidiaries and Consolidated Affiliated Entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and Consolidated Affiliated Entities. We may make loans to our PRC subsidiaries and Consolidated Affiliated Entities, or we may make additional capital contributions to our PRC subsidiaries and Consolidated Affiliated Entities, or we may establish new PRC subsidiaries and Consolidated Affiliated Entities and make capital contributions to these new PRC subsidiaries and Consolidated Affiliated Entities, or we may acquire offshore entities with business operations in China in an offshore transaction. Most of these ways are subject to PRC regulations and approvals. We may not be able to obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries or Consolidated Affiliated Entities. If we fail to receive such approvals or complete such registration or filing, our ability to use the [REDACTED] of our [REDACTED] and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

SAFE promulgated Circular on the Reform of the Management Method of the Settlement of Foreign Currency Capital of Foreign-invested Enterprises, or SAFE Circular 19, which was last amended on March 23, 2023. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB capital converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, last amended on December 4, 2023, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold to our PRC subsidiaries or Consolidated Affiliated Entities, which may adversely affect our liquidity and our ability to fund and expand our business in China. On October 23, 2019, SAFE promulgated the Notice of the Administration of Foreign Exchange on Further Promoting the Convenience of Cross-Border Trade and Investment, or SAFE Circular 28, last amended on December 4, 2023. The circular,

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among other things, stipulates that non-investment foreign-invested entities may use foreign exchange capital or Renminbi funds converted from the foreign exchange capital to make domestic equity investments, provided that such investments should comply with the Negative List and other relevant PRC laws and regulations. Even though SAFE Circular 28 allows all foreign-invested enterprises (including those without an investment business scope) to utilize and convert their foreign exchange capital for making equity investment in China if certain requirements prescribed therein are satisfied, uncertainties still exist in relation to its interpretation and implementation.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or Consolidated Affiliated Entities or with respect to future capital contributions by us to our PRC subsidiary or Consolidated Affiliated Entities. If we fail to complete such registrations or obtain such approvals, our ability to use the [REDACTED] we received from our [REDACTED] and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly listed companies due to their position as director, senior management or employees of the PRC subsidiaries of the overseas companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. Our directors, executive officers and other employees who are PRC residents and who have been granted share-based awards may follow SAFE Circular 37 to apply for the foreign exchange registration before our Company becomes an overseas [REDACTED] company. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Company, or SAFE Circular 7. Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share-based awards, the purchase and sale of corresponding shares or interests and fund transfers. We and our PRC employees who have been granted share-based awards are subject to SAFE Circular 7 and other relevant rules and regulations. Failure of our PRC share-based award holders to complete their

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SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries or Consolidated Affiliated Entities, limit our PRC subsidiary’s or Consolidated Affiliated Entities’ ability to distribute dividends to us, or otherwise materially adversely affect our business.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with its “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to PRC enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Taxation Administration issued a circular, known as STA Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to STA Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our Company is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax on gains realized on the sale or other disposition of our shares at a rate of 10%, if such income is treated as sourced from within the PRC. Furthermore, if PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends paid to our non-PRC individual shareholders and any gain realized on the transfer of our shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us), if such dividends or gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of

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our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that our Company is treated as a PRC resident enterprise. Any such PRC tax may reduce the returns on your [REDACTED] in our Shares.

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

A majority of our executive Directors and executive officers reside within China, and all of our assets are located within China. Therefore, it may be difficult to effect service process upon us or our executive Directors and officers inside China or to enforce against us or them in China any judgement obtained from non-PRC courts. The recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties or similar arrangements between China and the jurisdiction where the judgment is made or on principles of reciprocity between jurisdictions. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision is unpredictable.

On July 14, 2006, Hong Kong and the Supreme People’s Court of China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned, or the 2006 Arrangement, and promulgated on July 3, 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the 2006 Arrangement took effect on August 1, 2008, the outcome and effectiveness of any action brought under the 2006 Arrangement may still be uncertain.

On January 18, 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region, or the 2019 Arrangement, effective January 29, 2024. The 2019 Arrangement supersedes the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The

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2006 Arrangement will remain applicable to a “choice of court agreement in writing” entered into before the 2019 Arrangement taking effect. However, there remains uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in China.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares prior to the [REDACTED], and you may not be able to resell our Shares at or above the price you pay, or at all.

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

The [REDACTED] of the Shares may be volatile which could result in substantial losses to you.

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

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

Future sales of a substantial number of our Shares, especially by our Directors and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the [REDACTED] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

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The Shares held by certain of our substantial shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such shareholders and the availability of these Shares for future sale may have negative impact on the [REDACTED] of our Shares. See “History, Reorganization and Corporate Structure—Pre-[REDACTED] Investments” for more details of the existing shareholders not subject to lock-up agreements.

You will incur immediate and substantial dilution and may experience further dilution in the future.

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

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] for our Shares and trading volume could decline.

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

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your [REDACTED].

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an [REDACTED] in our Shares as a source for any future dividend income.

Our board of Directors has discretion as to whether to distribute dividends, subject to certain restrictions under the Cayman Islands law and the Articles of Association, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In

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addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of Directors. Even if our board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of Directors. Accordingly, the return on your [REDACTED] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your [REDACTED] in our Shares and you may even lose your entire [REDACTED] in our Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts, and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the China’s shared mobility market. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors or any other party involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act and the common law of the Cayman Islands. The rights of shareholders to take action against our Directors, actions by our minority shareholders and the fiduciary duties of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding,

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on a court in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where our [REDACTED] may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the register of mortgages and charges, of such companies). Our Directors have discretion to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders save that our register of members must be kept open for inspection by any shareholder without charge and any shareholder may require the provision to him of copies or extracts of our register of members pursuant to our Memorandum and Articles of Association, but are otherwise not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our [REDACTED] may have more difficulty in protecting their interests in the face of actions taken by management, our Directors or controlling shareholders than they would as [REDACTED] of a company incorporated in Hong Kong. For a discussion of significant differences between the provisions of the Companies Act and the laws applicable to companies incorporated in Hong Kong and their shareholders, see “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this document.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

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