

RISK FACTORS

An [REDACTED] in the [REDACTED] involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to [REDACTED] in the [REDACTED]. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the [REDACTED] of the [REDACTED] could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our growth and profitability depend on economic conditions and the level of consumer spending in our key markets.

Our results of operations depend significantly on economic conditions and durable goods consumption in our key markets, particularly in China. We derived 57.1%, 58.1%, 50.7%, 49.7% and 42.9% of our revenues from China in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Durable goods consumption is affected by a number of economic factors. Economic changes and related factors exacerbating negative trends in consumer and business spending may cause certain customers to postpone, cancel or refrain from placing orders for our products.

Worldwide and regional economic conditions could have a material adverse effect on the customer demand for our products. Demand also could differ materially from our expectations as a result of currency fluctuations. Other factors that could influence worldwide or regional demand include availabilities of supporting regulations and subsidies, changes in fuel and other energy costs, fluctuations in interest rates, conditions in the real estate and mortgage markets, unemployment, labor costs, access to credit, consumer confidence, corporate willingness to invest or spend, and other macroeconomic factors affecting the spending behavior of consumers and corporates. These and other economic factors could materially and adversely affect demand for our products and therefore adversely affect our business, results of operations and financial condition.

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We operate in a highly competitive environment, and failure to compete successfully would adversely affect our market position, business and financial results.

We face significant competition in our air conditioner business both in China and the overseas markets. Competition in the global air conditioner market is based on a number of factors, including product pricing, product features and design, quality, performance, product update, innovation, reputation, energy efficiency, distribution and financial incentives, such as cooperative advertising, co-marketing funds, salesforce incentives and sales discounts, after-sales services. In addition, the global air conditioner market is a relatively mature sector characterized by intense price competition, frequent introduction of new products, rapid adoption of technological and product advancements by competitors, and the individual preferences of end customers. Significant new competitors or increased competition from existing competitors may adversely affect our business, results of operations and financial condition.

Our competitors primarily include large Chinese and multinational air conditioner companies. We have a variety of local and overseas competitors in each region. We compete with our competitors in a variety of aspects including market experience, sales and distribution, brand recognition, portfolio breadth, product features, pricing, manufacturing scale, cost efficiencies, marketing, manufacturing, R&D or technological resources. Furthermore, due to rapid technological advancements, shortened product update cycles and ease of imitation, it is becoming increasingly difficult for us to take advantage of the higher selling prices typically associated with new products and technologies while having to invest more in R&D. Some of our competitors may also be willing to reduce prices and accept lower profit margins to compete with us. In addition, further increase in market concentration of the air conditioner industry may result in stronger competition for us, and any price competition from time to time may result in declined average selling prices and profit margins, which could adversely affect our business and financial results.

There can be no assurance that we will be able to compete successfully and failure to do so would have an adverse effect on our business, results of operations and financial condition.

Our business may be adversely affected if we fail to innovate or if we fail to introduce new products on a timely basis, and our investments in R&D may not yield the expected results.

Our long-term success in the competitive environment depends on our ability to develop and commercialize a continuing stream of innovative products. As a result, we continue to invest significant resources in our infrastructure, R&D and other areas in order to remain competitive in our businesses and operations, as well as to explore new growth strategies and introduce new high-quality products. However, our investments in innovations and new technologies, which may be significant, may not increase our competitiveness or generate financial returns in the short term, or at all, and we may not be successful in adopting and implementing new technologies. New product development and commercialization efforts, including efforts to enter markets or product categories in which we have limited or no prior

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experience, have inherent risks. These risks include the costs involved, such as development and commercialization, product development or launch delays and the failure of new products to achieve anticipated levels of market acceptance or growth in sales or operating income. We also face the risk that our competitors will introduce innovative products that compete with our products and thereby divert demand for our products to such competitors’ products. In addition, sales generated by new products could cause a decline in sales of our existing products. If new product development and commercialization efforts are not successful, our business, financial condition and results of operations could be adversely affected.

If we fail to develop, maintain and enhance recognition of our brands, or if we incur excessive expenses in this effort, our business and results of operations may be adversely affected.

Our business depends significantly on the strength of our brands and their reputation. Each of these brands have their specific market positioning in their primary market and are at different stages of development. Therefore, developing, maintaining and enhancing the recognition, image and acceptance of our brands is critical to our ability to differentiate our products from, and to compete effectively with, our competitors. The success of our brands depends on our design and marketing efforts, including advertising and customer campaigns, and on product innovation. We intend to continue making investments in these areas in order to develop, maintain and enhance our brand image. As a result, costs associated with maintaining our brand image can be significant, and we may further incur substantial expenses to establish our brand image in new markets we have decided to or will enter. However, we cannot assure you that our investments in these areas would be successful, and expenses related to maintaining our brand image may have an adverse impact on our results of operations and financial condition if they do not yield the expected results. The ability of each brand to successfully target its designated market and customer group is also important in minimizing risks of cannibalization among our own products.

Our brands, reputation and product sales could be harmed if, for example, our products fail to meet expectations of our customers or contain defects or fail. See “— Our products may experience quality problems from time to time that can result in harm to our reputation. Product-related liability, product recall costs, and significant return or exchange could also adversely affect our business and financial performance.” If we provide poor or ineffective customer services or are subject to product liability claims, our brands and reputation could be adversely affected. Given the association of our individual products with our overall brands, an issue with one of our products could negatively affect demand for other products of ours or the reputation of us as a whole, which could have an adverse impact on the business, results of operations and financial condition of us.

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We entered into brand authorization agreements which authorize the licensees to use our brand name for a range of kitchen appliances and other small home appliances. There is no guarantee that these licensees will successfully maintain the reputation and/or brand image of our Aux brand. If these licensees cannot maintain the reputation and/or brand image of our Aux brand, any negative publicity or consumer disputes and complaints regarding these licensees may harm the value of our brand, and our business, financial and results of operation may be negatively affected as well. We also engage distributors to distribute our products and authorize them to use our trade name, brand name and images in their course of sales for our products. Our brand and reputation may be damaged by distributors’ improper conduct, counterfeit of our products, product defects, product liability claims, consumer complaints, negative rumors, negative media coverage or any other form of negative publicity. In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine customer confidence in us and reduce long-term demand for our products.

Further, our success in maintaining and improving our brand image depends on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. Negative posts or comments about us on social networking platforms and other websites that spread rapidly through such forums could seriously damage our reputation and brand image. In order to attract and retain customers, we may need to substantially increase our expenditures for creating and maintaining brand loyalty. As a result, our sales and marketing related expenses may increase significantly.

We have built a robust sales network, both directly and through distributors. Our failure to maintain and expand our sales network directly or through distributors could negatively impact our business, financial condition and results of operations.

We have established a robust sales network, both directly and through distributors. If we fail to maintain or expand our sales network, our sales revenue will decline and our business, results of operations and prospects may be materially and adversely affected. If our distributors fail to perform or fail to fit our sales and marketing strategy, we may need to adjust the number of our distributors and the footprint they cover. This may affect the width and depth of our sales network which would in turn affect end customers’ access to our products. If we fail to renew our agreements with our existing distributors or enter into new agreements on favorable terms or at all, or if they reduce, delay or cancel their orders from us or enter into relationships with our competitors, our revenue and our market share and growth opportunities could suffer, which would negatively impact on our business, financial condition, results of operations and cash flows.

We review the performance of our distributors from time to time. However, our ability to manage the activities of our distributors is relatively limited. We mainly rely on our distribution agreements, policies and measures we have in place to monitor and govern our relationships with distributors, including their compliance with laws, rules, regulations and our policies and implementation of anti-trust, anti-corruption and anti-bribery measures. If our distributors fail to adequately promote our products, or fails to provide proper training to their staff, thereby affecting the quality of services they provide, our reputation and brand image may be damaged.

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We cannot assure you that our distributors will comply with our distributor agreements and policies. For example, we cannot assure you that they will comply with our pricing policies at all times and will not compete using aggressive discounts, which could lead to negative customer perception of the products we sell among our sales channels. In addition, we cannot assure you that we can independently audit or verify the sales performance and other financial information made available to us via our platforms. As such, we may not have a true picture of the sales performance of our distributors and whether or not they have complied with our distributor agreements, policies or the demand that our customers have for our product offerings. Given our limited ability to monitor the sales performance of our distributors and the sub-distributors they may sell to, we cannot assure you that they will not make decisions or take actions that are not in our best interests, thereby harming our business and reputation. Similarly, we cannot assure you that each of our distributors will fully comply with the distributor agreements with us or the policies we require them to adhere to or that we have accurate and up-to-date information to assess our distributors’ performance.

We may not be able to effectively manage any overlap or potential competition among our different sales channels.

During the Track Record Period, we sold our products through our omni-channel sales network, which covers various offline and online channels. We cannot assure you that measures we have implemented to manage overlap or potential competition among our sales channels will be effective. As a result, the expansion of our sales network may not lead to proportionate expansion of our sales revenue. Furthermore, adverse competition or cannibalization, such as cross-region sales in contravention of contractual obligations of distributors, among our sales channels may have a negative impact on the stability of our sales network, which may have a material and adverse effect on our profitability, business, financial condition and results of operations.

In addition, our distributors may further enter into agreements with their sub-distributors, and we normally do not enter into distributorship agreements or directly establish relationships with the sub-distributors. Accordingly, we generally rely on our distributors to manage and control the sub-distributors. In the event our distributors fail to effectively manage their sub-distributors, competition among such sub-distributors may result in cannibalization within our sales channels, which may have an adverse effect on our business, results of operations and financial condition.

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If we fail to grow or retain our customer base, or if customer satisfaction declines, our business and operating results may be adversely affected.

The size of our customer base and the level of satisfaction are critical to our success. Our business has been depending and will continue to depend on our customers and their loyalty in and level of satisfaction with our products. If customers no longer view our products as useful and attractive as compared to competing offerings, we may not be able to increase or maintain our customer base and the level of satisfaction. A number of factors could negatively affect customer growth, retention and satisfaction, including:

- despite our continual research, monitoring and analysis of customer needs, we may be unable to identify and meet evolving customer demands;
- we may not be able to timely develop and introduce new or updated products, or the new or updated products we introduce may not be favorably received by customers;
- we may fail to update existing technology or develop new technology in time to stay ahead or abreast of market advances;
- we may not be able to continue to successfully drive organic growth of customer base, which may require us to devote more additional resources to acquire customers;
- we may be unable to prevent or combat inappropriate use of our products, which may lead to negative public perception of us and damage our brand or reputation;
- we may encounter technical or other problems that prevent our products from operating in a smooth and reliable manner or otherwise adversely affect customer experience;
- our competitors may launch or develop similar or disruptive products with better customer experience or lower price, which may result in loss of existing customers or decline in new customers growth;
- we may fail to address customer concerns related to privacy and communication, data safety, security or other factors; and
- we may be compelled to modify our products to address requirements imposed by legislation, regulations, government policies or requests from government authorities in manners that may compromise user experience.

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Our products may experience quality problems from time to time that can result in harm to our reputation. Product-related liability, product recall costs, and significant return or exchange could also adversely affect our business and financial performance.

We cannot assure you that our quality control measures will be as effective as we expect. There can be no assurance that we will be able to detect and fix all defects in our products. We may face the risk of significant monetary exposure to claims if we fail to implement and maintain our quality control steps and our products do not perform as expected or contain design and/or manufacturing defects or malfunctions.

If our products are defective, the sale of such products could expose us to product liability claims relating to personal injury or property damage and may require product recalls or other actions. Third parties who are subject to such injury or damage may bring claims or legal proceedings against us. Certain product liability claims may be the result of defects from components and parts purchased from our suppliers. Attempting to enforce our rights against such suppliers and manufacturers may be expensive, time-consuming and ultimately futile. Such suppliers and manufacturers may not be able to indemnify us for the losses resulting from such defects and product liability claims in full or at all. Further, our insurance coverage might be insufficient to fully cover all damages sought and the claiming process might be prolonged. As a result, any material product liability claims or litigation could result in the expenditure of funds and managerial efforts in defending them and could have a negative impact on our reputation. Further, a product liability claim could generate substantial negative publicity about our products and brands, which would have a material adverse effect on our business prospects and financial condition.

We adhere to our product return policies and generally do not allow our distributors to return products other than due to product quality issues, which is in line with customary industry practice. For our collaboration with certain leading e-commerce platforms in mainland China, we may agree to accept returns for unconditional returns initiated by consumers. However, we may be required by law to adopt new or amend existing return and exchange policies from time to time. Should we be the ultimate responsible party for the costs and losses associated with return and exchange, our results of operations may be materially and adversely affected. If our return and exchange policy is misused by a significant number of customers, our costs may increase significantly and our results of operations may be adversely affected. If we adopt more customer-friendly return and exchange policies, these policies also subject us to additional costs and expenses which we may not recoup through increased revenue, which may negatively affect our results of operations. If we adopt less customer-friendly return and exchange policies to reduce such costs and expenses, our users may be dissatisfied, which may result in loss of existing users or failure to acquire new customers at a desirable pace, which may adversely affect our results of operations.

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Our operating results depend upon our ability to obtain raw materials, components and products in sufficient quantities on commercially reasonable terms from third-party suppliers, and any disruption in their supply or significant increase in their prices will negatively affect our business.

Raw materials and components are the largest component of our total cost of sales. The raw materials and components that we mainly use in our products are copper, aluminum, steel, plastic, compressors and motors. The prices of these materials and components containing those materials are susceptible to significant fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. Our supply agreements for raw materials may allow pricing adjustments depending on the contract. Our results of operations could be adversely affected if we were unable to obtain adequate supplies of high-quality raw materials or components in a timely manner at reasonable prices or make alternative arrangements for such supplies, or if there were significant increases in the costs of raw materials or components that we could not pass on in full.

We rely on the timely supply of raw materials, components and products, including key components such as compressors, in order to carry out our production plans as scheduled. The R&D process is time-intensive, and we cannot assure that our R&D progress and outcomes and the cost-effectiveness of our in-house production of such key raw materials will meet our expectations. Any delays or disruptions in such supplies from our suppliers, may have a material and adverse impact on our ability to meet the market demands and our marketing and sale of our products. In addition, any natural or man-made disasters or other unanticipated catastrophic events, including adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of pandemics could impair the operations of our suppliers and/or disrupt our transportation channels, and impede our ability to manufacture and deliver our products to customers in a timely manner.

Raw materials, components and products required for production and operations, including those that are available from multiple sources, may be subject to supply shortages and significant commodity pricing fluctuations. There can be no assurance that we will be able to extend or renew the agreements that we have entered into for the supply of many raw materials, components and products on commercially acceptable terms, or at all. Some suppliers of raw materials, components and products may suffer from poor financial conditions, which can lead to business failure for the supplier or consolidation within a particular industry, further limiting our ability to obtain sufficient quantities of raw materials, components and products on commercially reasonable terms. The effects of global or regional economic conditions on our suppliers could also affect our ability to obtain raw materials, components and products. Although we have entered hedging transactions to lock the prices for some of the bulk materials required for manufacturing, we remain subject to significant risks of supply shortages and price increases, which may adversely affect our business, results of operations and financial condition.

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If our third-party service providers fail to provide reliable or standardized services, our business, financial condition and results of operations may be adversely affected, and our reputation may be harmed.

We procure services, such as transportation and logistics services as well as installation services, from third-party service providers over whom we do not have control. To a much lesser extent, we also engage third-party service providers for commissioned processing of immaterial components of our products. These third-party service providers may encounter disruptions in their operations due to factors such as equipment breakdowns, IT system failures, commercial disputes, labor shortages or strikes, natural disasters, non-compliance issues, or other economic, business, labor, environmental, public health, or social issues. In addition, we may not be able to identify substitute third-party service providers on terms that are commercially acceptable to us, or at all. Any failure of our third-party service providers to provide reliable, efficient and high-quality services may result in disruptions to the supply and distribution of our products. Such disruptions could adversely affect our business operations, financial condition, and results of operations, and may also harm our reputation in the market.

Failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales.

Our inventory primarily includes finished goods, finished goods in transit, raw materials and work in progress products. Our inventories decreased from RMB2,841.9 million as of December 31, 2022 to RMB2,707.9 million as of December 31, 2023, mainly because finished goods in transit were higher at the end of 2022 due to extended logistics delays and advanced delivery preparations during the COVID-19 pandemic. As logistics recovered in 2023, finished goods in transit declined. Our inventories increased significantly from RMB2,707.9 million as of December 31, 2023 to RMB5,878.8 million as of December 31, 2024, primarily due to stocking up inventory for overseas sales in response to rising overseas demand. Our inventory plan was based on confirmed and projected customer orders. For instance, as of December 31, 2024, we have secured contracts with overseas customers totaling an order value of RMB13,072.6 million. Additionally, we adjusted production schedules to increase output by the end of 2024 to optimize capacity and prepare for 2025 orders. Our inventories then decreased to RMB5,227.4 million as of March 31, 2025, mainly due to a reduction in finished goods after the peak shipping season in the first quarter. Our inventory turnover days were 62.1 days, 52.2 days, 66.6 days and 67.8 days in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. The decrease in our inventory turnover days from 62.1 days in 2022 to 52.2 days in 2023 was primarily because of the improved efficiency in our logistics and warehousing management as we refined our inventory management. The increase in our inventory turnover days from 52.2 days in 2023 to 66.6 days in 2024 was primarily because we stock up inventory for overseas sales at the end of 2024. Our inventory turnover days remained relatively stable at 67.8 days for the three months ended March 31, 2025.

We may not be able to accurately track our inventory level or to identify any excessive build-up or insufficient stock of inventory at various levels of our global network. We may misjudge market demand. Inventory levels in excess of customer demand may result in

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inventory write-downs or write-offs, and the sale of excess inventory at discounted prices or in less preferred sales and distribution channels could impair the image of our brands and harm our gross margin; but if we underestimate the demand for our products, insufficient stock could result in delays in the shipment of our products, thereby impacting our ability to generate sales and cause damage to our reputation and relationships with our customers and distribution partners. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, which could adversely impact our business, financial condition and results of operations.

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

Our air conditioner business can be affected by weather due to the nature of the products. Changes in weather or average temperature may cause fluctuations in demand for our products. In addition, there are also certain seasonal patterns for purchases of our products due to other factors such as holiday-driven promotions and deliver periods for overseas sales. We expect the impact of seasonality on our business to remain in the future. As a result of these seasonal variations, we believe that comparisons of our operational results between different quarters within a single fiscal year or across different fiscal years are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance.

Our imports and exported products may be adversely affected by trade barriers, including tariffs, antidumping measures, countervailing duties or quotas.

We have been and may continue to be adversely affected by trade barriers, including tariffs, quotas, antidumping measures, and countervailing duties imposed on goods that include our products exported to our overseas markets, which could materially adversely affect our exports to those regions and, in turn, our results of operations and financial position.

Further, international market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs of the jurisdictions in which we operate, or the perception that these changes could occur, could adversely affect the financial and economic conditions of the jurisdictions in which we operate, and subsequently our financial condition and results of operations. Although we have (i) actively discussed and cooperated with our suppliers and customers to reduce the impacts from tariffs, (ii) increased our production efficiency to offset such impacts on our cost of sales as a whole, and (iii) potentially expanded our supplies resources to other countries, we cannot guarantee that these measures are sufficient to mitigate such impacts on our results of operations. Non-tariff trade barriers, such as potential restrictions on transfer of technology or intellectual property rights, may adversely affect the technology know-how we may rely on for the development of and the innovation in our products. If any of such situations happens, our business, results of operations and financial conditions may be adversely affected.

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We conduct operations worldwide and are exposed to legal, regulatory, political, economic, commercial and other risks in each country in which we operate.

As of the Latest Practicable Date, our products were sold in over 150 countries and areas. As a result of our global footprint, we are subject to legal, regulatory, political, economic, commercial and other risks associated with cross-border business, including:

- fluctuations in foreign currency exchange rates. For further information, please see “— Risks Relating to Financial, Accounting and Tax Matters — Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED];”
- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain an effective marketing and distribution presence;
- difficulty in providing efficient customer service and support in markets abroad;
- risks associated with dealing with regulatory regimes, regulatory bodies and government policies with which we might be unfamiliar, in order to obtain overseas permits, licenses and approvals necessary to manufacture or import, market and sell products in or to overseas regions;
- high costs relating to compliance with the commercial and legal requirements of overseas markets, including those relating to labor, environmental and industry-specific regulations;
- risks associated with local unions and employment disputes, including allegations of discrimination, harassment, violation of collective bargaining agreements, wrongful termination, among others;
- difficulty in obtaining or enforcing intellectual property rights;
- strict foreign exchange controls and cash repatriation restrictions;
- unanticipated changes in prevailing economic conditions and regulatory requirements;
- political instability and civil unrest, cultural and religious conflicts, and acts of terrorism;
- risks associated with compliance with local tax laws and regulations including but not limited to timely filing of tax returns, tax payment, and disputes or disagreements with local tax authorities with respect to matters including but not limited to calculation of tax liabilities and preferential tax treatments;

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- risks associated with disputes with local tax authorities on the judgement of transfer pricing arising out of our intragroup transactions, which may result in reallocation or adjustment of our taxable income and a different tax amount payable;
- difficulties in enforcing agreements and collecting overdue receivables through local legal systems; and
- trade barriers such as export requirements, sanctions, tariffs and other restrictions and expenses.

As part of our future plans, we intend to set up new manufacturing facilities in the Middle East, the Americas, and other appropriate locations. Although these regions are not entirely new operating areas for us, as we already have established sales networks and business activities there, building new manufacturing facilities may nonetheless expose us to additional risks. These include significant capital expenditures and ongoing operating costs, as well as the possibility of project delays or cost overruns. We may also face strong competition from both local and international manufacturers in these markets, which could require greater investment in marketing and distribution. In addition, the economic and regulatory environments in the Middle East, the Americas, and other locations differ from our existing markets, and changes in local policies, tariffs, or approval processes may impact the viability and profitability of our planned operations.

Our overall success as a global business depends, in part, on our ability to succeed in managing such risks. The risks and their potential impact on us or our business partners vary from country to country and are difficult to predict with any degree of accuracy. We may not be able to develop and implement policies and strategies that address these risks effectively in each location in which we conduct business, and there can be no assurance that our exposure to such risks, which may become greater as we expand our international operations, will not adversely affect our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

We are subject to applicable antitrust and competition laws in the jurisdictions in which we operate, and we may be subject to certain regulatory scrutiny procedures and investigations, from time to time, by antitrust or competition regulatory authorities relating to claims of infringement of antitrust or competition laws, or civil lawsuits and criminal proceedings with respect to anti-competitive behaviors, in certain of these jurisdictions. Such regulatory scrutiny procedures and investigations, may be carried out by the relevant antitrust or competition regulatory authorities on an individual entity or a group of entities within an industry or a segment of an industry and may relate to a range of activities including acquisitions, pricing and other behaviors. These investigations and scrutiny procedures may be carried out by antitrust or competition regulatory authorities in confidence and we may not become aware of the details of such scrutiny procedures or investigations until we are formally notified of the outcome. In addition, our competitors may resort to making allegations or complaints against us to regulators without our knowledge which may give rise to further scrutiny and investigations. Such scrutiny procedures, investigations, lawsuits and proceedings may result

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in fines, civil liability or criminal liabilities or may result in a change in the way we operate. Further, there can be no assurance that our business, results of operations and financial condition will not be adversely affected by the introduction of new antitrust or competition laws in the jurisdictions in which we operate, the interpretation of existing antitrust or competition laws, or the enforcement of existing antitrust or competition laws by competent regulatory authorities or civil antitrust litigation by private parties against us or our subsidiaries.

We have operations in a large number of jurisdictions. Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments, and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. We take precautions to prevent our products from being provided to any target of these sanctions. However, we cannot assure you that our products would not be provided to those targets through independent distributors despite such precautions. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

In addition, economic sanctions programs do and will continue to restrict our ability to engage in business dealings with certain sanctioned countries or regions. Sanctions programs moreover evolve over time and it is difficult for us to predict the interpretation, implementation or enforcement of governmental policies or sanctions with respect to our activities, currently or in the future or whether U.S. sanctions in particular will expand in ways that impair and restrict our business. Our policies, procedures and controls may not be able to react timely or comprehensively to such changes. There is no assurance that our activities in any particular country or region will not result in negative media attention or reputational damage.

Government policies affecting international trade and investment, such as capital regulations, economic or trade sanctions, export regulations, tariffs or foreign investment filings and approvals, may affect the demand for our products, impact the competitive position of our products, or it may affect our sales of products in certain countries or regions. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export or outbound investments supervision), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

In recent years, there have been heightened complexity in international relations. Such tensions could reduce levels of international trade, investment, technological exchange, and other economic activities, 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 and our customers' business, prospects, financial condition, and

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results of operations. In addition, as our business, to some extent, depends on markets and supplies located overseas, economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products, and our ability to continue to sell to global customers and further grow our customer base.

Changes in international trade policies and tariffs may adversely impact our business and operating results.

Significant political, trade, or regulatory developments in the jurisdictions in which we operate, such as those stemming from the current U.S. government, are difficult to predict and may have a material adverse effect on us. Changes to international trade policy implemented by the U.S. government have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations and other areas.

Our business may also be impacted by the imposition of tariffs by the U.S. and any resulting adjustment tariffs in the countries in which we operate. During the course of February and April 2025, the U.S. government implemented tariffs on several major trading partners, including Canada, China, the EU and Mexico, with a baseline of tariffs on all countries and an additional individualized reciprocal higher tariff on the countries with which the U.S. has large trade deficits (“**U.S. Reciprocal Tariffs**”). In response to the U.S. Reciprocal Tariffs, China adopted a series of trade measures including raising its tariffs on U.S. goods. On April 9, 2025, President Trump announced that the U.S. Reciprocal Tariffs would be paused for 90 days on trading partners who did not retaliate after such policy took effect, but the 10% baseline tariff would apply to nearly all other U.S. trading partners. On May 12, 2025, China and the U.S. agreed to temporarily lower tariffs on each other’s goods, which became effective from May 14, 2025. China removed the additional tariffs it announced since April 4, 2025, and suspended its initial 34% tariff on the U.S. it announced on April 4, 2025 for 90 days, but retained a 10% tariff during the period of the pause. These tariffs as well as their scope of application remain subject to further negotiations and adjustments. There is also substantial uncertainty in relation to the interpretation, implementation and administration of the tariffs. Existing bilateral or multilateral trade agreements between the U.S. and other countries may also affect the scope of application of the U.S. Reciprocal Tariffs.

During the Track Record Period, our revenue generated from the U.S. and our supply chain exposure to the U.S. were not significant, and the impacts of the increased tariffs by the U.S. and the countermeasures taken by China on us are limited as of the Latest Practicable Date. However, the uncertainty surrounding potential changes in U.S. trade policies could adversely affect our business operations and financial performance. Any substantial increases in tariffs or trade restrictions implemented by the U.S. administration could lead to retaliatory measures by affected countries, potentially disrupting global supply chains. If we are unable to successfully manage the impact and the increased costs resulting from the increased tariffs, our business, financial condition and results of operations could be materially and adversely affected.

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Our business and prospects may be harmed if we cannot adequately protect our intellectual property rights and litigation to protect our intellectual property rights may be costly and may not be resolved in our favor.

Our success in maintaining our competitive position depends on our ability to obtain and enforce intellectual property rights worldwide. We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patents, trade secrets, trade name, trademarks, copyrights and similar protections. With respect to proprietary know-how that is not patentable and production processes for which patents are difficult to enforce, we rely on trade secret protections and confidentiality agreements to safeguard its interests.

Steps taken by us to protect our intellectual property and proprietary information may not be adequate to prevent misappropriation of our technology as the existence of laws or contracts prohibiting such actions may not always serve as sufficient deterrents, and policing the unauthorized use of our intellectual property may be expensive and time consuming. Pending patent applications or patents already issued to us may become subject to dispute, which could be resolved against us, thereby causing such patents to be invalid or unenforceable. Reverse engineering, unauthorized copying or other misappropriation of our intellectual property and proprietary technologies could enable third parties to benefit from our technologies without paying us for doing so, and we may be unable to determine the extent of any unauthorized use of our intellectual property. Our competitors may also independently develop substantially equivalent technologies, or otherwise gain access to our proprietary technologies, and obtain patents for such intellectual properties in other jurisdictions where our products are sold.

In order to protect our intellectual property rights and maintain our competitive position, we may file suits against parties that we believe infringe our intellectual property. Such litigation may divert management’s attention and resources from the operation of our business. We may also have to bring suits in foreign jurisdictions, in which case we would be subject to additional risks as to the result of the proceedings and the amount of damages that we can recover. Some countries in which we conduct our business may have weaker capabilities in protecting intellectual property rights, and effective patent, copyright and trade secret protection may be unavailable or limited. In addition, depending on the jurisdiction, statutory differences in patentable subject matter may affect the protection we can obtain under a patent. Our competitive position may be undermined if we do not adequately protect our intellectual property rights, which may have a material adverse effect on our business, results of operations and financial condition.

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Claims by third parties that we are infringing their intellectual property and other litigation could adversely affect our business.

Intellectual property rights, such as patents, trade name, trademarks, copyrights, domain names, know-how, and proprietary technologies protect brand images, product formulations and other valuable rights. Our competitors or other third parties may have intellectual property rights and interests which could potentially conflict with ours. If any patents or know-how infringement or other intellectual property claims against us are successful, we may not have a legal right to continue to use or sell products that are adjudicated to have infringed third parties’ intellectual property rights. We may be legally required to expend significant resources to review and revise our business and operations so that they do not infringe third parties’ intellectual property rights or we may be required to obtain relevant licenses to avoid further infringements. Intellectual property litigation against us could significantly disrupt our business, divert our management’s attention or consume much of our financial resources.

For example, we have been involved in several intellectual property litigations as the defendant or a co-defendant. While we have successfully defended some cases through non-infringement findings or successful invalidation of plaintiffs’ patents through our counterclaims, there have been certain instances where courts determined that we infringed third parties’ intellectual property rights and thus we were subject to compensatory payments. We have updated certain design of our products to avoid further infringement, and implemented comprehensive improvements to our intellectual property protection system. For details, see “Business — Intellectual Property.” However, no assurance can be given that these measures will be effective in protecting us against intellectual property litigation risks. In addition, during the Track Record Period, our Group was a co-defendant in a litigation related to a trade secrets and intellectual property infringement proceeding, and as of the Latest Practicable Date, an appeal had been filed by the other defendant. For details, see “Business — Legal Proceedings and Compliance.”

We are subject to a broad range of regulations and may be subject to fines or impacts that could cause our operations to be interrupted.

We are subject to a broad range of involving laws and regulations relating to, among other areas, the environment, occupational health and safety and labor practices, both in China and in other jurisdictions in which we operate. Compliance with such regulations may result in an increase in our cost of compliance, and failure to comply could subject us to legal liability, fines and other sanctions.

In the area of environmental regulation, we are required to comply with laws and regulations relating to air emissions, discharges into water, noise pollution, toxic chemicals, waste treatment, and the energy efficiency of certain products, among other things. We are also subject to periodic monitoring by environmental protection authorities in various jurisdictions. Any failure on our part to comply with any present or future environmental regulations could result in the assessment of damages or imposition of fines against us, suspension of production

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or a loss of license to operate certain facilities. In addition, new environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may adversely affect our business, results of operations and financial condition.

In addition, we may in the future be subject to potentially material liability relating to the investigation and clean-up of contaminated areas, including groundwater, at properties owned or formerly owned, operated or used by us and to claims alleging personal injury or damage to natural resources. There can be no assurance that we will not incur environmental liability beyond the limits, or outside the coverage, of any insurance or that our provisions for environmental remediation will be sufficient to cover the ultimate loss or expenditure.

Further, we may be required to make additional investments and change our product design and manufacturing processes to meet energy efficiency standards necessary to market such products in certain jurisdictions.

Finally, there is a growing global focus on the labor and environmental practices of manufacturers, particularly in low-cost countries. Additional, more stringent social responsibility laws and regulations may be adopted in the future, which may result in an increase in our cost of compliance. In addition, if we fail to comply with such laws and regulations, we may be subject to fines, penalties, legal judgements or other costs, which may adversely affect our operating results and financial condition. In addition, a finding of noncompliance, or the perception that we have not responded appropriately to growing consumer concern for issues relating to social responsibility, whether or not we are legally required to do so, may adversely affect our reputation, and consequently our operating results and financial condition.

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

Our business requires us to use and store information, including, among other things, personally identifiable information and other personal information with respect to our customers and employees. We are subject to local and overseas laws relating to the collection, use, retention, security and transfer of personal information. In many cases, these laws apply not only to third-party transactions, but also may affect transfers of personal information among us and our overseas sales companies. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional requirements. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability.

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To ensure our compliance with these laws and regulations relating to the collection, use, retention, security and transfer of personal information, we have established relevant protocols and mechanisms with respect to how we collect, store, process and use user personal data and information. For example, we notify customers the information collected and the purpose of collecting the information, explain to them what, how and why the personal information may be shared with third parties and also obtain consent from relevant users or other basis of legitimacy. Any failure by us to comply with these public statements or with other local or overseas privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others. In addition to reputational impacts, penalties could include ongoing audit requirements and significant legal liability. We have implemented systems and processes intended to secure our IT systems and prevent unauthorized access to or loss of sensitive data, including through the use of encryption and authentication technologies. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities. For example, third parties may attempt to fraudulently induce employees or users into disclosing user names, passwords or other sensitive information, which may in turn be used to access our IT systems. To help protect customers and ourselves, we monitor our services and systems for unusual activity and may freeze accounts under suspicious circumstances, which, among other things, may result in the delay or loss of customer orders or impede customer access to our products.

We may face increasing acquisition and leasing costs with respect to warehouses at suitable locations, and may not be able to find suitable locations for warehouses on commercially acceptable terms, if at all.

Performance of our business depends on the location of our warehouses. Given our inventory levels and shipping demands, the strategic placement of our warehouses is crucial. During the Track Record Period, our warehouses are primarily on lease terms. If any of our warehouses experiences a material incident or our prevention measures are not adequately implemented in the future, we may lose the goods stored therein, and incur significant costs and expenses to restore or to relocate such warehouses.

The supply of suitable locations for warehouses is limited, and competition for these locations is intense. Therefore, we may face increasing cost in acquiring or leasing these prime locations for our warehouses. Furthermore, there can be no assurance that we will be able to identify and lease or acquire suitable locations on terms commercially acceptable to us or at all. In the event that we encounter difficulties in securing suitable large-scale warehouses sites in regions where we operate or plan to expand, our business, financial conditions and results of operations could be adversely affected.

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We rely on certain utilities such as electricity and water in our manufacturing process, and any failure or shortage in the supply of such utilities may adversely affect our business.

Our manufacturing process is dependent on certain utilities, such as electricity and water. Any shortage or interruption in the supply of utilities could disrupt our operations and increase our cost of production or result in delays in the shipment of products to customers. For example, although we have secured long-term supply contracts for key utilities, there can be no assurance that we will not experience any unexpected disruptions in utility supply in future. Moreover, the price of various kinds of utilities may fluctuate and we cannot predict future price trends or the degree of any price volatility. In most cases, local governments regulate tariffs for industrial enterprises such as us, and we cannot predict whether the local governments will raise tariffs in the future. Any significant increase in the prices of utilities, any shortage or government-imposed curtailment on utilities usage or any interruption in utilities supply could increase our cost of sales and/or cause disruptions to our operations. This, in turn, may adversely affect our business, results of operations and financial condition.

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

A majority of our revenues and cost of sales is denominated in RMB. However, as we operate part of our business in foreign jurisdictions, we are subject to risks associated with foreign currency exchange fluctuations. Through other income and gains, we incurred net foreign exchange income of RMB114.0 million, RMB97.9 million and RMB86.0 million in 2022, 2023 and 2024, respectively. We incurred net foreign exchange losses of RMB2.5 million and RMB28.7 million for the three months ended March 31, 2024 and 2025, respectively. This is primarily due to the continued appreciation of the U.S. dollar in the fourth quarter in 2024, which led to increased expected losses on forward foreign exchange contracts. In response to foreign exchange risks, we have established effective measures to eliminate potential risks. For details, see “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Positions — Derivative Financial Instruments.” We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

Changes in the value of foreign currencies could increase our RMB costs for, or reduce our RMB revenues from, our foreign operations. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

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During the Track Record Period, we have maintained certain hedging policies, such as leveraging certain derivative instruments, in an effort to reduce our exposure to foreign exchange risks, and we may maintain, or further enhance, our hedging policies in the future. Our derivative financial instruments mainly include, among others, forward currency contracts and swaps. However, the availability and effectiveness of our hedging measures may be limited, and we may not be able to adequately cover our exposure or not be able to fully cover all the risks.

It is difficult to predict how external factors may impact the exchange rate of RMB to foreign currencies in the future. There can be no assurance that such exchange rate will remain stable against USD or other foreign currencies in the market. Any appreciation of RMB against foreign currencies may affect our overseas operations. Conversely, if we decide to convert our RMB into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our Shares.

We will have significant capital requirements in connection with our business strategy and if capital resources are not available on a timely, adequate and matched basis, we may not be able to implement our strategy and future plans.

We incurred significant expenditure during the Track Record Period in connection with our strategy to expand into new geographic markets and enhance our global presences. We may continue incur additional capital expenditures in the future. In the event of adverse market conditions, or if our actual expenditures significantly exceed our planned expenditures, our external financing activities consolidated with our internal sources of liquidity may not be sufficient to implement our current and future operational plans.

To the extent that our existing sources of capital are not sufficient to satisfy our needs, we may have to seek external sources, including through the issuance of additional equity or debt securities in the domestic or international capital markets or additional bank borrowings. Our ability to obtain additional capital from external sources in the future is subject to a variety of uncertainties, including:

- the liquidity and volatility of the Chinese and international capital markets;
- the PRC government’s policies regarding Renminbi and foreign currency borrowings;
- our future financial condition, results of operations and cash flows;
- our ability to obtain the necessary regulatory approvals on a timely basis;
- any tightening of credit markets and general market conditions for debt and equity raising activities by financial institutions;

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- foreign exchange regulations; and
- economic, political and social conditions in the geographical markets in which we operate and elsewhere.

There is no assurance that we will be able to obtain additional capital in a timely manner or on acceptable terms, if at all. The failure to obtain sufficient financing on commercially reasonable terms could delay or derail our ability to pursue our business strategy, which could adversely affect our product development, business and results of operations. Future debt financing could include terms that restrict our financial flexibility or restrict our ability to manage our business. If we are not able to issue shares in the future, we may need to explore other avenues of raising capital.

We are exposed to changes in our receivables at fair value through other comprehensive income. Fluctuations in their values would affect our results of operations and financial condition.

We recorded receivables at fair value through other comprehensive income (“FVTOCI”) of RMB155.9 million, RMB670.6 million, RMB964.8 million and RMB1,905.4 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. Fair values of receivables at FVTOCI are determined based on quoted prices in active markets, significant market-observable inputs, or significant unobservable inputs using valuation techniques. See Note 42 to the Accountants’ Report in Appendix I to this document for more details.

For receivables at FVTOCI, factors beyond our control can significantly influence and cause adverse changes to the market-observable inputs that we use and thereby affect the fair value of such financial assets and receivables. These factors include, but are not limited to, general economic condition, changes in market interest rates, stability of the capital markets, shifts in our creditworthiness and other market-driven variables. Any of these factors, as well as others, could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. Additionally, judgement and estimation are required in establishing the relevant valuation techniques where market-observable data for certain financial assets are not readily available, which inherently involve a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in the material adjustments to the fair value of such financial assets, which may in turn have a material adverse effect on our financial position and results of operations.

In addition to receivables at FVTOCI, we recorded financial assets at amortized cost. Our financial assets at amortized cost primarily consist of constant return financial products, which mainly include term bank deposits with initial terms over one year, custom deposits and non-transferable certificates of deposits deposited in financial institutions, which were subsequently measured using the effective interest method. These financial assets at amortized cost are subject to credit risks. We perform impairment assessment on these financial assets by considering the risk of default of the counterparties with reference to credit ratings assigned by

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international credit-rating agencies. Any failure or distress of banks or financial institutions with which we have a commercial relationship, or any events involving limited liquidity, defaults, non-performance or other adverse developments that affect the financial services industry in general (or any concerns or rumors about events of these kinds) may cause a substantial decrease in the value of our other financial assets at amortized cost, which may in turn adversely affect our results of operations and financial condition.

The amount of our deferred tax assets is subject to uncertainties of accounting estimates.

In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. We believe that the amount of our deferred tax asset is subject to the uncertainties of accounting estimates.

As of December 31, 2022, 2023 and 2024 and March 31, 2025 our deferred tax assets amounted to RMB576.7 million, RMB480.3 million, RMB498.7 million and RMB535.1 million, respectively. Based on our accounting policies, significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Where the actual or expected tax position of the relevant companies of our Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

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

The EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. For example, certain of our subsidiaries in China were approved as High-tech Enterprises, and they were subject to a preferential corporate income tax rate of 15% during the Track Record Period. See “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Income Tax Expenses” in this document. To the extent there are any adjustments in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with China tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to China tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

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We also operate in countries and regions overseas and are subject to various taxes. See “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Income Tax Expenses” in this document. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected. In addition, some of the jurisdictions in which we operate have rules on transfer pricing that require intra-group transactions to be conducted on arm’s length terms. We have engaged the Transfer Pricing Advisor to conduct a transfer pricing review and benchmarking studies on our primary international intra-group transactions during the Track Record Period. The Transfer Pricing Advisor conducted an independent analysis and considers the transfer pricing arrangements of the reviewed international intra-group transactions to be compliant with the arm’s length principle in accordance with the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by Organization for Economic Co-Operation and Development, an intergovernmental organization promulgating world trade policies, during the Track Record Period. For details, see “Business — Our Global Footprint — Transfer Pricing Arrangement.” However, there can be no assurance that tax authorities in these jurisdictions will not challenge our transfer pricing arrangements, which could result in additional taxes, interests, or penalties imposed on us. Such challenges could have a material adverse effect on our financial condition, results of operations and prospects.

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We have historically received financial incentives, such as government grants, and we may not continue to receive such incentives in the future.

We have historically received government grants in the form of subsidies for certain of our investment schemes, the purchase of property, plant and equipment, and certain R&D projects. For further details of our government grants, see “Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Other Income and Gains.” Moreover, our growth has also been supported by favorable government policies. The timing, amount and criteria of government grants and other favorable policies are determined by the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide from time to time to reduce or eliminate such grants or policies. Our eligibility for government grants and other favorable policies is dependent on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the R&D progress made by other peer companies. In addition, some of the government grants and policies are on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. In addition, the policies under which we historically received government grants may be adjusted or changed. We cannot assure you of the continued availability of government grants and other favorable policies currently enjoyed by us. Any reduction or elimination of such government grants and other policies would materially adversely affect our business, financial condition, results of operations and prospects.

We are subject to credit risk in collecting trade and bills receivables due from the customers.

During the Track Record Period, a majority of our trade and bills receivables were outstanding for less than 6 months. For a substantial portion of our sales of products in China, we generally require full payment before delivery of goods. Depending on the credit history of our overseas customers and their transaction amounts with us, we generally collect a certain amount of deposits from them. We generally allow flexibility by offering a credit period of 30 to 120 days for the remaining amount. During the Track Record Period, our trade and bills receivables turnover days were 25.2 days, 24.8 days, 30.3 days and 37.4 days in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. As of December 31, 2022, 2023 and 2024 and March 31, 2025, we recorded trade and bills receivables of RMB1,427.5 million, RMB1,944.9 million, RMB3,003.4 million and RMB4,764.6 million, respectively. There is no assurance that all such amounts due to our Group will be settled on time or at all, and we are subject to credit risk in collecting the trade and note receivables due from the customers. Our performance, liquidity and profitability will be adversely affected if significant amounts due to us are not settled on time. The bankruptcy or deterioration of the credit condition of any of our major customers could also adversely affect our business.

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Our operations may be restricted by our current and future debt covenants, failure to comply with the terms of our indebtedness could result in acceleration of debt, and our leverage could make it difficult for us to operate our business.

Under the terms of our principal bank loans and under any debt financing arrangement that we may enter into in the future, we are, and may in the future be, subject to covenants that could, among other things, restrict the business and operations of our Group and/or one or more of our subsidiaries. If we breach any of these covenants, our lenders and the holders of our debt securities will be entitled to accelerate our debt obligations. Any default under our debt obligations could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity. Furthermore, our indebtedness may be accelerated if our lenders conclude that we are at risk of not being able to repay the indebtedness. If our indebtedness is accelerated or declared default, it would be very difficult in the current financing environment for us to refinance our debt or obtain additional financing. Our Directors confirm that we had neither material defaults in payment of loans and borrowings, nor any breach of financial covenants during the Track Record Period.

Our leverage could have important consequences for our business and operations, including making it more difficult for us to satisfy our obligations under our financing arrangements; increasing our vulnerability to a downturn in our business or general economic and industry conditions; requiring us to dedicate a portion of our cash flow from operations to payments on our debt and reducing the availability of our cash flow to fund internal growth through capital expenditures and for other general corporate purposes; negatively impacting credit terms with our creditors; and limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional capital.

We recorded net current liabilities during the Track Record Period. We cannot assure you that we will not experience net current liabilities in the future, which could expose us to liquidity risks.

We recorded net current liabilities of RMB3,190.0 million, RMB2,029.4 million, RMB2,469.6 million and RMB790.1 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. Our net current liability position was primarily attributable to our trade and bills payables and other payable and accruals. However, there can be no assurance that we will not experience liquidity problems in the future. The net current liabilities position would expose us to liquidity risk which could restrict our ability to make necessary capital expenditure or develop business opportunities, and our business, results of operations and financial condition could be materially and adversely affected.

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Fluctuations in interest rates may have an adverse effect on our results of operations.

Certain of our long-term interest-bearing borrowings are subject to variable interest rates. Interest rate risks primarily arise from long-term loans that bear interest. Any borrowings at floating interest rates expose us to cash flow interest rate risks. In addition, any borrowings at fixed interest rates expose us to fair value interest rate risk.

We are constantly monitoring interest rate levels, as any increase will directly elevate the costs of any borrowings under the floating rate or have a significant impact on our financial performance. In order to hedge against cash flow fluctuations caused by changes in market interest rates, we seek to manage interest rate risk through certain interest rate swap contracts. We also seek to manage the impact of interest rate risk fluctuations by balancing fixed and floating interest rate exposures based on market conditions. However, no assurance can be given that these measures will be effective in protecting us against interest rate risk and a failure to manage this risk could have an adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO OUR OPERATIONS

Any interruption in the operation throughout our entire operation process for an extended period may have an adverse impact on our business.

Our operation process covers from R&D through production, storage, logistics, marketing and sales to after-sales services. Any interruption or failure in the operation process, which involves use of raw materials, parts and components supplied by third-party vendors, could result in product quality or safety problems and other regulatory or environmental risks that may have an adverse impact on our business. Our operation process may be disrupted by fire, flood, earthquake, power outage, telecommunications failure, security breach, and other incidents that are beyond our control. Any interruption in the operation may render us unable to fulfil the orders placed with us in a timely manner and/or design and manufacture products to the customer’s satisfaction or at all. In addition, the use of the more advanced, complex and costly technologies and equipment may further increase our exposure to operational risks and the difficulty in timely repair or replacement. Any interruption in the operation throughout our entire operation process for an extended period could cause us to suffer financial loss and reputational harm, which may adversely affect our business, results of operations and financial condition.

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Our success depends largely on the continued service of our senior management and key technical personnel and our ability to recruit, train or retain qualified personnel or sufficient workforce while controlling our labor costs.

Much of our future success depends on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of the services of any of our executive officers, our senior management team and other highly skilled employees could harm our business. Competition for qualified talent is intense. Our future success depends on our ability to attract a large number of qualified employees and retain existing key employees. If we are unable to do so, our business and growth may be materially and adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train or retain qualified personnel, particularly technical, marketing and other operational personnel with experience in the relevant industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our managerial and operating systems also depends on the hard work and quality performance of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

Labor shortages or increased labor costs may slow down our growth rate and reduce our profitability.

Experienced professional staff and other labor are important for the operation of our businesses, and therefore, our success depends in part on our ability to attract, retain and motivate a sufficient number of our R&D personnel and staff for our production work. Qualified individuals in the relevant industries are in short supply and competition for workers is intense. In addition, competition for qualified individuals or workers may require us to pay higher wages, which could result in higher labor costs.

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

Our business has continued to grow in recent years, so has our business network and number of employees. In addition, as we expand our product portfolio, customer base and geographical markets, we will need to work with a larger number of suppliers and partners efficiently and maintain and expand mutually beneficial relationships with our existing and new suppliers and partners. We also need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management

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aspects, strengthen our supplier and sales network management, refine our reporting systems and procedures, and expand, train and manage our growing employee base. All these efforts will require significant managerial, financial and human resources. We cannot assure you that such efforts will reach our expected success. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. In addition, changes and developments taking place in industries that we operate in may also require us to re-evaluate our business model and adopt material changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments may have a materially adverse effect on our business, financial condition and results of operations. Even if we innovate and adapt to these changes and developments, we may nevertheless fail to realize the anticipated benefits of changes adopted to our long-term strategies and business plans or even harm our profitability as a result.

Our business may suffer as a result of adverse outcomes of current or future litigation and regulatory actions, including with respect to anti-competitive practices.

We face the risk of litigation and regulatory proceedings in different countries in the ordinary course of our business. Legal proceedings, including regulatory actions, may seek to recover large indeterminate amounts or to limit our operations, and the possibility that they may arise, and their magnitude may remain unknown for substantial periods of time. In particular, legal proceedings, including regulatory actions, may result from product defects, antitrust scrutiny, as well as disputes related to customer payments and product quality, both in the PRC and in other jurisdictions. For example, as we expand our operations globally, antitrust or competition regulatory authorities in certain jurisdictions may find our cooperation with other entities, or our conduct of business with other entities in a coordinated way, is not compliant with certain antitrust or competition laws and regulations. Consequently, we may be subject to certain antitrust investigations, lawsuits or regulatory proceedings, and may be subject to fines, civil liability or criminal liability. Further, the nature of our business and operations is such that we are subject to product liability claims relating to personal injury or property damage. Third parties who are subject to such injury or damage may bring claims or legal proceedings against us. Certain product liability claims may be the result of defects from components and parts purchased from our suppliers. Such claims, including the damages being sought, whether or not they have any basis, may be substantial and could extend beyond the direct losses suffered by our counterparties. A substantial legal liability or adverse regulatory outcome and the substantial cost of defending litigation or regulatory proceedings may have an adverse effect on our business, results of operations, financial condition, cash flows and reputation. Further, such lawsuits, regulatory proceedings and investigations could also divert significant resources from our normal operations.

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We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenues.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Customers value readily available information concerning distributors, retailers, manufacturers, and their products and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business operations and financial performance. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

We may suffer losses caused by the occurrence of extraordinary events, including natural disasters or outbreaks of contagious diseases, and these losses may not be fully covered by insurance.

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, wildfires or other natural disasters or similar events in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations in terms of our global supply chain, production, delivery as well as sales. Such events could decrease demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to make and deliver products to our customers, or to receive components or products from our suppliers, and create delays and inefficiencies in our supply chain. While our suppliers are required to maintain safe working environments and operations, an industrial accident could occur and could result in disruption to our business and harm to our reputation. Should major public health issues, including pandemics, arise, we could be adversely affected by more stringent employee travel requirements, additional requirements in freight services, relevant policy affecting the movement of products between regions, delays in production ramps of new products and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

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Our limited insurance coverage may not cover all losses, which may increase our operational costs.

We currently have insurance coverage for our properties and fixed assets, plant and equipment and inventories, which we consider to be exposed to major business risks. We also maintain third-party insurance policies covering certain potential risks and liabilities including product liability and property liability. We do not, however, carry insurance in respect of certain risks that we believe are not insured under customary industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunamis, pollution, acts of terrorism and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. We cannot guarantee that our insurance coverage is sufficient to cover potential losses. Any damage to our properties, fixed assets, plant, and equipment inventories that are not covered by insurance will result in substantial losses for us. Nevertheless, we would remain obliged for any bank borrowings or other financial obligations related to the property.

In addition, we are subject to the risks of losses arising from the misappropriation of cash or other assets by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Any risk that is not adequately covered by insurance may have an adverse effect on our business, results of operations and financial condition.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, customers, suppliers or other third parties.

We may be exposed to fraud or other misconduct committed by our employees, customers, suppliers or other third parties that could affect our reputation and subject us to litigation, financial losses and sanctions imposed by governmental authorities. Such misconduct could include:

- hiding unauthorized or unlawful activities, such as money laundering, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts or failing to perform necessary due diligence procedures designed to identify potential risks that are material to our decision to make or dispose of investments and to engage in certain projects;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to, or receiving bribes from, counterparties in return for any type of benefit or gain;
- misappropriating funds;
- conducting transactions that exceed authorized limits;

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- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorized or excessive transactions to the detriment of our customers; or
- otherwise failing to comply with applicable laws or our internal policies and procedures.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, such internal control procedures may be unable to identify all instances of non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct and the precautions we take to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may result in negative publicity for us.

Any negative publicity or misconduct regarding our brand ambassador that promotes our products could adversely affect our business.

We partner with our brand ambassador to promote our brand and market our products through both online and offline media. However, we cannot assure you that our brand ambassador’s endorsements or advertisements will remain effective and compatible with the messages that our brand and products aim to convey. Neither can we assure you that our brand ambassador will remain popular or any of the images of our brand ambassador will remain positive. Any of our brand ambassador’s deterioration of image or misconduct or inappropriate speech, would have a significant impact on our brand images and subsequently the sales of our products. Where we need to replace our brand ambassador, we may not be able to find suitable candidates in a timely manner or at all. In addition, we may have to dispose relevant packaging materials, removing advertising and marketing materials, which may incur additional expenses. Furthermore, our marketing plans may be disrupted or fail as we may require more time to prepare new market materials and may therefore miss special events. If any of these situations occurs, our business, financial condition and results of operations could be materially and adversely affected.

Our leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them.

We own and lease properties in the PRC primarily for industrial use, dormitories, factories and offices. For details, see “Business — Properties — Owned Properties” and “Business — Properties — Leased Properties.”

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For some of our leased properties in the PRC, the lessors may not be able to provide documents evidencing the authorization or consent from the property owners for subleasing. In such case, our rights in relation to such properties might not be entirely protected. Any claim or disputes related to the title of the properties leased by us may affect our ability to continue to lease such properties and may result in relocation. We cannot guarantee that the legality of our use and occupation of the relevant buildings will not be challenged. In addition, the actual usages of certain leased properties were used for purposes inconsistent with their respective permitted usage, which may also challenge or interrupt our use and occupation of the relevant properties. If we have to find alternative properties, additional relocation costs will be incurred, and our business operations may be disrupted, any of which may have an adverse effect on our business, financial condition and results of operations. Furthermore, under PRC law certain leases are required to be registered with the PRC government. We have several leases that have not been registered with the relevant PRC governmental authorities. Although non-registration of lease agreements will not affect the validity of such lease agreements, we may be subject to penalties and may result in adverse effects on our results of operations, financial position or prospects. For details, see “Business — Properties — Leased Properties.”

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

The property valuation report prepared by JLL, an independent property valuer, set out in the Property Valuation Report set out as Appendix III to this document with respect to the appraised value of our property is based on various assumptions, which are subjective and uncertain in nature. The assumptions that JLL used in the property valuation report include that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest. Certain of the assumptions used by JLL in reaching the appraised value of our property may be inaccurate or unreasonable. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our property. As a result, the appraised value of our property may differ materially from the price we could receive in an actual sale of the property in the market and should not be taken as their actual realizable value or an estimation of their realizable value. You should not place undue reliance on such values attributable to the property as appraised by JLL.

Our compliance and risk management systems may not be sufficient to prevent us from the effects of credit, market, liquidity, operation and other risks.

In connection with our worldwide business operations, we must comply with a broad range of legal and regulatory requirements in numerous jurisdictions and local operational business processes, particularly relating to sales of products. While we have established compliance and risk management systems that support our operational business processes, help address compliance with legislative provisions and, where necessary, initiate appropriate countermeasures to misconduct, there can be no assurance that our internal controls and compliance systems are adequate to address all applicable risks in every jurisdiction. Similarly, we can provide no assurance that such controls and systems of joint ventures and other partnering arrangements can be aligned with our own, and we may have to rely on their controls and systems for compliance with respect to their business practices.

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The policies we have put in place to prevent direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct may be insufficient to prevent all non-compliance in these areas.

The materialization of any of these risks may result in reputational loss and materially adverse legal consequences, such as debarment, the imposition of fines or sanctions and penalties on us or the members of our governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. If any of these risks were to materialize, this could also have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

Our operations rely on complex IT systems and networks and our business and reputation may be impacted by IT system failures, network disruptions or cybersecurity breaches.

We rely extensively on IT systems, some of which are supported by third party vendors including cloud-based systems and managed service providers, to manage and operate our business. We invest in new IT systems designed to improve our operations. We may have failures of these systems in the future. If these systems cease to function properly, if these systems experience security breaches or disruptions or if these systems do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have a material adverse impact on our results of operations, financial condition, and cash flows. If the software installed on the computers used by us and our employees is not properly authorized or licensed, we may be subject to claims or litigations from software vendors.

We may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, preventing access to our internet services, interfering with customer transactions or impeding the assembling and shipping of our products. These events could materially and adversely affect our reputation, financial condition and operating results.

Our IT systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyberattacks. We continue to assess potential threats and make investments seeking to address and prevent these threats, including monitoring of our networks and systems and upgrading skills, employee training and security policies for us and our third-party providers. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. To date, we have seen no material impact on our business or operations from these attacks; however, we cannot guarantee that our security efforts will prevent

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breaches or breakdowns to our or our third-party providers’ databases or systems. If the IT systems, networks or service providers we rely upon fail to function properly or if we or one of our third-party providers suffer a loss, significant unavailability of or disclosure of our business or stakeholder information and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

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

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses still needs further clarification. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards, which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are published from time to time and may have retroactive effects. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention depending on the complexity of the cases.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Developments in current laws or regulations or the imposition of new laws and regulations in our geographic markets may affect the growth of our industries and affect our business, financial condition and results of operations.

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You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or officers.

Most of our assets are situated in the PRC and most of our directors and officers reside in the PRC. Therefore, there remains the possibility that it may be difficult to effect service of process outside the PRC upon most of our directors and officers, including with respect to matters arising under applicable securities laws. The PRC does not have treaties providing for the reciprocal recognition and enforcement of civil case judgments of courts with the United States and many other countries. Consequently, you may experience difficulties in enforcing against us or our directors or officers in the PRC any judgments obtained from courts outside of the PRC.

Pursuant to 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 (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the Arrangement, which was entered into on July 14, 2006, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in mainland China. Similarly, a party with a final judgment rendered by a Chinese 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 such judgment in Hong Kong. On January 18, 2019, the Supreme People’s Court and the Hong Kong Government signed 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 (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which came into effect on January 29, 2024 and superseded the Arrangement, or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and mainland China. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the New Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the PRC, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the New Arrangement.

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RISKS RELATING TO GOVERNMENT REGULATIONS

Developments in social and economic policies, as well as the interpretation and enforcement of laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

A substantial portion of our operations are based in the PRC, our business, financial condition, results of operations and prospects may be affected by economic, social and legal developments in China. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources; however, we cannot guarantee the extent to which our business operations will be able to benefit from such measures, if at all. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, and our income may be subject to PRC tax under the relevant PRC laws.

Under the Corporate Income Tax Law of the PRC (the “CIT Law”), an enterprise established outside of China with “de facto management bodies” within China is considered a “resident enterprise,” meaning that it will be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. Under the Circular of the State Taxation Administration (the “STA”) on Issues Concerning the Identification of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the “Circular 82”) issued by the STA on April 22, 2009 and partially abolished in December 2017, provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, the criteria set forth in the Circular 82 may reflect the STA’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. Under Circular 82, an offshore 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 and their work location is in the PRC; (ii) decisions relating to the enterprise’s financial and human resources 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. On July 27, 2011, the STA issued Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (the “Bulletin 45”), which became effective on September 1, 2011 and as amended or partially abolished in

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2015, 2016 and 2018, to provide further guidance on the implementation of Circular 82. Bulletin 45 clarifies certain issues related to determining PRC resident enterprise status, including which the competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Despite the foregoing, the STA may take the view that the determining criteria set forth in Circular 82 and Bulletin 45 reflect the general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. Additional implementing regulations or guidance may be issued determining that we or any of our subsidiaries incorporated out of the PRC is a “resident enterprise” for PRC enterprise income tax purposes. If the PRC tax authorities determine that we or any of our subsidiaries incorporated out of the PRC is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the CIT Law and its implementing rules, Circular 82 and Bulletin 45 dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by PRC enterprise would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to any withholding tax. Finally, the CIT Law and its implementing rules issued by PRC tax authorities provide that dividends paid by us to our non-PRC shareholders and, while subject to further clarification, capital gains recognized by them with respect to the sale of our Shares may be subject to tax of 10% for non-PRC resident enterprise shareholders and 20% for non-PRC resident individual shareholders. In the case of dividend payments, such PRC tax may be withheld at source.

We are subject to governmental regulations on currency exchange.

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency into and out of China are subject to PRC foreign exchange regulations. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the “Circular 75”), which became effective as of November 1, 2005, and was further supplemented by an implementing notice issued on November 24, 2005. Under the Circular 75, domestic residents must register with the relevant local counterparts of the SAFE prior to their establishment or control of an offshore entity established for the purpose of overseas equity financing involving onshore

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assets or equity interests held by them, and must also make filings with SAFE thereafter upon the occurrence of certain material capital changes. The Circular 75 was replaced by the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “Circular 37”), which was promulgated by the SAFE in July 2014. The term “domestic residents” under Circular 37 is defined as PRC legal entities, other economic organizations, PRC citizens holding PRC ID or non-PRC citizens habitually residing in China due to economic interests. The Circular 37 requires domestic residents to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as changes of the offshore special purpose vehicle’s name and operational term, or any significant changes with respect to the PRC individual shareholder, such as the increase or decrease of capital contributions, share transfer or exchange, or mergers or divisions. Circular 37 is applicable to our shareholders who are domestic residents. If our shareholders who are domestic residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “Notice 13”), effective from June 2015, and further amended by SAFE on December 30, 2019. Under the Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under the Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE. We cannot assure you that all our Shareholders will at all times comply with the registration procedures as required under these regulations. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

PRC regulations on loans and direct investment by offshore holding companies to PRC entities may affect us from using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries.

Any loans provided by our offshore holding companies to our PRC subsidiaries are subject to PRC regulations and such loans must be registered with the local branch of the SAFE. Additionally, if we finance such subsidiary by means of additional capital contributions, these capital contributions must be registered, reported or filed with certain government authorities, including the Ministry of Commerce (the “MOFCOM”), the State Administration for Market Regulation (the “SAMR”) and the SAFE or their local counterparts. We cannot

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assure you that we will be able to obtain these government registrations or approvals or to complete registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to obtain such approvals or registrations, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be materially and adversely affected. This may materially and adversely affect our PRC subsidiaries’ liquidity, their ability to fund their working capital and expansion projects, and their ability to meet their obligations and commitments. As a result, this may have a material adverse effect on our business, financial condition and results of operations.

We may rely on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or financial condition.

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity that may be paid by our subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our Shares and service any debt we may incur. If any of our subsidiaries incur debt on their 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, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of its after-tax profits each year, after 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. Such reserve funds cannot be distributed to us as dividends.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

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

In 2012, the SAFE, promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》). Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an

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overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options will be subject to these regulations when our Company becomes an overseas-[REDACTED] company upon the completion of the [REDACTED]. Failure to complete SAFE registrations may subject them or us to fines or supervision measures, which could affect our ability to adopt additional incentive plans for our directors, executive officers and employees.

In addition, the STA, has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes for those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

We are subject to filings and other requirements from the CSRC or other PRC regulatory authorities for any further 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 relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures have comprehensively improved and reformed the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities. Any such domestic company that is deemed to conduct overseas offering and listing activities, including any further capital raising, shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

We will file with the CSRC within the specific time limit as required by the Overseas Listing Trial Measures. In addition, it is uncertain whether we can or how long it will take us to complete the CSRC filing. Any failure to complete the CSRC filing may affect the relevant capital raising and may subject us to sanctions by the CSRC. Furthermore, 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 condition.

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Failure to comply with PRC labor laws and regulations including regulations in relation to social insurance and housing fund contributions for our employees, could subject us to fines and other legal or administrative sanctions.

We are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in China.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain of our employees as required by relevant PRC laws and regulations. According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), a PRC enterprise is required to set up housing provident fund accounts (住房公積金賬戶) and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a PRC enterprise is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. Although we had not been subject to any administrative penalties in connection with our contribution of social insurance plans during the Track Record Period, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans will at all times be deemed in full compliance with relevant PRC laws and regulations by PRC government authorities mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so.

In addition to the above, if we fail to comply with any other relevant PRC labor laws and regulations, we may be exposed to penalties or be required to pay damages to employees. For example, if any of our PRC subsidiaries engaging in manufacturing fails to comply with the relevant laws on prevention and treatment of occupational diseases, then such subsidiary may be subject to fines and other administrative penalties, and also, any employees who are deemed to suffer from occupational diseases may have rights to seek compensation from us. Compliance with the relevant PRC labor laws and regulations could substantially increase our labor costs. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition and results of operations. In particular, an increase in labor costs in China could increase our production costs in the future and we might not be able to pass these increases on to our consumers due to competitive pricing pressure.

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RISKS RELATING TO THE [REDACTED]

An active [REDACTED] for our Shares on the Hong Kong Stock Exchange might not develop or be sustained and [REDACTED] of our Shares may be volatile.

Following the completion of the [REDACTED], we cannot assure you that an active [REDACTED] for our Shares on the Hong Kong Stock Exchange will develop or be sustained. The [REDACTED] of our Shares is the result of negotiations between our Company and [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 the completion of the [REDACTED]. The [REDACTED] of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

Our Controlling Shareholders may exert substantial influence over our operations and may not always be aligned with interests of the independent Shareholders.

Immediately following the [REDACTED], without taking into account the exercise of the [REDACTED], our Controlling Shareholders will beneficially own [REDACTED]% of the Shares. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders choose to cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, those Shareholders may be disadvantaged by the actions that our Controlling Shareholders choose to cause us to pursue.

Our Controlling Shareholders may have significant influence in determining the outcome of any corporate transaction or other matter submitted to our Shareholders for approval, including mergers, consolidations and the sale of all, or substantially all, of our assets, election of Directors, and other significant corporate actions. Our Controlling Shareholders have no obligation to consider our interests or the interests of our other Shareholders.

The [REDACTED] and [REDACTED] volume of our Shares may be volatile, which could result in substantial losses for [REDACTED] purchasing our Shares in the [REDACTED].

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, regulatory development, additions or departures of key personnel, or actions taken by competitors could cause the [REDACTED] of our Shares or [REDACTED] of our Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares, and as a result [REDACTED] in our Shares may incur substantial losses.

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[REDACTED] and purchasers of our Shares under the [REDACTED] will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of our Shares is higher than our net tangible assets value per Share immediately prior to the [REDACTED]. Therefore, [REDACTED] and purchasers of our Shares under the [REDACTED] will experience an immediate dilution in [REDACTED] net tangible assets value per Share. In order to expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future or to raise additional funds in the future to finance our business expansion, for existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of the existing Shareholders may be reduced, and they may experience subsequent dilution and reduction in their earnings per share, (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders and/or (iii) [REDACTED] and purchasers of our Shares may experience dilution in the net tangible assets value per Share if we issue additional Shares in the future at a price which is lower than our net tangible assets value per Share.

Future sale or major divestment of Shares by any of our substantial Shareholders could adversely affect the prevailing [REDACTED] of our Shares.

The Shares held by certain Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed “[REDACTED]” of this document. However, we cannot give any assurance that after the restrictions of the lock-up periods expire, these Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our Shares.

The [REDACTED] of the Shares when [REDACTED] begins could be lower than the [REDACTED].

The [REDACTED] will be determined on the [REDACTED]. However, the Shares will not commence [REDACTED] on the Stock Exchange until they are delivered, which is expected to be a few Business Days after the expected [REDACTED]. [REDACTED] may not be able to [REDACTED] or otherwise [REDACTED] the Shares during that period. As a result, holders of the Shares are subject to the risk that the price of the Shares when [REDACTED] begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur during that period.

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[REDACTED] should not place undue reliance on facts, forecasts, estimates and other statistics in this document relating to the economy and our industry obtained from official government sources.

Facts, forecasts, estimates and other statistics in this document relating to the economy and the industry in which we operate our business on have been collected from materials from official government sources. While we have exercised reasonable care in compiling and reproducing such information and statistics derived from government publications, we cannot assure you nor make any representation as to the accuracy or completeness of such information. The information and statistics from official government sources have not been independently verified by our Group, our Directors, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy.

Neither we or any of our respective affiliates or advisors, nor the [REDACTED] or any of its affiliates or advisors, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this document may not be consistent with other information available from other sources and therefore, [REDACTED] should not unduly rely upon such facts, forecasts, estimates and statistics while making [REDACTED] decisions.

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

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

We may incur increased costs as a result of becoming a [REDACTED] company.

As a result of the [REDACTED], we may face enhanced administrative and compliance requirements, which may result in substantial costs.

In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, [REDACTED] standards and securities and investor relationships issues. As a

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public company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner. Failure to effectively manage these new demands could adversely impact our operational efficiency and financial health, affecting our business and market perception.

We may not be able to pay any dividends to our Shareholders.

We cannot guarantee when and in what form dividends will be paid on our [REDACTED] following the [REDACTED]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and general business and operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

[REDACTED] may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability, and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where [REDACTED] may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, as amended from time to time, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws 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 English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where [REDACTED] reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above, Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

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

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

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

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], such as the profit estimate information. You should rely solely upon the information contained in this document and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding the [REDACTED]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any estimates, views or opinions expressed by the press or other media regarding the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Accordingly, prospective [REDACTED] should not rely on any such information, reports or publications in making their decisions whether to [REDACTED] in the [REDACTED]. Prospective [REDACTED] in the [REDACTED] are reminded that, in making their decisions as to whether to purchase our [REDACTED], they should rely only on the financial, operational and other information included in this document. By applying to purchase our [REDACTED] in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

Forward-looking information contained in this document is subject to risks and uncertainties.

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