Application Proof of

Beijing Yunji Technology Co., Ltd.
北京雲迹科技股份有限公司

(A joint stock company with limited liability incorporated in the People's Republic of China)

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[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**

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CONTENTS

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CONTENTS

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to **[REDACTED]** *in the* **[REDACTED]**. *In particular, we are a specialist technology company seeking to* **[REDACTED]** *on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* **[REDACTED]** *in companies such as ours. In addition, we have incurred net losses since our establishment, and we may incur net losses for the foreseeable future. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your* **[REDACTED]** *decision should be made in light of these considerations.*

There are risks associated with any **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in the section headed "Risk Factors" in this document. You should read that section carefully in full before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

MISSION

Reimagining robotics, enriching humanity — one billion smiles at a time.

VISION

Our vision is to build a world-leading hospitality AI agent ecosystem that caters to the diverse needs of billions of people.

OVERVIEW

We are a leading hospitality robotic-based AI agent company. Leveraging cutting-edge robotic and AI agent services, we empower corporate customers to optimize consumer experience. From robots that interact with the physical world to AI digitalization system that streamline decision-making, we harness the power of AI agents to deliver adaptive, scalable, consumer-centric and future-ready products and services. As one of the pioneers in the research, development and commercialization of hospitality robotic-based AI agents, our industry leadership is reflected in the following key achievements:

Industry Leader	**FIRST worldwide**(1) Number of robots operating concurrently and total number of consumers in multi-layer environments(2)(3)	**FIRST worldwide**(1) Market share of robotic-based AI agents in hotel scenario(4) Market share of AI agents in hotel scenario(4)	**Exceeding average**(1) Stability of robots across multiple scenarios such as hotels, healthcare facilities, factories and communities
Innovation Catalyst	**among the FIRST worldwide**(1) To launch composite polymorphic robots, which are also one of our hospitality robotic-based AI agents	**among the FIRST worldwide**(1) To launch the Fully Autonomous Closed-loop Learning System for hospitality AI agents	**Wu Wenjun Artificial Intelligence Award** Twice **970+** Patents(5)
Commercialization Pioneer	**30,000+** Number of hotels served(6) **100+** Number of hospitals served(6)	**18.6 billion+** Number of monthly executed commands in December 2024(7) **500 million+** Annual number of services provided(8)	**99%** Robot deployment covers 329 prefecture-level administrative regions in China **20.33 million kilometers** Annual mileage travelled by our robots in 2024(9)
Financial Optimizer	**23.2%** CAGR of revenue(10) **45.5%** CAGR of revenue generated from AI digitalization system(10)	**64.6%** CAGR of gross profit(10) **65.7%** CAGR of adjusted net loss(10)(11)	**50.7%**(12) Significant improvement in the position of net cash used in operating activities

Notes:

(1) Source: Frost & Sullivan

(2) Among the players in the robotic-based AI agent market with robots adaptable to multi-layer environments, we ranked the first globally in terms of the daily average number of robots operating concurrently and in terms of the total number of consumers served in 2024.

(3) Multi-layer environments refer to the space that require robots to autonomously ride elevators and move horizontally.

(4) The market shares are calculated in terms of the relevant revenue in 2023.

(5) The number of patents includes all of our invention patents, utility patents and design patents as of the Latest Practicable Date.

(6) The numbers of hotels and hospitals served are calculated using aggregated data since our establishment and as of December 31, 2024.

(7) Commands are instructions exchanged between various IoT modules, such as robots and elevators, enabling real-time awareness of nearby devices and coordination between them.

(8) Representing the annual number of services provided by our robots in 2024.

(9) The annual mileage traveled is calculated using the aggregated mileage traveled by all our robots in 2024 and is equivalent to roughly 507 laps around the Earth's equator.

(10) CAGR represents compound annual growth rate of relevant financial data from 2022 to 2024.

(11) Adjusted net loss (non-IFRS measure) is defined as loss and total comprehensive income for the year attributable to our equity shareholders adjusted by adding back [**REDACTED**] expenses, share-based payment expenses and changes in the carrying amount of redemption liabilities. Our adjusted net loss (non-IFRS measure) decreased from RMB233.9 million in 2022 to RMB27.6 million in 2024, at a CAGR of 65.7%, which is calculated by dividing the number of adjusted net loss (non-IFRS measure) in 2024 by the same in 2022, raised to the power of one divided by two, and subtracting one from the subsequent result.

(12) Our net cash used in operating activities decreased from RMB170.4 million in 2022 to RMB41.5 million in 2024, at a CAGR of 50.7%.

- **Industry Leader**. Among the players in the robotic-based AI agent market with robots adaptable to multi-layer environments, we ranked the first globally in terms of the daily average number of robots operating concurrently and in terms of the total number of consumers served in 2024, according to Frost & Sullivan. The number of our robots in concurrent service reached over 36,000 units at their daily peak in 2024. We also ranked the first globally in the robotic-based AI agent market and AI agent market, both for hotel scenario, in terms of our revenue generated from the same scenario in 2023, according to the same source. Other than hotels, our robots have been implemented in various scenarios to deliver hospitality services, such as commercial buildings, healthcare facilities, factories and communities, excelling in cross-scenario adaptability and stability.

- **Innovation Catalyst**. As a pioneer in commercializing composite polymorphic robots (複合多態機器人), we have secured first-mover advantages through the technological superiority of our UP Series, which leverages highly integrated systems with robust visual perception and sensor fusion, enabling multi-functional capabilities in a single unit by switching interchangeable YJ-Transformer modules. According to Frost & Sullivan, we were one of the first companies worldwide to introduce a Fully Autonomous Closed-loop Learning System (全自主閉環學習系統) for hospitality AI agents, which creates a closed-loop cycle of perception, cognition, decision, action and feedback, continuously evolving our AI capabilities. Our commitment to advancing AI technologies has earned us the "Wu Wenjun Artificial Intelligence Science and Technology Advancement Award" (吳文俊人工智能科技進步獎) in 2017 and "Wu Wenjun Artificial Intelligence Technology Award" (吳文俊人工智能科學技術獎) in 2019, both being prestigious awards for AI achievements in

China. As of the Latest Practicable Date, we hold 389 invention patents, 335 utility patents and 255 design patents, underscoring our ongoing dedication to innovation. In recognition of our R&D capabilities and industry leadership, we have been invited to contribute to the development of 26 technical and industry standards as of the Latest Practicable Date.

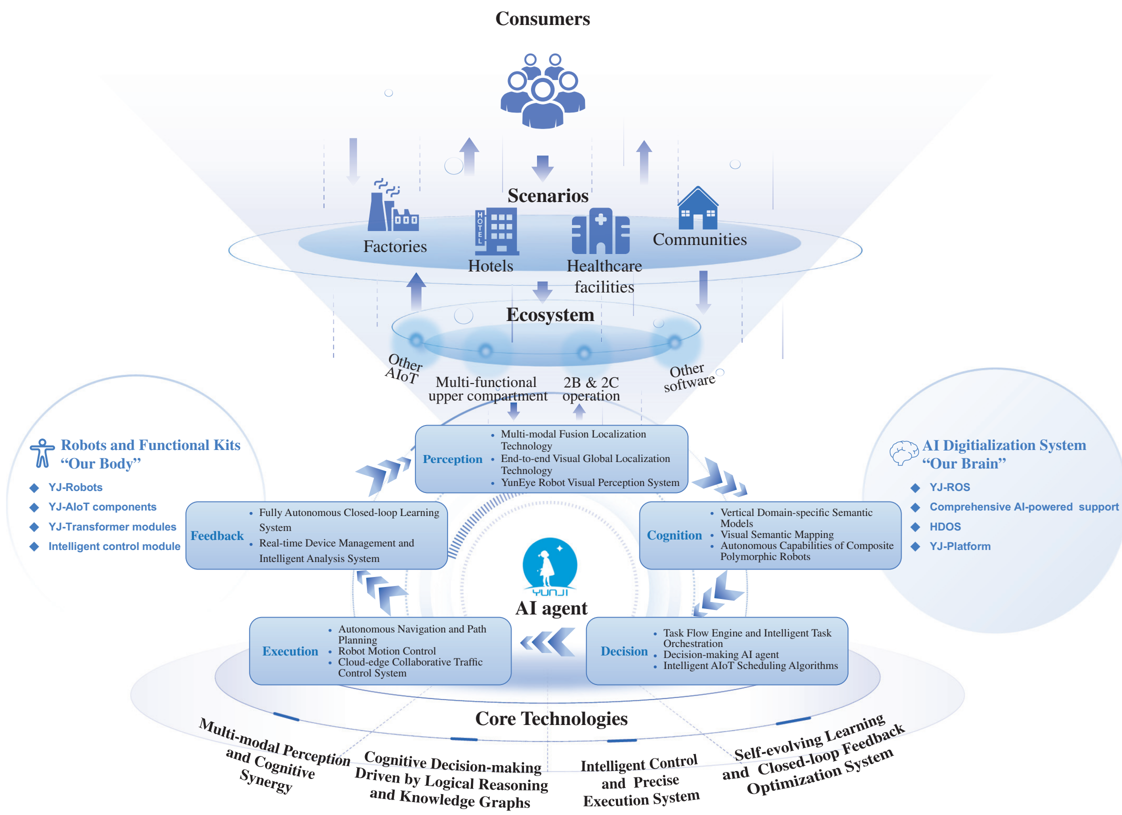
- **Commercialization Pioneer**. We believe the true value of AI lies in its real-world applications. Since our establishment, we have accumulated an extensive customer base consisting of over 34,000 corporate customers, including more than 30,000 hotels and 100 hospitals as of December 31, 2024. The number of services provided by our robots amounted to over 500 million in 2024, and the commands our robots executed reached over 18.6 billion in a single month in December 2024. Additionally, as of December 31, 2024, our robots have been implemented in 329 prefecture-level cities and autonomous prefectures across China, covering nearly every city at this level. Our robots' exceptional adaptability enables them to excel in various scenarios. For instance, during the Beijing Winter Olympics, our robots served as tour guides, handled deliveries, answered inquiries, and managed waste collection in the Olympic Village and media center.

- **Financial Optimizer**. We have demonstrated disciplined financial management during the Track Record Period. Our revenue increased from RMB161.3 million in 2022 to RMB244.8 million in 2024, representing a CAGR of 23.2%. In line with our strategy to strengthen the commercialization of AI digitalization system, our revenue from this business line achieved a CAGR of 45.5% during the Track Record Period. Our revenue growth outpaced the increase of our cost of sales, leading to an increase in our gross profit with a CAGR of 64.6% during the Track Record Period. Meanwhile, we reduced our net losses at a CAGR of 28.9%, with adjusted net losses (non-IFRS measure) narrowing at a CAGR of 65.7%. Additionally, our net cash used in operating activities decreased from RMB170.4 million in 2022 to RMB41.5 million in 2024, at a CAGR of 50.7% from 2022 to 2024.

An AI agent is an artificial intelligence that possesses autonomous perception, memory, reasoning analysis, decision-making and action execution capabilities, which can directly provide end-to-end and continuous iterative solutions tailored to specific tasks. As a hospitality AI agent company, we integrate both embodied and disembodied AI agents into a cohesive ecosystem. Our YJ-Robots and functional kits serve as the "limbs" of the AI agent, while our AI digitalization system functions as its "brain." Our core technologies are the foundation of our products and services. By leveraging (i) multi-modal perception and cognitive synergy (多模態感知與認知協同), (ii) cognitive decision-making driven by logical reasoning and knowledge graphs (邏輯推理與知識圖譜驅動的認知決策), (iii) intelligent control and precise execution system (智能控制與精準執行系統) and (iv) self-evolving learning and closed-loop feedback optimization system (自進化學習與閉環反饋優化系統), our hospitality AI agents perceive their environments, engage in cognitive reasoning, make autonomous decisions, execute tasks and provide insightful feedback.

Our hospitality AI agents are compatible with third-party AIoT devices and multi-functional upper compartments, seamlessly integrating with other software and our customers' existing workflows. They are adaptable to various scenarios, including hotels, healthcare facilities, factories and communities, delivering unparalleled service to consumers.

The diagram below demonstrates how our AI agents deliver closed-loop products and services.



With dedicated efforts in commercializing our products and services and addressing vast customer demand across various downstream scenarios, we realized substantial growth over the Track Record Period. Our total revenue experienced a slight decline of 10.0%, decreasing from RMB161.3 million for the year ended December 31, 2022 to RMB145.2 million for the year ended December 31, 2023. However, it rebounded significantly, rising by 68.6% to RMB244.8 million for the year ended December 31, 2024. Despite the fluctuations in revenue during the Track Record Period, we achieved a notable increase in gross profit, which grew at a CAGR of 64.6% from RMB39.3 million for the year ended December 31, 2022 to RMB106.4 million for the year ended December 31, 2024. Our net loss position has also significantly improved during the Track Record Period, with net losses of RMB365.4 million, RMB264.5 million and RMB185.0 million for the years ended December 31, 2022, 2023 and 2024, respectively, demonstrating our enhanced commercialization capability and sustainable growth potential. Our adjusted net loss (non-IFRS measure) decreased from RMB233.9 million for the year ended December 31, 2022 to RMB120.5 million for the year ended December 31, 2023, and further decreased to RMB27.6 million for the year ended December 31, 2024.

OUR PRODUCT-SERVICE MIX

During the Track Record Period, our product and service mix mainly consists of (i) robots and functional kits, the hardware and modular products that form the foundation of our hospitality robotic-based AI agents, including YJ-Robots, YJ-AIoT components, YJ-Transformer modules and intelligent control module, (ii) AI digitalization system, including AI-driven robotic fundamental services and AI agent applications. AI-driven robotic fundamental services include (a) the license of YJ-ROS, our proprietary AI-powered operating system designed to enable robots to achieve autonomous mobility, and (b) comprehensive AI-powered support for our robots and functional kits. AI agent applications encompass two main components: (a) HDOS, our hospitality disembodied AI agent, which serves as an intelligent virtual assistant, featuring capabilities such as AI concierge services, service order management, complaint alerts, and robust reporting and analytics tools, and (b) YJ-Platform, a platform that integrates HDOS into the existing workflows of our customers.

All of our products and services fall under the acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules. We have diverse revenue streams, mainly including (i) transaction-based and lease-based payment from the sales or lease of our robots and functional kits; and (ii) subscription-based, transaction-based and commission-based payment for the services we provide under our AI digitalization system. To a much lesser extent, we also generate revenue from sales of merchandise to individual customers. See "Business — Our Product-service Mix" for details.

The following table sets forth the breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robots and functional kits	**134,896**	**83.6**	**119,683**	**82.4**	**188,894**	**77.2**
Product sales	134,750	83.5	119,230	82.1	186,605	76.3
Rental income	146	0.1	453	0.3	2,289	0.9
AI digitalization system	**26,384**	**16.4**	**25,470**	**17.6**	**55,881**	**22.8**
AI-driven robotic fundamental services	20,158	12.5	22,298	15.4	44,364	18.1
AI agent applications	6,226	3.9	3,172	2.2	11,517	4.7
Total	**161,280**	**100.0**	**145,153**	**100.0**	**244,775**	**100.0**

Robots and Functional Kits

We develop service robots that aim to alleviate the burden of repetitive and labor-intensive tasks, as well as assignments that may pose risks to human safety. Our YJ-Robots include (i) composite polymorphic robots, our latest development represented by the combination of our UP Series and YJ-Transformer modules, and (ii) integrated robots (整機機器人), mainly represented by our Run Series and Gogo Series.

YJ-AIoT components serve as the smart connectivity backbone of our ecosystem, facilitating communication between robots, devices, and their environment. Functioning as a universal "nervous system," it gathers real-time status of devices, orchestrates workflows, and ensures interoperability across hardware, software, and human interactions. Our YJ-AIoT components include elevator component, telecommunication component and access control component.

YJ-Transformer modules include (i) modular upper compartments for our UP Series, and (ii) standalone smart vending machines, designed to be compatible with our robots. The modular upper compartments act as versatile service hubs, enabling UP Series to seamlessly convert between different functions by switching interchangeable upper compartments, such as delivering parcels or food takeouts to hotel rooms, and serving as on-site sanitization units. The smart vending machines store various items, such as amenities and snacks, autonomously process and interface with our robots to deliver orders placed by consumers via their personal devices.

Our intelligent control module is a core component for robots, combining robust hardware and advanced sensors. By integrating YJ-ROS, our proprietary AI-powered operating system, the intelligent control module delivers reliable and scalable performance with over-the-air (OTA) upgrades, enabling rapid deployment of robotic applications.

See "Our Products and Services — Robots and Functional Kits" for details.

Key Operating Data of Robots and Functional Kits

The table below sets forth certain key operating data of YJ-Robots and functional kits for the years indicated, as applicable:

	Year ended December 31,																	
	2022						2023						2024					
	YJ-Robots[1]						YJ-Robots[1]						YJ-Robots[1]					
	UP Series	Gogo Series	Run Series	YJ-AIoT components	YJ-Transformer modules	Intelligent control module	UP Series	Gogo Series	Run Series	YJ-AIoT components	YJ-Transformer modules	Intelligent control module	UP Series	Gogo Series	Run Series	YJ-AIoT components	YJ-Transformer modules	Intelligent control module
Sales volume *(in unit)*	nil	1,326	2,881	684	355	nil	17	3,777	1,829	987	747	nil	672	6,358	1,255	3,569	1,720	220
Average selling price[2] *(RMB in thousand)*	N/A	26.8	23.2	2.1	14.1	N/A	54.2	24.9	20.6	2.3	12.0	N/A	22.3	20.9	13.1	2.2	9.6	4.8

Notes:

(1) Historically, we also developed other types of robots, which we discontinued production or only offer at a limited scale.

(2) The average selling price is calculated by dividing the total sales amount of a product by its total sales volume during the relevant year.

See "Business — Our Products and Services — Robots and Functional Kits — Key Operating Data of Robots and Functional Kits" for details regarding the reasons for the fluctuation of the above operating data.

AI Digitalization System

Our AI digitalization system includes AI-driven robotic fundamental services and AI agent applications.

AI-driven Robotic Fundamental Services

Our AI-driven robotic fundamental services offer a comprehensive suite of services to ensure the smooth operation and optimal performance of robotic systems. Our services include the licensing of YJ-ROS, our proprietary AI-powered operating system incorporating algorithms that enables robots to achieve autonomous mobility, to other companies which engage in the development and production of robots. We also provide proactive comprehensive AI-powered support for our robots and functional kits, monitoring and examining robot status and providing 24/7 preventive maintenance by leveraging large model technology. Together, these services transform robots into intelligent and adaptive partners, reducing costs and enhancing operational efficiency. See "Our Products and Services — AI Digitalization System — AI-driven Robotic Fundamental Services" for details.

AI Agent Applications

Our AI agent applications focus on providing tailored services to meet diverse business needs through HDOS, an AI agent application that helps businesses streamline operations and enhance service efficiency. Our standard HDOS is ready-to-deploy after inputting information of the standard operating procedures (SOPs) of our customers. For instance, for hotels, the information on SOPs may include their breakfast hour and Wi-Fi passwords. Additionally, to facilitate the integration of HDOS into the existing workflow of our customers, such as hotels and courier service providers, we also launched YJ-Platform, which is designed to streamline operations, optimize efficiency, and enhance overall service delivery. See "Our Products and Services — AI Digitalization System — AI Agent Applications" for details.

OUR CORE TECHNOLOGIES

Leveraging our core technologies, we have established the essential building blocks for advanced AI agent capabilities. Our integrated approach spans multi-modal perception, enabling a profound and nuanced understanding of complex environments, as well as logical reasoning and knowledge graphs that facilitate intelligent decision-making. This robust foundation empowers our AI agents to execute tasks with precision while continuously enhancing performance through real-time feedback and iterative optimization.

Multi-modal Perception and Cognitive Synergy

Our multi-modal perception and cognitive synergy marks a significant leap forward in autonomous systems, integrating technologies to enhance perception, decision-making, and operational capabilities. By leveraging diverse sensor modalities and sophisticated data fusion techniques, this system enables our robots to interpret complex environments with accuracy and adaptability. This comprehensive approach not only improves situational awareness but also facilitates more informed and efficient decision-making, thereby optimizing overall system performance.

Cognitive Decision-making Driven by Logical Reasoning and Knowledge Graphs

Our cognitive decision-making technologies driven by logical reasoning and knowledge graphs focus on integrating logical reasoning with structured knowledge representations to enhance decision-making processes. By leveraging domain-specific semantic models, AI agent technologies, and intelligent scheduling systems, this initiative aims to address the limitations of traditional LLM approaches, such as high latency and lack of industry-specific expertise. This comprehensive approach not only improves operational efficiency but also facilitates more informed and accurate decision-making, thereby optimizing overall system performance.

Intelligent Control and Precise Execution System

Our intelligent control and precise execution system integrates advanced technologies to enhance operational efficiency and precision across various scenarios. By combining task flow optimization, intelligent scheduling, and cloud-edge collaborative architectures, this system streamlines complex processes and ensures coordination among various devices and resources. This comprehensive approach not only improves task execution accuracy but also facilitates adaptive responses to dynamic operational environments.

Self-evolving Learning and Closed-loop Feedback Optimization System

Our self-evolving learning and closed-loop feedback optimization system emphasizes continuous learning and adaptation through integrated feedback mechanisms. By combining autonomous data processing, proprietary training framework, real-time device management and intelligent analysis system, this system enables real-time synchronization and optimization across a vast network of devices. This approach not only enhances operational efficiency but also ensures that our products and services dynamically adapt to evolving environments and user needs.

See "Business — Our Core Technologies" for details.

OUR COMPETITIVE STRENGTHS

We believe that our sustainable growth in the hospitality robotic-based AI agent market can be propelled by the following competitive strengths:

- A leading hospitality robotic-based AI agent company;
- Solid robotic and AI technologies;
- Comprehensive product-service mix built for simplicity and flexibility;
- Continuing cost optimization and sustainable growth drives promising commercial prospects; and
- Visionary management team and corporate cultural that fosters innovation.

See "Business — Our Competitive Strengths" for details.

OUR MARKET OPPORTUNITIES

According to Frost & Sullivan, the total addressable market of the hospitality robotic-based AI agents in China across various scenarios in 2023 is approximately RMB980.3 billion, as calculated by multiplying the number of facilities providing hospitality services at the end of 2023 and their potential procurement demand of hardware and software of hospitality robotic-based AI agents in such year, assuming that the demand of all facilities for hardware and software of hospitality robot-based AI agents is fully addressed. Among all, approximately RMB450.0 billion of the total addressable market in 2023 is attributable to hotels, which is the largest segment of the total addressable market of the hospitality robotic-based AI agents in China in 2023, including software demand of approximately RMB46.5 billion and hardware demand of approximately RMB403.5 billion.

The hospitality robotic-based AI agent market in China has experienced rapid growth. The market size of the hospitality robotic-based AI agent market in China in terms of revenue increased from RMB1.5 billion in 2019 to RMB3.0 billion in 2023, representing a CAGR of 18.7%. Driven by advancements in AI technology, the increasing multifunctionality and scalability of hospitality robotic-based AI agents, the growing demand for premium, efficient and consistent services from downstream industries, and favorable government policies, the hospitality robotic-based AI agent market in China is estimated to further increase, reaching RMB9.7 billion by 2028, representing a CAGR of 26.5% from 2023 to 2028.

Hotel scenario is the largest segment of the hospitality robotic-based AI agent market in China from 2019 to 2023, and is expected to maintain such position up to 2028. The market size of the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue increased from RMB0.5 billion in 2019 to RMB1.1 billion in 2023, representing a CAGR of 20.8%, and is expected to reach RMB3.6 billion in 2028 with a stronger CAGR of 26.4% from 2023 to 2028. The global hospitality robotic-based AI agent market for hotel scenario has experienced significant growth. Some famous global chain hotel brands already adopted robotic-based AI agents in their hotel services. The market size of the global hospitality robotic-based AI agent market for hotel scenario in terms of revenue generated globally increased from RMB0.7 billion in 2019 to RMB1.5 billion in 2023 with a CAGR of 20.0%, indicating a rapid expansion in the adoption of robotic-based AI agents within the global hotel sector. The market size is expected to reach RMB4.8 billion in 2028 with a CAGR of 25.6% from 2023 to 2028.

OUR STRATEGIES

We intend to implement the following strategies in pursuit of our vision:

- Enhancing commercialization capabilities through exploring broader use cases and creating a vibrant ecosystem;
- Optimizing our products and services to enhance their adaptability across various industry verticals;
- Improving our technological capabilities; and
- Expanding our global presence.

See "Business — Our Strategies" for details.

OUR SALES NETWORK

Over the years, we have built up a broad and geographically diversified customer base mainly in China. We distribute our robots and functional kits through direct sales and distributors, who contribute to a broad customer coverage. Our sales team plays a vital role in shaping our brand image by directly engaging customers to introduce and demonstrate the unique features of our products and services. Well-versed in the technical and functional aspects of our offerings, they maintain regular communication with customers, gathering valuable feedback on product quality, preferences, potential improvements, and market demand. This feedback is instrumental in guiding the development and execution of our marketing strategies.

During the Track Record Period, we built an extensive sales network that played a crucial role in our success, particularly in driving revenue from the sale of our robot and functional kits. We secured 2,825, 3,431, and 3,810 new direct sale corporate customers (on an individual entity basis) in 2022, 2023 and 2024, respectively. Our team is well-versed in the hospitality robotic-based AI agent industry and works closely with customers to gather feedback on product quality, preferences, improvements, and market demand. They are also involved in planning, developing, and executing marketing strategies.

We believe that partnering with distributors allows us to leverage their local market expertise, knowledge, and established sales networks, helping us extend our reach and achieve deeper market penetration across wider geographical areas. This approach enables us to expand without incurring the significant costs associated with direct sales and marketing. Establishing a distribution network will enable us to more rapidly and cost-effectively penetrate the lower-tier markets. As a result, we have been continuously expanding our distributor network throughout the Track Record Period. As of December 31, 2022, 2023 and 2024, we had 64, 75 and 113 distributors.

See "Business — Sales and Marketing" for details.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our major customers include (i) corporate customers which purchase our robots and functional kits; and (ii) corporate customers which subscribe to our services under AI digitalization system. To a lesser extent, we also sell merchandise through our smart vending machines to individual consumers. Our customers also include distributors, who resell our products to corporate customers.

We do not have substantial reliance on any single customer. For the years ended December 31, 2022, 2023 and 2024, our revenue generated from the five largest customers in each period of the Track Record Period accounted for 23.8%, 10.9% and 14.1% of our total revenue, respectively, and our revenue generated from the largest customer in each period of the Track Record Period accounted for 5.2%, 3.4% and 4.3% of our total revenue, respectively. As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Our Suppliers

Our suppliers mainly include (i) suppliers of raw materials and components for our robots and functional kits; and (ii) OEM suppliers, which we engage to manufacture our products on OEM basis, details of which are set out in "— Production." Our raw materials and components are primarily sourced within China.

For the years ended December 31, 2022, 2023 and 2024, our purchases from the five largest suppliers in each period of the Track Record Period accounted for 24.8%, 29.4% and 44.2% of our total purchases, respectively, and our purchases from the largest supplier in each period of the Track Record Period accounted for 6.4%, 17.2% and 18.9% of our total purchases, respectively. As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

Overlapping of Customers and Suppliers

During the Track Record Period, certain of our five largest customers in each year of the Track Record Period also acted as our suppliers, or vice versa. Our Directors confirm that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis. See "Business — Overlapping of Customers and Suppliers" for more details.

Pricing

We determine prices of our products and services through a comprehensive evaluation of multiple factors. Our pricing is guided by our operational costs, with a price floor established for each of the products and services to ensure sustainability. We also consider market competition by closely monitoring the pricing strategies of competitors and making adjustments as necessary to maintain a competitive edge. Furthermore, we organize promotional activities periodically to enhance market appeal and drive sales volume, ensuring that our customers benefit from attractive and value-driven offerings.

RESEARCH AND DEVELOPMENT

We have developed strong interdisciplinary R&D capabilities that integrate expertise from various fields, including artificial intelligence, mechanical engineering, computer science, control systems, human-agent interaction, microelectronics, and sensor technology. Our in-house R&D team works to expand the functionalities and application scenarios of our products and services, tailoring them to meet the specific needs of different industries. During the Track Record Period, our research and development expenses were RMB67.8 million, RMB69.4 million and RMB57.4 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 42.0%, 47.8% and 23.4% of our total revenue for the same years, respectively.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property rights and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties.

As of the Latest Practicable Date, we owned 979 registered patents and 487 patent applications in China. As of the same date, we had 167 software copyrights in China. The intellectual properties for each of our Specialist Technology Products are all self-developed by our R&D department. We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceedings in respect of intellectual property right infringement claims against us or initiated by us. However, there are risks if we fail to protect our intellectual property rights in the future. For details, see "Risk Factors — Risks Relating to Our Research and Development and Intellectual Property Rights."

COMPETITIVE LANDSCAPE

Chinese players are dominating the global hospitality robotic-based AI agent market for hotel scenario, underscoring China's significant role in shaping the global market landscape. Our Group was the largest player in the global hospitality robotic-based AI agent market for hotel scenario in terms of revenue generated globally from this scenario in 2023, with a market share of 9.0%. The competitive landscape underscores the dynamic nature of the global hospitality robotic-based AI agent market for hotel scenario, with companies jockeying for position and market share. The hospitality robotic-based AI agent market for hotel scenario in China has a similar competitive landscape with the global hospitality robotic-based AI agent market for hotel scenario, leading by the same top five players. Collectively, the top five players accounted for a total market share of 27.6% in 2023 in terms of revenue generated in China from hotel scenario. Our Group was the largest player in the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue generated in China from hotel scenario in 2023, with a market share of 12.2%.

RISK FACTORS

We are a Specialist Technology Company seeking to [**REDACTED**] on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. We are at a relatively early stage of commercialization of our products and services. In addition, we have a history of experiencing net loss. We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our general operations and industry; (ii) risks relating to our research and development and intellectual property rights; (iii) risks relating to our financial condition and need for additional capital; (iv) risks relating to doing business in the jurisdiction where we operate; and (v) risks relating to the [**REDACTED**].

As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to [**REDACTED**] in our [**REDACTED**]. Some of the major risk factors that we face include:

- We have a limited track record in commercialization of our products and services.

- The size of our total addressable markets and the demand for our products and services may not be as large as we anticipate due to a variety of factors.

- The markets in which we participate are increasingly competitive, and if we do not compete effectively, our business and results of operations could be adversely affected.

- We depend on sales to our distributors for a certain portion of our revenue, and distributors are expected to remain important in our sales network. If distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.

- If we are unable to develop and introduce new products and services or effectively respond to the evolving technology and market dynamics of the hospitality robotic-based AI agent industry, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

- We may not be able to obtain or maintain adequate intellectual property rights protection for our products and services, or the scope of such intellectual property rights protection may not be sufficiently broad to protect us from all potential threats to our competitive advantage.

- If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling the products or services involved.

- We may not be able to obtain additional capital when desired, on favorable terms or at all.

- We expect to incur significant R&D expenditures and capital expenditures for our business operations, R&D and expansion plans, which may adversely affect our short-term cash flow, liquidity and profitability.

- We have incurred net losses during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the near future, and we recorded net current liabilities and total deficits during the Track Record Period.

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, Ms. Zhi controlled the exercise of the voting rights attaching to an aggregate of approximately 36.52% of our total issued share capital, including (i) approximately 9.73% of the voting rights directly held by her; (ii) approximately 12.15% of the voting rights controlled by Ms. Zhi through being the general partner of Yunji Angel Management, including approximately 7.08% of the voting rights directly held by Yunji Angel Management and approximately 5.07% of the voting rights deferred to, and exercised in accordance with, the directions of Yunji Angel Management by the Investor Voting Grantors; and (iii) approximately 14.64% of the voting rights deferred to, and exercised in accordance with, the directions of Ms. Zhi by the Individual Voting Grantors.

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Ms. Zhi will control the exercise of the voting rights attaching to an aggregate of approximately [**REDACTED**]% of our enlarged total issued share capital. Therefore, Ms. Zhi will be our Controlling Shareholder after the [**REDACTED**] for the purpose of the Listing Rules. See "Relationship with Our Controlling Shareholder" for further details.

[REDACTED] INVESTMENTS

To support the development and operation of our principal business and other general working capital of our Group, we have received eight rounds of [**REDACTED**] Investments since our establishment. See "History, Development and Corporate Structure — [**REDACTED**] Investments" for details of our [**REDACTED**] investments and the identity and background of our [**REDACTED**] Investors.

[REDACTED] ESOP

To motivate and encourage our officer, employee and consultant to further promote our business development, on December 31, 2020, our Company adopted the [**REDACTED**] ESOP, which was amended on February 11, 2025. As of the Latest Practicable Date, share awards corresponding to 4,376,375 underlying Shares representing approximately [**REDACTED**]% of the total issued Shares immediately after the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) had been conditionally granted by our Company to a total of 77 participants under the [**REDACTED**] ESOP. See "Appendix VI — Statutory and General Information — D. [**REDACTED**] ESOP" for the principal terms of the [**REDACTED**] ESOP.

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I. You should read this summary in conjunction with our consolidated financial information included in the Accountants' Report set out in Appendix I, including the accompanying notes, and the information set forth in "Financial Information."

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth key consolidated statements of profit or loss and comprehensive income items for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	**161,280**	**100.0**	**145,153**	**100.0**	**244,775**	**100.0**
Cost of sales	(122,009)	(75.7)	(105,996)	(73.0)	(138,357)	(56.5)
Gross profit	**39,271**	**24.3**	**39,157**	**27.0**	**106,418**	**43.5**
Research and development expenses	(67,761)	(42.0)	(69,443)	(47.8)	(57,386)	(23.4)
Selling and marketing expenses	(103,565)	(64.2)	(56,790)	(39.1)	(58,188)	(23.8)
Administrative expenses	(106,510)	(66.0)	(56,553)	(39.0)	(56,121)	(22.9)
Other net income	15,809	9.8	18,818	13.0	22,007	9.0
Impairment losses recognized on trade receivables	(10,075)	(6.2)	(7,647)	(5.3)	(9,657)	(3.9)
Loss from operations	(232,831)	(144.4)	(132,458)	(91.3)	(52,927)	(21.6)
Finance costs	(1,081)	(0.7)	(557)	(0.4)	(167)	(0.1)
Changes in the carrying amount of redemption liabilities	(131,508)	(81.5)	(131,508)	(90.6)	(131,869)	(53.9)
Loss before taxation	**(365,420)**	**(226.6)**	**(264,523)**	**(182.2)**	**(184,963)**	**(75.6)**
Income tax	–	–	–	–	–	–
Loss and total comprehensive income for the year attributable to equity shareholders of the Company	**(365,420)**	**(226.6)**	**(264,523)**	**(182.2)**	**(184,963)**	**(75.6)**

Our total revenue experienced a slight decline of 10.0%, decreasing from RMB161.3 million for the year ended December 31, 2022 to RMB145.2 million for the year ended December 31, 2023, primarily due to our strategic adjustments on our product strategy to adapt to economic challenges and market changes, and temporary fluctuations in our AI agent applications during its initial development phase. However, our revenue rebounded significantly, rising by 68.6% from RMB145.2 million for the year ended December 31, 2023 to RMB244.8 million for the year ended December 31, 2024, mainly because our accumulated efforts on and resources devoted to our current products and services and our enhanced cross-selling ability have well-grounded us for accelerated growth, following our strategic realignment in 2023. Our net loss decreased during the Track Record Period, primarily attributable to our growing revenue and effective cost and expense control to improve overall operational efficiency. See "Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income" for more detailed discussions in this regard.

Non-IFRS Measure

To supplement our financial information, which is presented in accordance with IFRS Accounting Standards, we also provide adjusted net loss as a non-IFRS measure, which is unaudited in nature and is not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year, aiming to provide useful information to investors in understanding and evaluating our results of operations in the same manner it helped our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies as they do not have a standardized meaning. The application of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss (non-IFRS measure) as loss and total comprehensive income for the year attributable to our equity shareholders adjusted by adding back [**REDACTED**] expenses, share-based payment expenses and changes in the carrying amount of redemption liabilities. We eliminate the potential impacts of these items that our management does not consider to be indicative of our core operating performance, as they are either non-cash, non-operating or one-off expenses. [**REDACTED**] expenses are one-off expenses relating to the [**REDACTED**]. Changes in the carrying amount of redemption liabilities and share-based payment expenses are also non-cash in nature and are not directly correlated with our principal business. In particular, changes in the carrying amount of redemption liabilities are related to the redemption right granted to our [**REDACTED**] Investors. Such redemption liabilities will be reclassified from liabilities to equity upon [**REDACTED**] and are not expected to recur thereafter. The following table reconciles our adjusted net loss (non-IFRS measure) for the years indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards, which is the loss and total comprehensive income for the year attributable to our equity shareholders:

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Loss and total comprehensive income for the year attributable to equity shareholders of the Company	**(365,420)**	**(264,523)**	**(184,963)**
Add:			
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Share-based payment expenses	–	12,558	22,297
Changes in the carrying amount of redemption liabilities	131,508	131,508	131,869
Adjusted net loss (non-IFRS measure)	**(233,912)**	**(120,457)**	**(27,559)**

Summary of Consolidated Statements of Financial Position

The following table sets forth our financial position as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Total non-current assets	30,902	101,147	82,296
Total current assets	616,460	416,044	428,631
Total assets	647,362	517,191	510,927
Total current liabilities	1,720,245	1,849,327	2,010,290
Net current liabilities	(1,103,785)	(1,433,283)	(1,581,659)
Total assets less current liabilities	(1,072,883)	(1,332,136)	(1,499,363)
Total non-current liabilities	31,208	23,920	19,359
Net liabilities	(1,104,091)	(1,356,056)	(1,518,722)
Total deficits	(1,104,091)	(1,356,056)	(1,518,722)

We recorded total deficits as of December 31, 2022, 2023 and 2024, primarily due to the large amount of financial liabilities arising from the redemption right granted to our [**REDACTED**] Investors. We expect to achieve a net assets position upon [**REDACTED**], as the redemption liabilities will be reclassified from liabilities to equity upon [**REDACTED**].

Our net current liabilities increased from RMB1,433.3 million as of December 31, 2023 to RMB1,581.7 million as of December 31, 2024, primarily due to (i) an increase of RMB131.9 million in redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors; (ii) a decrease of RMB29.6 million in the total of cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL; and (iii) a decrease of RMB19.4 million in trade and bills payables mainly due to the increase in procurement as we expanded our business.

Our net current liabilities increased from RMB1,103.8 million as of December 31, 2022 to RMB1,433.3 million as of December 31, 2023, primarily due to (i) a decrease of RMB165.3 million in the total of cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL, as we placed part of our funds in non-current time deposits; (ii) an increase of RMB131.5 million in redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors; and (iii) a decrease of RMB25.9 million in trade receivables due to our accelerated settlement with customers as we implemented a more stringent credit policy for our customers in 2023.

For details of our financial position, see "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position." For details of our consolidated statements of changes in equity, see Accountants' Report as set out in Appendix I to this document.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Net cash used in operating activities	(170,392)	(76,370)	(41,482)
Net cash generated from/(used in) investing activities	231,703	153,224	(18,049)
Net cash generated from/(used in) financing activities	3,759	(14,371)	(9,121)

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Net increase/(decrease) in cash and cash equivalents	65,070	62,483	(68,652)
Cash and cash equivalents at the beginning of the year	46,582	111,656	174,133
Effects of exchange rate changes on the balance of cash held in foreign currencies	4	(6)	–
Cash and cash equivalents at the end of the year	**111,656**	**174,133**	**105,481**

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		%	
Profitability ratios			
Revenue growth rate	N/A	(10.0)	68.6
Gross profit growth rate	N/A	(0.3)	171.8
Gross profit margin	24.3	27.0	43.5
Net loss margin	(226.6)	(182.2)	(75.6)
Adjusted net loss margin (non-IFRS measure)	(145.0)	(83.0)	(11.3)

	As of December 31,		
	2022	2023	2024
Liquidity ratios			
Current ratio	0.4	0.2	0.2
Capital adequacy ratio			
Gearing ratio	1.5	1.3	1.2

See "Financial Information — Key Financial Ratios" for details regarding the calculation and reasons for the fluctuation of the above ratios.

Burn Rate

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) payments for property and equipment, (iii) payments for intangible assets, (iv) capital element of lease payments, and (v) interest element of lease payments. We consider these items to be key indicators of our operational efficiency, reflecting payments which can significantly impact our cashflow, such as our capital expenditures representing significant cash outflows, our investment in intellectual property or technology, and the costs of lease obligations, all of which may occur on a regular basis. Our historical cash burn rate was RMB15.9 million, RMB7.1 million and RMB4.3 million in 2022, 2023 and 2024, respectively. Our relatively high cash burn rate in 2022 was primarily due to our higher net loss in such year resulting from higher total staff costs. We had cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL of RMB278.2 million as of December 31, 2024. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range in this document.

Backed by our strong R&D capabilities and ongoing cost control measures, we expect to achieve greater cost efficiency as our business scale continues to ramp up with our operating expenses under control. Assuming that the average cash burn rate going forward will be RMB4.3 million, similar to the cash burn rate level for the year ended December 31, 2024 based on the underlying assumptions that (i) the number of our employees will not increase significantly; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions or investments, we estimate that our cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL as of December 31, 2024 will be able to maintain our financial viability for approximately [64.2] months or, if we take into account [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we also take into account [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings. See "— Indebtedness."

We have no immediate plan for future financing after the [**REDACTED**] taking into account our available cash, [**REDACTED**] from the [**REDACTED**] and based on our cash burn rate. However, with the continuing expansion of our business and development of our products and services, or if we discover suitable targets for acquisition or business collaboration, we could not exclude the possibility to require further funding through public or private equity offerings, debt financing and other sources. We will comply with applicable laws and regulations, including requirements under the Listing Rules, when we proceed with such financings.

We expect our costs and expenses will continue to increase as our business grows, but we expect our adjusted net loss (non-IFRS measure) to continue narrowing down in 2025.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material changes to our business model and the general economic and regulatory environment in which we operate, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants' Report in Appendix I to this document.

We expect to incur adjusted net loss (non-IFRS measure) and loss from operations for the year ending December 31, 2025, primarily due to the expected substantial research and development expenses.

[**REDACTED**]

[REDACTED]

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
Market capitalization of our Shares(1) . .	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted net tangible assets per Share(2).	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) See "Appendix II — Unaudited [**REDACTED**] Financial Information" for further details regarding the assumptions used and the calculation method.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses primarily include [**REDACTED**], professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of our indicative [**REDACTED**] range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) (including (i) [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and Financial Reporting Council transaction levy for all [**REDACTED**] of approximately HK$[**REDACTED**]; and (ii) non-[**REDACTED**] related expenses of approximately HK$[**REDACTED**], which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK$[**REDACTED**]; and (b) sponsor fee and other fees and expenses of approximately HK$[**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**].

During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]), of which RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) was recognized as administrative expenses in the consolidated statements of profit or loss and other comprehensive income and RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) was directly attributable to the issuance of [**REDACTED**] which is expected to be charged against equity upon the [**REDACTED**]. We expect to incur additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]), of which approximately RMB[**REDACTED**] (equivalent to HK[**REDACTED**]) is expected to be recognized as administrative expenses in the consolidated statements of profit or loss and other comprehensive income and approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) is expected to be recognized as a deduction in equity directly upon the [**REDACTED**].

DIVIDENDS AND DIVIDEND POLICY

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. We do not currently have a formal dividend policy.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

During the Track Record Period, we did not declare or pay any dividend. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

USE OF [REDACTED]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-end of the [**REDACTED**] range stated in this document), will be approximately HK$[**REDACTED**], after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes:

Approximately HK$[REDACTED]	Percentage of [REDACTED]	Future Plans
[REDACTED]	[REDACTED]%	continuously enhance our R&D capabilities
[REDACTED]	[REDACTED]%	improve our commercialization capabilities in and beyond the PRC
[REDACTED]	[REDACTED]%	working capital and other general corporate purposes

See "Future Plans and Use of [**REDACTED**]" for further information relating to our future plans and use of [**REDACTED**] from the [**REDACTED**].

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in "Glossary."

"Accountants' Report"	the accountants' report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Alibaba Internet Technology"	Alibaba (China) Internet Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司), a limited liability company established in the PRC on September 9, 1999 and our former Shareholder
"AlphaX"	AlphaX Partners Fund I L.P., an exempted limited partnership incorporated in Cayman Islands on March 23, 2016 and one of our Series B Strategic Investors, Series C Investors and Series D Investors
"Anhui Artificial Intelligence Company"	Anhui Artificial Intelligence Industry Investment Development Co., Ltd. (安徽省人工智能產業投資發展有限公司), a limited liability company established in the PRC on January 28, 2014, one of our Series Angel Investors and our Series A Investor
"Anhui Yunzhiji"	Anhui Yunzhiji Information Technology Co., Ltd. (安徽雲之迹信息技術有限公司), a limited liability company established in the PRC on August 27, 2014 and a wholly-owned subsidiary of our Company
"Articles of Association"	the articles of association of our Company conditionally adopted by our Shareholders on February 6, 2025 with effect from the [**REDACTED**], as amended from time to time, a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board

"Beijing Onion"	Beijing Onion Investment Management Co., Ltd. (北京洋葱投資管理有限公司), a limited liability company established in the PRC on July 21, 2014 and our former Shareholder
"Beijing Qiming"	Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啟明融新股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 23, 2020 and one of our Series C Investors and Series D Investors
"Beijing Yunxuan"	Beijing Yunxuan Technology Co., Ltd. (北京雲選科技有限公司), a limited liability company established in the PRC on April 9, 2019 and a non-wholly-owned subsidiary of our Company
"Beijing Zhengzhi"	Beijing Zhengzhi Technology Co., Ltd. (北京正智科技有限公司), a limited liability company established in the PRC on June 30, 2020 and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	our board of Directors
"Board of Supervisors"	our board of Supervisors
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday, or public holiday in Hong Kong
"CAC"	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
"CAGR"	compound annual growth rate, calculated by dividing the ending value by the beginning value of a period, raised to the power of one divided by the number of years within the period, and subtracting one from the subsequent result

[**REDACTED**]

"Chengdu Yunkuo"	Chengdu Yunkuo Technology Co., Ltd. (成都雲擴科技有限公司), a limited liability company established in the PRC on February 8, 2021 and a wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CITIC Securities Investment"	CITIC Securities Investment Limited (中信証券投資有限公司), a limited liability company established in the PRC on April 1, 2012 and one of our Series C Investors
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CNIPA"	the China National Intellectual Property Administration (國家知識產權局)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Beijing Yunji Technology Co., Ltd. (北京雲迹科技股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 6, 2021, or, where the context requires (as the case may be), its predecessor with the same English name (北京雲迹科技有限公司), a limited liability company established in the PRC on January 29, 2014
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Ms. Zhi

"Conversion of Unlisted Shares into H Shares"	the conversion of [**REDACTED**] Unlisted Shares into H Shares on a one-for-one basis upon the completion of the [**REDACTED**]. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [●] and an application for H Shares to be [**REDACTED**] on the Stock Exchange has been made to the Stock Exchange
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"Feidian"	AlphaX, Feidian No. 1, Feidian No. 2, Shanghai Feidian, Shanghai Yushu and Hainan Feidian
"Feidian No. 1"	Gongqingcheng Feidian Yunji Investment Partnership (Limited Partnership) (共青城沸點雲迹投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 16, 2020 and one of our Series C Investors

"Feidian No. 2"	Gongqingcheng Feidian Yunji No. 2 Investment Partnership (Limited Partnership) (共青城沸點雲迹二號投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 31, 2021 and one of our Series C Investors
"FIL"	Foreign Investment Law of the PRC (中華人民共和國外商投資法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document

[**REDACTED**]

"Granted Investor Shares"	Shares held by the Investor Voting Grantors, the voting rights attaching to which shall always be deferred to, and exercised in accordance with, the directions of Yunji Angel Management in general meetings of our Company pursuant to the Investor Voting Agreements
"Group", "our Group", "our", "we" or "us"	our Company and our subsidiaries at the relevant time
"Guangkong Zhongying"	Zhuhai Guangkong Zhongying Industrial Investment Fund Partnership (Limited Partnership) (珠海光控眾盈產業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on August 30, 2016 and one of our Series B Investors
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024

"H Share(s)"	ordinary shares of the Company of which an application has been made for [**REDACTED**] and permission to [**REDACTED**] on the Stock Exchange with nominal value of RMB1.0 each

[**REDACTED**]

"Haihang Chuangtou"	Haihang Tourism Innovation Investment Co., Ltd. (海航旅業創新投資有限公司), a limited liability company established in the PRC on March 2, 2016 and our former Shareholder
"Hainan Feidian"	Hainan Feidian Weiyun Venture Capital Investment Private Equity Fund Partnership (Limited Partnership) (海南沸點微雲創業投資私募基金合夥企業(有限合夥)), a limited partnership established in the PRC on April 13, 2021 and one of our Series D Investors
"Hainan Yunji"	Hainan Yunji Technology Co., Ltd. (海南雲迹科技有限公司), a limited liability company established in the PRC on May 11, 2021 and a wholly-owned subsidiary of our Company
"Haiyin"	Wenzhou Haiyin and Tianjin Haiyin
"Hangzhou Haoyue"	Hangzhou Haoyue Enterprise Management Co., Ltd. (杭州灝月企業管理有限公司), a limited liability company established in the PRC on October 24, 2023 and one of our Series D Investors
"Henan Ketou"	Henan Ketou Industrial Development Investment Fund (Limited Partnership) (河南省科投產業發展投資基金(有限合夥)), a limited partnership established in the PRC on November 9, 2020 and one of our Series D Investors
"Henan Yunji"	Henan Yunji Intelligent Technology Co., Ltd. (河南雲迹智能技術有限公司), a limited liability company established in the PRC on October 29, 2021 and a wholly-owned subsidiary of our Company

[**REDACTED**]

[**REDACTED**]

"HK Yunji"	SkyTread Technology Co., Limited, a limited company incorporated in Hong Kong on September 20, 2024 and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"IFRS Accounting Standards"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"IIT"	individual income tax in the PRC
"Independent Third Party(ies)"	a person or entity which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
"Individual Voting Agreement"	the acting-in-concert agreement entered into between the Individual Voting Grantors and Ms. Zhi regarding certain arrangements for voting rights in our Company, details of which are set out in "History, Development and Corporate Structure — Voting Arrangements"
"Individual Voting Grantor(s)"	Mr. Hu Quan (胡泉), Mr. Wu Minghui (吳明輝), Mr. Li Quanyin (李全印) and Mr. Zhang Heguang (張和光)

[**REDACTED**]

[**REDACTED**]

"Investor Voting Agreement(s)"	the acting-in-concert agreement(s) entered into between the Investor Voting Grantors and Yunji Angel Management regarding certain arrangements for voting rights in our Company, details of which are set out in "History, Development and Corporate Structure — Voting Arrangements"
"Investor Voting Grantor(s)"	Wenzhou Haiyin, Guangkong Zhongying, Maoji No. 2 and Maoji No. 1

[**REDACTED**]

"Joint Sponsors"	CITIC Securities (Hong Kong) Limited and CCB International Capital Limited
"Lanting"	Lanting Shiling and Lanting Qiyue
"Lanting Qiyue"	Ningbo Lanting Qiyue Investment Management Partnership (Limited Partnership) (寧波瀾亭啟悅投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 8, 2018 and one of our Series C Investors

"Lanting Shiling"	Ningbo Lanting Shiling Investment Partnership (Limited Partnership) (寧波瀾亭視聆投資合夥企業(有限合夥)), a limited partnership established in the PRC on August 2, 2016 and our Series A+ Investor and one of our Series A+ Strategic Investors
"Latest Practicable Date"	March 12, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
"Lenovo Fund"	Hubei Lenovo Yangtze River Technology Industrial Fund Partnership (Limited Partnership) (湖北省聯想長江科技產業基金合夥企業(有限合夥)), a limited partnership established in the PRC on May 16, 2018 and one of our Series B Strategic Investors and Series C Investors
"Linzhi Tencent"	Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司), a limited liability company established in the PRC on October 26, 2015 and one of our Series A+ Strategic Investors and Series C Investors

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Maoji"	Maoji No. 1 and Maoji No. 2
"Maoji No. 1"	Jiaxing Maoji No. 1 Equity Investment Partnership (Limited Partnership) (嘉興茂迹壹號股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 8, 2019 and one of our Series B Investors

"Maoji No. 2"	Jiaxing Maoji No. 2 Equity Investment Partnership (Limited Partnership) (嘉興茂迹貳號股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 8, 2019 and one of our Series B Investors
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Zhi"	Ms. Zhi Tao (支濤), our Controlling Shareholder, co-founder, chairwoman of the Board, executive Director and president
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

"Onion Investment"	Changzhou Onion Equity Investment Partnership (Limited Partnership) (常州洋蔥股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 26, 2014 and our former Shareholder

[**REDACTED**]

"Overseas Listing Trial Measures"	Trial Administrative Measures of the 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》) released by the CSRC on February 17, 2023 and effective on March 31, 2023
"Pathfinder SII(s)"	has the meaning ascribed thereto in Chapter 2.5 of the Guide for New Listing Applicants, and unless the context otherwise requires, refers to our pathfinder sophisticated independent investors the details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments — Information about the [**REDACTED**] Investors — Pathfinder SIIs"
"PBOC"	the People's Bank of China (中國人民銀行)
"People's Congress"	the PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal, and other regional or local people's congresses) as the context may require, or any of them
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	Accounting Standards for Business Enterprises (《企業會計準則》) issued by the Ministry of Finance of the PRC, as amended, supplemented or otherwise modified from time to time

"PRC Legal Advisors"	Haiwen & Partners, our legal advisors as to PRC laws (including PRC data compliance laws)
"[**REDACTED**] ESOP"	the employee stock ownership plan adopted by our Company on December 31, 2020 and amended on February 11, 2025, the principal terms of which are summarized in "Appendix VI — Statutory and General Information — D. [**REDACTED**] ESOP"
"[**REDACTED**] Investments"	the [**REDACTED**] investments in our Company undertaken by various investors, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"[**REDACTED**] Investors"	the investors of our Company as set out in "History, Development and Corporate Structure — [**REDACTED**] Investments — Information about the [**REDACTED**] Investors"

[**REDACTED**]

"QM165"	QM165 Limited, a company incorporated in Hong Kong with limited liability on November 2, 2020 and one of our Series C Investors and Series D Investors
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	the lawful currency of the PRC
"Ruiju Investment"	Zhuhai Hengqin Ruiju Equity Investment Partnership (Limited Partnership) (珠海橫琴睿聚股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 8, 2021 and one of our Series D Investors

DEFINITIONS

"SAFE"	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會)
"SAT"	State Administration of Taxation of the PRC (中國國家稅務總局)
"Series A Investment"	the series A investment in our Group, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"Series A Investor"	Anhui Artificial Intelligence Company
"Series A+ Investment"	the series A+ investment in our Group, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"Series A+ Investor"	Lanting Shiling
"Series A+ Strategic Investment"	the series A+ strategic investment in our Group, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"Series A+ Strategic Investors"	Linzhi Tencent and Lanting Shiling
"Series Angel Investment"	the series angel investment in our Group, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"Series Angel Investor"	Anhui Artificial Intelligence Company and Mr. Zhu Zigang (朱子剛)
"Series B Investment"	the series B investment in our Group as described in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"Series B Investors"	Maoji No. 2, Shanghai Kehui, Guangkong Zhongying, Wenzhou Haiyin and Maoji No. 1

"Series B Strategic Investment"	the series B strategic investment in our Group, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments — Overview"
"Series B Strategic Investors"	Lenovo Fund, Shanghai Yushu, AlphaX and TransLink
"Series C Investment"	the series C investment in our Group, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"Series C Investors"	QM165, Feidian No. 2, CITIC Securities Investment, Linzhi Tencent, Beijing Qiming, Feidian No. 1, Lenovo Fund, Shanghai Yushu, AlphaX and Lanting Qiyue
"Series D Investment"	the series D investment in our Group, details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments"
"Series D Investors"	Ruiju Investment, Hangzhou Haoyue, Henan Ketou, Shanghai Feidian, QM165, Taizhoudongnanwentou Fund, Hainan Feidian, Tianjin Haiyin, Beijing Qiming and AlphaX
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Feidian"	Shanghai Feidian Hongjing Private Equity Investment Fund Partnership (Limited Partnership) (上海沸點弘璟私募投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on August 13, 2021 and one of our Series D Investors
"Shanghai Kehui"	Shanghai Kehui Venture Capital Investment Co., Ltd. (上海科慧創業投資有限公司), a limited liability company established in the PRC on May 21, 2013 and one of our Series B Investors
"Shanghai Renyun"	Shanghai Renyun Technology Co., Ltd. (上海人雲科技有限公司), a limited liability company established in the PRC on December 27, 2016 and a wholly-owned subsidiary of our Company

"Shanghai Yushu"	Shanghai Yushu Feidian Investment Partnership (Limited Partnership) (上海雨樹沸點投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 7, 2016 and one of our Series B Strategic Investors and Series C Investors
"Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.0 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of our Shares
"Shenzhen Yunzhiji"	Shenzhen Yunzhiji Information Technology Co., Ltd. (深圳雲之迹信息技術有限公司), a limited liability company established in the PRC on October 30, 2018 and a wholly-owned subsidiary of our Company
"Sophisticated Independent Investors"	has the meaning ascribed thereto in Chapter 2.5 of the Guide for New Listing Applicants, and unless the context otherwise requires, refers to our sophisticated independent investors the details of which are set out in "History, Development and Corporate Structure — [**REDACTED**] Investments — Information about the [**REDACTED**] Investors"
"Specialist Technology Company"	has the meaning ascribed thereto under Chapter 18C of the Listing Rules
"Specialist Technology Industry"	has the meaning ascribed thereto under Chapter 18C of the Listing Rules
"Specialist Technology Product(s)"	has the meaning ascribed thereto under Chapter 18C of the Listing Rules

[**REDACTED**]

"State Council"	the State Council of the People's Republic of China (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Suzhou Yunji"	Suzhou Yunji Technology Co., Ltd. (蘇州雲迹科技有限公司), a limited liability company established in the PRC on September 14, 2018 and a wholly-owned subsidiary of our Company
"Taizhoudongnanwentou Fund"	Taizhou Southeast Wentou Culture Tourism Industrial Development Fund Partnership (Limited Partnership) (泰州東南文投文化旅遊產業發展基金合夥企業(有限合夥)), a limited partnership established in the PRC on January 8, 2020 and one of our Series D Investors
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks, as amended, supplemented or otherwise modified from time to time
"Tianjin Haiyin"	Tianjin Haiyin Qianshao Equity Investment Partnership (Limited Partnership) (天津海銀前哨股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 29, 2021 and one of our Series D Investors
"Track Record Period"	the financial years ended December 31, 2022, 2023 and 2024
"TransLink"	China Mobility (HK) Limited, a company incorporated in Hong Kong with limited liability on August 31, 2018 and one of our Series B Strategic Investors

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

"Unlisted Shares"	ordinary shares in the share capital of our Company with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi and are unlisted shares not currently listed or traded on any stock exchange
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the US Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"WeChat mini-program"	a small application function within WeChat that provides specific features to WeChat users
"Wenzhou Haiyin"	Wenzhou Haiyin Qianshao Equity Investment Partnership (Limited Partnership) (溫州海銀前哨股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on February 6, 2018 and one of our Series B Investors
"Yunji Angel Management"	Beijing Yunji Angel Management Partnership (Limited Partnership) (北京雲迹天使管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 30, 2015 and an employee stock ownership platform of our Company
"Yunji Angel No. 1"	Tianjin Yunji Angel No. 1 Partnership Enterprise (Limited Partnership) (天津雲迹天使一號合夥企業(有限合夥)), a limited partnership established in the PRC on April 20, 2021 and an employee stock ownership platform of our Company
"Yunji Angel No. 2"	Tianjin Yunji Angel No. 2 Technology Partnership Enterprise (Limited Partnership) (天津雲迹天使二號科技合夥企業(有限合夥)), a limited partnership established in the PRC on April 20, 2021 and an employee stock ownership platform of our Company

"Yunji Angel No. 3"	Tianjin Yunji Angel No. 3 Technology Partnership Enterprise (Limited Partnership) (天津雲迹天使三號科技合夥企業(有限合夥)), a limited partnership established in the PRC on April 20, 2021 and an employee stock ownership platform of our Company
"Yunji Angel No. 4"	Tianjin Yunji Angel No. 4 Technology Partnership Enterprise (Limited Partnership) (天津雲迹天使四號科技合夥企業(有限合夥)), a limited partnership established in the PRC on April 20, 2021 and an employee stock ownership platform of our Company
"Yunji Angel No. 5"	Tianjin Yunji Angel No. 5 Technology Partnership Enterprise (Limited Partnership) (天津雲迹天使五號科技合夥企業(有限合夥)), a limited partnership established in the PRC on April 22, 2021 and an employee stock ownership platform of our Company
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese names shall prevail.

This glossary of technical terms contains terms used in this document as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"AI"	artificial intelligence
"AI agent"	an artificial intelligence that possesses autonomous perception, memory, reasoning analysis, decision-making and action execution capabilities, which can directly provide end-to-end and continuous iterative solutions tailored to specific tasks
"AIoT"	artificial intelligence of things, the combination of AI technologies with the IoT infrastructure
"algorithm"	a procedure or set of rules used in calculation and problem-solving by computer systems
"API"	application programming interface, a type of software interface offering a service to other pieces of software
"APP" or "App"	application software designed to run on smartphones and other mobile devices
"architecture"	the structure under which an information system's hardware, software, data and communication capabilities are put together
"B2B"	business to business, a type of commerce transaction in which businesses sell products or services to businesses rather than to individual consumers
"B2C"	business to consumer, a type of commerce transaction in which businesses sell products or services directly to individual consumers
"big data"	large and diverse dataset that can reveal concealed patterns, unidentified connections, market tendencies, customer inclinations, and other beneficial information resources under new processing model that enhances decision-making power, insight and processing optimization capabilities

"cloud"	the computers and connections that support cloud computing
"cloud-based"	applications, services or resources made available to users on demand via the internet from a cloud computing provider's servers with access to shared pools of configurable resources
"cloud computing"	the delivery of computing services, including servers, storage, databases, networking, software, over the internet, enabling flexible resources and economies of scale
"composite polymorphic robot(s)"	a type of intelligent robotics system designed to address the evolving demands of future manufacturing and service industries, which integrate advanced technologies, including multimodal large-scale AI models, embodied AI agents, novel sensor fusion, adaptive control systems, and modular execution architectures, to achieve versatile, flexible and highly efficient performance; and where the context refers to our product, the combination of our UP Series and YJ-Transformer modules
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus
"CPU"	central processing unit, the central unit in a computer containing the logic circuitry that performs the instructions of a computer program
"CRM"	customer relationship management
"data analysis"	the process of inspecting, cleansing, transforming, and modeling data to discover useful information, draw conclusions, and support decision-making
"data integration"	the process of combining data from different sources to provide a unified view, enabling more comprehensive analysis and decision-making

"deep learning"	a subset of machine learning involving neural networks with multiple layers, enabling the modeling of complex patterns in data for tasks like image recognition and natural language processing
"disembodied AI agent(s)"	an advanced form of AI agent that performs high-level cognitive functions through abstract computation, symbolic reasoning, structured data manipulation, and predictive mechanisms, with its essence lying in generalized problem-solving, adaptability across contexts, and foresight of future states, all independent of physical embodiment
"embodied AI agent(s)"	an AI agent that interacts with the physical environment through real-time sensorimotor loops, using its embodiment as a medium for dynamic adaptation and evolution within complex scenarios, with its essence rooted in dynamic cognition and self-adaptive evolution based on physical embodiment
"ERP"	enterprise resource planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and digitalize back-office functions relating to technology, services, and human resources
"ESG"	environmental, social and governance
"FOC"	field-oriented control, an advanced control technology for alternating current motors
"Fully Autonomous Closed-loop Learning System"	our proprietary system that manages the entire data lifecycle, from collection and processing to analysis and dissemination, with minimal or no human intervention
"GFA"	gross floor area
"GMV"	gross merchandise volume, including the value of all transactions, regardless of whether the payments have been received or the products have been delivered
"GPS"	the Global Positioning System

"GPU"	graphic processing unit, a specialized electronic circuit designed to rapidly manipulate and alter memory to accelerate the creation of images
"HDOS"	Hospitality Digital Operating System, our disembodied AI agent and software services augmented by AI. HDOS mainly features AI concierge services, service order management, complaint alerts and reporting and analytic tool
"hospitality"	in the context of an AI agent, refers to the delivery of human-centric services that cater to a wide range of needs across various scenarios. It is not limited to traditional scenarios like hotels and restaurants but extends to healthcare facilities, factories, commercial buildings, communities and entertainment venues. Hospitality services, when enhanced by AI, become scalable, adaptive, and capable of delivering personalized, efficient, and empathetic experiences in diverse scenarios
"integrated robot(s)"	an integrated and independently functional robot system, which includes all the hardware and software components required for the operation of the robot
"Intelligent AIoT Scheduling Platform"	our cloud-based orchestration system integrating AIoT technologies to dynamically manage and optimize large-scale deployments of robots, IoT devices, and human workflows through adaptive algorithms, real-time data analytics, and machine learning
"intelligent control module"	one of our product lines under functional kits, a highly integrated hard component for robots, integrating, advanced sensors, and YJ-ROS that enable robots to achieve intelligent mobility
"IoT"	internet of things, the concept of connecting physical devices to a large, interconnected network
"IT"	information technology
"KA clients"	key account client groups of the Company which have third-party payment arrangements with us, consisting of hotel chain groups

"KPIs"	key performance indicators
"KYC"	know your customer, a process that obtains and verifies customer information
"LiDAR"	a sensing or detection system used for determining ranges that works on the principal of radar but uses light from a laser
"LLM(s)"	large language machine learning model, an AI algorithm that uses deep learning techniques and massively large data sets to understand, summarize, generate and predict new content
"machine learning"	a subset of artificial intelligence where algorithms improve automatically through experience and data analysis, enabling systems to make predictions or decisions without explicit programming
"MCU(s)"	micro control units, small computers on a single integrated circuit containing a processor core, memory and programmable input and output
"module"	in the context of describing our products and technology infrastructure, a module refers to a part of a system or hardware that can operate to support specific functionality, and a module is usually comprised of multiple function
"new tier-1 cities"	for the purpose of this document, Chengdu, Hangzhou, Chongqing, Suzhou, Wuhan, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Wuxi, Ningbo, Qingdao and Hefei, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2024 (2024城市商業魅力排行榜) published by PRC financial media YiCai (第一財經)
"NLP"	natural language processing, a way for computers to analyze, understand and derive meaning from human language in a smart and useful way
"OEM"	original equipment manufacturer

"over-the-air"	a technology that updates software remotely through cloud network
"platform technology"	a foundational technology that enables the development and support of various applications, products, or services, often serving as a base for innovation
"QR code"	quick response code, a type of matrix barcode or two-dimensional barcode
"R&D"	research and development
"R&D lead time"	the time span from the initiation of the R&D process of a product or solution to its completion and readiness for commercialization or practical application
"SaaS"	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
"SLAM"	simultaneous localization and mapping, a technology that allows robots to build a map of an unknown environment and localize itself in that map at the same time
"SOP(s)"	standard operating procedure(s)
"sq.m."	square meter
"total addressable market"	total addressable market, the total market demand for a product or service assuming that the demand from customers is fully addressed
"tier-1 cities"	for the purpose of this document, Beijing, Shanghai, Guangzhou and Shenzhen, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2024 (2024城市商業魅力排行榜) published by PRC financial media YiCai (第一財經)

GLOSSARY

"tier-2 cities"	for the purpose of this document, Foshan, Shenyang, Kunming, Jinan, Xiamen, Fuzhou, Wenzhou, Changzhou, Dalian, Shijiazhuang, Nanning, Harbin, Jinhua, Nanchang, Changchun, Nantong, Quanzhou, Guiyang, Jiaxing, Taiyuan, Huizhou, Xuzhou, Shaoxing, Zhongshan, Taizhou, Yantai, Zhuhai, Baoding, Weifang, and Lanzhou, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2024 (2024城市商業魅力排行榜) published by PRC financial media YiCai (第一財經)
"tier-3 cities"	for the purpose of this document, Urumqi, Linyi, Haikou, Huzhou, Yangzhou, Yancheng, Luoyang, Tangshan, Jining, Langfang, Taizhou, Ganzhou, Hohhot, Zhenjiang, Wuhu, Shantou, Handan, Jiangmen, Zibo, Yinchuan, Nanyang, Huai'an, Mianyang, Lianyungang, Fuyang, Xinxiang, Xianyang, Sanya, Weihai, Guilin, Zhangzhou, Zunyi, Yichang, Suqian, Cangzhou, Hengyang, Liuzhou, Xiangyang, Putian, Jiujiang, Heze, Chuzhou, Zhanjiang, Shangrao, Dezhou, Zhaoqing, Jieyang, Xingtai, Tai'an, Zhoukou, Zhuzhou, Yueyang, Liaocheng, Ningde, Shangqiu, Jingzhou, Changde, Yichun, Lu'an, Bengbu, Dongying, Zaozhuang, Ma'anshan, Lishui, Ordos, Anqing, Xinyang, Baotou, Nanchong and Anyang, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2024 (2024城市商業魅力排行榜) published by PRC financial media YiCai (第一財經)
"tier-4 cities"	for the purpose of this document, any other cities in the PRC that are not categorised as tier-1, new tier-1, tier-2 and tier-3 cities
"Wi-Fi"	the name of a wireless networking technology that uses radio waves to provide wireless high-speed internet and network connections
"YJ-AIoT components"	one of our product lines under functional kits, including elevator component, telecommunication component and access control component, representing our application of AIoT technologies

"YJ-NLP"	our proprietary vertical NLP framework for hospitality, integrating multi-task semantic models and closed-loop optimization to achieve high-precision intent recognition, complaint analysis, and adaptive knowledge extraction, with lightweight deployment, low-latency inference, and autonomous domain adaptation
"YJ-Platform"	one of our service offerings under AI agent applications, a platform integrating HDOS into the existing workflow of our customers
"YJ-Robots"	our product line of robots, and where the context refers to our specific products, including UP Series robots, Gogo Series robots and Run Series robots
"YJ-ROS"	one of our service offerings under AI-powered robotic fundamental services, our proprietary robot operating system powered by AI, incorporating algorithms that enable robots to achieve intelligent mobility
"YJ-Transformer modules"	one of our product lines under functional kits, including the upper compartments designed for our UP Series robots and standalone smart vending machines designed to be compatible with YJ-Robots
"YunEye system"	our proprietary robot visual perception system

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements representing our goals, expectation and views of future events, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "will," "would," "estimate," "expect," "anticipate," "plan," "aim," "going forward," "believe," "may," "intend," "ought to," "continue," "project," "should," "seek," "potential" and the negative of these words and other similar expressions. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially.

These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our operations and business prospects;
- the future competitive environment for the industry which we operate in;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- future developments in the industry which we operate in;
- general economic trends in which we operate our business;
- our ability to control costs and expenses;
- our dividend policy;
- capital market developments;
- the actions and developments of our competitors;
- change or volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- all other risks and uncertainties described in the section headed "Risk Factors."

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect our management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions. See "Risk Factors," "Business" and "Financial Information" for more details.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information. In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

An [**REDACTED**] *in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an* [**REDACTED**] *in our H Shares.*

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the [**REDACTED**] *of our H Shares could decline and you may lose all or part of your* [**REDACTED**]. *You should seek professional advice from your relevant advisors regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

We are at a relatively early stage of commercialization of our products and services. In addition, we have a history of experiencing net loss. We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our general operations and industry; (ii) risks relating to our research and development and intellectual property rights; (iii) risks relating to our financial condition and need for additional capital; (iv) risks relating to doing business in the jurisdiction where we operate; and (v) risks relating to the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

We have a limited track record in commercialization of our products and services.

We have a limited track record in launching, commercializing and marketing our products and services. We did not generate revenue from our products until 2016 from the first generation of Run series. Successful commercialization lies in our ability to identify our customers' pain points, apply our technologies to practicable scenarios and upgrade our products and services in response to market trends, all of which take time to develop. Consequently, our path to effectively commercialize our products and services may involve greater risks, longer timelines, and higher costs compared to a company with more extensive experience in these areas. In particular, launching new products and services requires additional resources. The success of our sales and marketing efforts depends on our ability to attract, motivate and retain qualified and professional employees for our commercialization team. These professionals need to possess adequate technological knowledge to communicate effectively with industry stakeholders, sufficient experience in sales and marketing as well as extensive industry networks to connect with potential customers. However, competition for experienced sales and marketing personnel is intense. Failure to secure a sufficient number of qualified sales and marketing personnel could adversely affect our ability to commercialize our products and services.

Due to our limited track record in commercialization of our products and services, there can be no assurance that the sales results of our products and services will meet our expectations and forecast, that third parties will purchase and deploy them, or that we can consistently maintain quality control. Any of these factors, individually or collectively, would hinder the commercialization of our products and services, and, in turn, would materially and adversely affect our business and results of operations.

Our historical performance may not be indicative of our future growth, and we may not be able to sustain similar growth in the future.

Our operations to date have primarily focused on building our intellectual property portfolio, conducting R&D activities and commercializing our products and services. This strategic choice required significant upfront investments in R&D activities, building our brand name and marketing our products and services to establish a competitive presence in the market. Additionally, as of the Latest Practicable Date, certain products and services remain at various stages of development. As a result of our limited operating history, and particularly in light of the rapidly evolving nature of the hospitality robotic-based AI agent industry, evaluating our current business performance and predicting future outcomes can be challenging. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects. Furthermore, we face potential unforeseen challenges, including unexpected expenses, technical or operational complications, delays and other known and unknown factors. Successfully navigating these complexities will be critical to our ability to achieve sustainable growth and deliver promising results. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

The size of our total addressable markets and the demand for our products and services may not be as large as we anticipate due to a variety of factors, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We are pursuing opportunities in rapidly evolving markets characterized by technological advancements and regulatory changes. Accurately predicting the timing and scale of the opportunities for each of our products and services in these markets are challenging. As part of our strategies, we aim to diversify and extend our presence across various scenarios such as commercial buildings, healthcare facilities and factories. Demand for our products and services depends on the sector-specific market demand in industries where our products and services are sold and the general market demand for hospitality robotic-based AI agents. See "— The markets in which we participate are increasingly competitive, and if we do not compete effectively, our business and results of operations could be adversely affected." Our success depends on the acceptance and widespread adoption of robotic and AI technologies across different sectors. Customer awareness of our products and services and the overall adoption trend for robotic and AI technologies play a critical role. However, the demand for robotic and AI technologies in the hospitality robotic-based AI agent industry is uncertain and may fluctuate. We cannot guarantee that potential customers will continue adopting robotic and AI technologies at the current pace. Moreover, as robotic and AI technologies advance and the commercialization of robots evolves, any potential factors such as declining growth in the hospitality robotic-based AI agent industry, or reductions in pricing and profit margins, could significantly affect our business and growth prospects.

Moreover, market expansion for hospitality robotic-based AI agents in China depends on several factors, including the increased deployment of robots across various scenarios, the advancement of AI, the growing prevalence of smart IoT devices, and the perceived performance and value associated with such products and services. If hospitality robotic-based AI agents do not achieve widespread acceptance, or if demand weakens by economic downturns, reduced corporate spending, technical challenges, data security or privacy concerns, governmental regulation, competing technologies and products or services or otherwise, our business, growth prospects and results of operations will be materially and adversely affected.

This document contains estimates and forecasts concerning our industries, including estimates of the total addressable markets of our products and services, that are based on industry publications and reports or other publicly available information. These estimates and forecasts involve a number of assumptions and limitations, and are subject to significant uncertainty, and you are cautioned not to give them undue weight. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of the information included. We have not independently verified such third-party information. Similarly, our internal estimates and forecasts are based on a variety of assumptions, including assumptions regarding market acceptance of hospitality robotic-based AI agents and the manner in which those new and rapidly evolving markets will develop. While we believe our assumptions and the data underlying our estimates and forecasts are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. If third-party or internally generated data proves to be inaccurate or we make errors in our assumptions based on that data, the total addressable markets for our products and services may be smaller than we have estimated, our future growth opportunities and sales growth may be smaller than we estimate, and our future business, results of operations and financial condition may be materially and adversely affected.

The markets in which we participate are increasingly competitive, and if we do not compete effectively, our business and results of operations could be adversely affected.

The hospitality robotic-based AI agent industry in which we operate is rapidly evolving and increasingly competitive, driven by technological innovations and shifting customer needs. We primarily compete with other companies focusing on developing and commercializing hospitality robotic-based AI agents. If we fail to compete with players that have a longer operating history than us, or if we do not have or in the future gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or user demand than our competitors.

We may also face competition from new entrants who offer lower prices or new technologies, products and/or services, which could intensify the level of competition in the future. In addition, third parties with greater available resources may acquire our current or potential competitors, consolidating market power and enhancing their capabilities through cooperative relationships. Such increases in competition could lead to lower sales, price reductions, reduced margins or loss of market share. To address these competitive pressures, we may be required to make substantial additional investments in research, development, sales and marketing, recruiting and retaining top R&D personnel and innovative talents. Additionally, acquiring technologies complementary to, or essential to, our current and future products and services may also be necessary. However, we cannot assure you that such measures will be effective.

Our future financial performance will depend on our ability to identify and invest in the right market opportunities at the right time. However, predicting customer demand or adoption rates for our products and services in these evolving markets is inherently challenging. Shifts in customer preferences or market dynamics may render our offerings less competitive or reduce their effectiveness. Even if the hospitality robotic-based AI agent market grows substantially, there is no guarantee that demand for our products and services will correlate with that growth. Failure to accurately forecast customer demand or respond to market trends could result in overproduction, insufficient inventory, or missed opportunities, adversely affecting our future business, results of operations and financial condition.

Developments in alternative technologies, products and services may adversely affect the demand for our products and services.

Advances in localization and mapping technology, AIoT technology and self-evolving robot navigation and traffic control technology, among others, make it possible for our robot products to be aware of their surroundings and perform multiple types of tasks safely in close proximity to human. The development of alternative technologies, products and services which provide similar functions may materially and adversely affect the growth prospects of the hospitality robotic-based AI agent industry. New technologies, products or services may emerge as preferred alternatives. Such new technologies, products and services may be more efficient, user-friendly and affordable than our products and services and may also render our products obsolete and unnecessary in certain cases. Any failure by us or the hospitality robotic-based AI agent industry as a whole to develop new or enhanced technologies, products or services to react to such alternative products or services could result in the loss of competitiveness of the industry, a decrease in market expansion opportunity, decreased revenue, loss of talent and loss of market share to competitors. As a result, our business, results of operations and financial condition may be materially and adversely affected.

If we fail to attract new customers and/or retain existing customers, our business, financial condition and results of operation will suffer.

Since our establishment, we have accumulated an extensive customer base consisting of over 34,000 corporate customers as of December 31, 2024. Most of our corporate customers operate in the hotel industry. We intend to further grow our business by attracting new customers across various scenarios and by expanding our global footprint. We also expect to continue to maintain business relationships with our existing customers by not only providing the current products and services but also exploring their evolving needs to cross sell our other products and services. However, most of our customers purchase our products on a case-by-case basis depending on their needs. Given such practice, there is no assurance that our customers will make repurchases for our products frequently or at all. As a result, engaging new customers and retaining our existing customers are critical to our future operating results. Factors that may affect our ability to attract, retain, and cross sell additional products and services to, our customers include:

- the demand of our customers for hospitality robotic-based AI agents;
- the price, performance, and functionality of our products and services;
- the availability, price, performance, and functionality of competing products and services;
- the stability, performance, and security of our technological infrastructure;
- our ability to develop complementary products and services that are tailored to our customers' needs;
- the effectiveness of our products and services;
- the success of our technological upgrades and products iteration;
- the financial performance and the overall business environment of our customers; and
- the overall business environment of the industry.

We engage in communications with existing and potential customers regarding our products and services on an ongoing basis. These communications may not result in a commercial agreement. In addition, even if customers choose to purchase our products, we cannot guarantee they will remain interested in any new products that we launch. For customers who lease our products or subscribe for our services, once our products or services are delivered, they have no obligation to renew their lease or licensing agreements with us. Moreover, our customers may negotiate terms that are less advantageous to us when procuring new products and services from us, which may reduce our profitability. Factors that are not within our control may result in a reduction in our revenue or profitability. The loss, reduction in scope, or delay of large or multiple contracts, could materially and adversely affect our business.

Any misuse or flaws of robotic and AI technologies, whether actual or perceived, intended or inadvertent, committed by us or by other third parties, could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

Robotic and AI technologies are at early stages of development and continue to evolve. Similar to many innovations, robotic and AI technologies present risks and challenges, such as potential misuse by third parties for inappropriate purposes or biased applications which breach public confidence or violate applicable laws and regulations in relevant jurisdictions or litigation or other proceedings initiated by certain individuals claiming for infringement of legitimate rights, including privacy or personality rights. Such misuse could affect customer perception, public opinions, views of policymakers and regulators and result in decreased adoption of robotic and AI technologies.

In addition, flaws or deficiencies in robotic and AI technologies could undermine the effectiveness of our products and services. There can be no assurance that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. Any flaws or deficiencies in robotic and AI technologies and the related products and services, whether actual or perceived, could materially and adversely affect our business, reputation, results of operations and prospects.

We may not be able to fully maintain quality control over our products and services, which may adversely affect our business, results of operations and financial condition.

The quality of our products and services depends on the effectiveness of our quality control and quality assurance measures. While we work closely with third-party OEM suppliers for our production, we have implemented quality control and assurance protocols to monitor and assess the products manufactured by these suppliers. Our quality standards depend on factors such as the reliability of equipment used by our OEM suppliers, their adherence to our quality protocols, and the effectiveness of our supplier audits and inspections. However, no quality control system is entirely infallible, and deviations from our quality standards may occasionally occur. Any significant failure or deterioration of our quality control and quality assurance protocol may result in products and services that fail to meet our specifications, pose safety risks, or harm our market reputation and relationship with business partners.

In addition, while we take extensive measures to ensure that our OEM suppliers meet our quality requirements, including regular audits, testing, and performance monitoring, we cannot fully eliminate the risks associated with third-party production. We cannot assure you that the products we procured from our OEM suppliers are free of defects or can always meet the relevant quality standards. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek sufficient indemnification from our OEM suppliers. If we engage in legal proceedings against our OEM suppliers, such proceedings may be time-consuming and costly regardless of the outcomes. Any such issues may materially and adversely affect our business, results of operations and financial condition.

We depend on sales to our distributors for a certain portion of our revenue, and distributors are expected to remain important in our sales network. If distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.

Our distributors are important to our business. We have been continuously expanding our distributor network throughout the Track Record Period. As of December 31, 2022, 2023 and 2024, we had 64, 75 and 113 distributors. Sales to distributors contributed to 11.4%, 10.8%, and 18.4% of our revenue in 2022, 2023 and 2024, respectively. See "Business — Sales and Marketing — Our Sales Network" for further details. We expect that distributorship will remain an important component of our sales network. However, our distributors may not be able to market and sell our products successfully or maintain their competitiveness as a result of various factors. For example, our distributors may not be able to successfully organize marketing events that achieve desired results. If distributors reduce or cancel orders, request significant discounts, or fail to renew agreements with us, it could lead to overstock, lost sales, and eventually an adverse impact on our business, financial condition, and results of operations. Moreover, under our existing accounting policies, in most cases, revenue from sales to distributors is recognized only after the completion of onsite implementation work and the successful connection of the robots to our cloud-based infrastructure, even though the robots have already been delivered to the distributors. Until revenue is recognized, these robots continue to be classified as part of our inventories. We cannot assure you that our distributors will be able to sell these robots in a timely manner, which exposes us to potential risks, including damage or loss of unsold robots and extended inventory turnover periods. These factors could adversely impact our financial performance and operational efficiency.

Maintaining strong relationships with distributors is important to us. If we fail to renew distribution agreements with our existing distributors, establish new partnerships with new distributors on favorable or even standard terms, or timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors, our ability to effectively sell our products and services could be negatively impacted. All these could adversely affect our business, financial conditions and results of operations.

Although we require our distributors to comply with their distribution agreements with us, there is no assurance that they will do so or that we may be successful in detecting any non-compliance therewith, and non-compliance with the distribution agreements by any of our distributors could tarnish our brand, disrupt our sales and damage our relationship with distributors. Our distributors may also subject us to lawsuits, potential liability and reputational harm if they misrepresent the functionality of our products and services to customers or violate laws or our corporate policies. In addition, provincial-level distributors are permitted to engage sub-distributors without our prior approval. We do not engage these sub-distributors directly or maintain contractual relationships with them. Instead, we mainly rely on our distributors to manage and control their sub-distributors. As a result, we have a more limited control over these sub-distributors. We cannot assure you that sub-distributors will at all times comply with our overall sales and distribution policies or that they will not compete with each other for market share in respect of our products. If any sub-distributor fails to distribute our products to its customers in a timely manner, overstocks or carries out actions inconsistent with our business strategies, it may affect our future sales, which may in turn materially and adversely affect our business, results of operations and financial condition.

Moreover, failure to manage our distributorship sales channel may give rise to potential cannibalization in the future and adversely affect our business. Our direct sales and distributorship complement each other to enable us to broaden our sales and distribution network. See "Business — Sales and Marketing — Our Sales Network." However, any significant growth in our sales to certain distributors in the future, or changes to our distribution network, may give rise to competition among our distributors or between us and our distributors, and may increase the risk of cannibalization. If we fail to effectively manage our distribution network, the competition among the distributors may adversely affect our business, financial condition and results of operations.

We may face supply chain risks and risks of interruption of requisite services, including, as a result of our reliance on a single or limited suppliers for certain components, equipment and services, and as a result out operations may be materially and adversely affected.

A large number of suppliers provide materials, components, equipment and services that are used in the production of our products and other aspects of our business, and we have a few OEM suppliers, which process raw materials provided by us and provide us with the finished products. Where possible, we seek to have several sources of supply. However, for certain materials, components, equipment, and services, we rely on a limited number of suppliers. The purchases from our largest supplier in each year during the Track Record Period accounted for 6.4%, 17.2% and 18.9% of our total purchases during the same years, respectively, and the purchases from our five largest suppliers in each year during the Track Record Period accounted for 24.8%, 29.4% and 44.2% of our total purchases during the same years, respectively. The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. Furthermore, our OEM suppliers may experience disruption or delay in their production, which could result in the shortage of their supply of products to us. Finding and qualifying alternate or additional suppliers is often a lengthy process and can lead to production delays, interruptions to our production and additional costs, and such alternatives are sometimes not available on commercially reasonable terms, or at all. The inability of suppliers to deliver necessary production materials, components, equipment, or services can disrupt the production processes of our products and make it more difficult for us to implement our business strategy. Suppliers may periodically extend lead times, face capacity constraints, limit supplies, increase prices, experience quality issues, failure to comply with our product specifications and services standards or encounter other issues that can interrupt or increase the cost of our supply and services. 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 disrupt our transportation channels and impair the operations of our suppliers, and impede our ability to manufacture and deliver our products to customers in a timely manner.

Moreover, increased regulation or stakeholder expectations regarding responsible sourcing practices could cause our compliance costs to increase, or result in publicity that adversely affects our reputation. Moreover, given that we use several materials and services and rely on several suppliers, but do not directly control the procurement or employment practices of such suppliers, we could be subject to financial or reputational risks as a result of our suppliers' conduct. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition could be adversely affected.

The production of our products relies on key components and raw materials that may be subject to price fluctuations, shortages or trade restrictions, which could have a material effect on our business, results of operations and financial condition.

We purchase certain key components and raw materials for our OEM suppliers to process and manufacture our products. Significant changes in the markets in which we purchase materials, components, and supplies for the production of our products may adversely affect our profitability. The key components for our robots, among others, include processors, sensors, batteries and cameras, which may be subject to price fluctuations or shortages. Any shortage of key components for our products in the entire robotics industry and other sectors may lead to an increase in purchase price of key components and disruption in the supply of such key components for our production process. Furthermore, we cannot guarantee that all key components we purchased from suppliers are manufactured with raw materials which are not subject to any trade restrictions. We may not be able to obtain adequate replacement components for the production of our products or to obtain additional key components on a timely basis, or at all, or we may only be able to purchase key components at premium prices.

Furthermore, prices of key components and raw materials may increase in the future. The prices of our supplies may be affected by a number of factors, including market supply and demand, environmental and regulatory requirements, natural disasters and economic conditions in China and around the world. Competitive and market pressures may limit our ability to recover increases in costs through increases in prices we charge to our customers. The inability to pass on price increases to our customers when key component or raw material prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations and financial condition.

If we are unable to manage our inventory risks efficiently or the proportions and amount of our write-down of inventories further increase, our financial and results of operations may be adversely affected.

Our business expansion requires us to manage a large volume of inventory effectively. We had inventories of RMB68.7 million, RMB58.3 million and RMB48.8 million as of December 31, 2022, 2023 and 2024, respectively. Our inventory turnover days were 267 days, 216 days and 139 days in 2022, 2023 and 2024, respectively, and we had write-down of inventories of RMB0.2 million, RMB0.9 million and RMB0.7 million for the same years, respectively. According to Frost & Sullivan, the hospitality robotic-based AI agent industry is characterized by evolving technologies, products and services and infrastructures, increasing competition, changing government regulations and industry standards, and changing market demands, among others. Therefore, our products may quickly become outdated due to fast-changing trends and constant technological advancements. For example, during the Track Record Period, certain robotic products became obsolete due to technological advancements and product iteration, which led to write-down of inventories. In addition, our inventories are subject to impairment if their net realizable value falls before we sell them. With the expansion of our business operation and iteration of our products, any mismanagement of inventory could lead to increased write-downs directly impacting our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

Any failure to offer efficient after-sales services for our customers or end users may harm our relationships with them and, consequently, our business.

As we continue to grow our operations and support our customer base, we need to be able to continue to provide efficient after-sales services that meets our customers' needs at scale. We may not be able to engage, retain or train sufficient qualified support personnel with experience in supporting customers and end users of our products and services. As a result, we may be unable to respond quickly enough to accommodate short-term increases in customer and end user demand for technical support or assistance. We also may be unable to modify the future scope and delivery of our comprehensive support services to compete with changes in the technical services provided by our competitors.

If we experience increased customer and end user demand for comprehensive support services, we may face increased costs that may harm our results of operations. In particular, we may expand into countries and regions where the costs of providing comprehensive support services are higher as a result of more stringent consumer protection regulations and market practices. If we are unable to provide customers and end users with efficient comprehensive support services, our business may be harmed. Our ability to attract new customers is dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain efficient comprehensive support services or a market perception that we do not maintain efficient comprehensive support services for our customers or end users, would harm our business.

We use third-party providers of cloud-based infrastructure to enable our robotic and AI technologies. Any disruption in the operations of these third-party providers, limitations on capacity, or interference with our use could adversely affect our business, financial condition, and results of operations.

Our cloud infrastructure, which enables our robotic and AI technologies, depends on third-party service providers to maintain the configuration, architecture, features, and interconnection specifications of the virtual cloud infrastructure, as well as protect the information stored in the system, which is transmitted by third-party internet service providers. We do not control, or in some cases have limited control over, the operation of the facilities or technologies from the third-party providers. Any limitation on the capacity of our third-party service providers could impede our ability to serve existing customers or attract new customers, which could adversely affect our business, financial condition, and results of operations. In addition, any unpredictable incident affecting our third-party service providers' infrastructure that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, telecommunications failures, terrorist or other attacks, and other similar events beyond our control could negatively affect our cloud-based services. A prolonged service disruption affecting our cloud-based services for any of the foregoing reasons would adversely impact our ability to serve our customers, damage our reputation, expose us to liability, cause us to lose customers, or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the third-party services we use.

In the event that our service agreements with our third-party services providers are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity, or damage to such facilities, we could experience interruptions in access to our services as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our software for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition, and results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency, cyber-based attacks or security breaches, which may materially and adversely affect our reputation, business, financial condition and results of operations.

We rely on information technology networks and systems for electronic communications among our personnel, customers and suppliers as well as to manage and monitor our daily operations. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, network overload, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Despite any precautionary measures we may take, the occurrence of unanticipated problems that affect our information technology networks could result in interruptions in the availability of our products and services. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. Failures in information technology systems, especially those related to product safety and associated data, could potentially lead to problems with our products and services, affect the ability of customers to use cloud-based features of our products and services, hinder our ability to effectively provide our services, subject us to regulatory scrutiny, and could cause our loss of customers, business partners, data assets and trade secrets, disruption to our R&D activities, transaction errors and processing inefficiencies. Furthermore, our technological infrastructure is also vulnerable to damage from fires, floods, earthquakes and other natural disasters, power loss and telecommunication failures. If we do not effectively resolve the issues in a timely manner, our reputation, business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

We may be subject to product liability claims if people or properties are harmed by our products or services, which would have a material adverse effect on our reputation, business prospects and financial condition.

Products and services within the hospitality robotic-based AI agent industry, such as those we develop, may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our products and services may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products and services may only be discovered after they have been tested, commercialized and deployed by our customers. We cannot assure you that our quality control measures will be as effective as we expect. 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 and services do not perform as expected or contain design and/or manufacturing defects or malfunctions.

If our products and services are defective, the sale of such products and services could expose us to product liability claims relating to personal injury or property damage and may require product recalls, repair, replacement or other actions. Third parties who are subject to such injury or damage may bring claims or legal proceedings against us as the seller of the products and services, which might be time-consuming, costly to defend and may materially and adversely affect our reputation and brand. Certain product liability claims may be the result of defects from components and parts purchased from our suppliers or from the processing of our OEM 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 claim 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, services and brand, which would have a material adverse effect on our business prospects and financial condition.

Our exchange, return and warranty policies may adversely affect our results of operations.

Our policy generally allows products with defects to be returned and exchanged by our customers, and we typically offer a limited warranty for our products. We also allow return and exchange of products sold to distributors that are defective. As of December 31, 2022, 2023 and 2024, we recorded total refund liabilities and warranty liabilities of RMB4.8 million, RMB4.5 million and RMB7.7 million, respectively. We may be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve user experience of our products and services and help to acquire and retain customers, we will incur higher costs associated with return, exchange and warranties if we experience any deterioration in the quality of our products, and we may be subject to additional costs and expenses which we may not recoup. We cannot assure you that our return, exchange and warranty policies will not be misused by our customers, which may significantly increase our costs and may adversely impact our business and results of operations. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new customers at a desirable pace, which may materially and adversely affect our results of operations.

Our business is subject to seasonal fluctuations which could have a material effect on our revenue, cash flow and results of operations.

A significant portion of our revenue is generated from hotel scenario, which is subject to seasonal fluctuations. The sales performance of our products and services are generally subject to seasonal fluctuations in the hotel industry. We typically record higher revenue in the second half of the year attributable to increased purchases from hotel customers in preparation for the National Day holiday, Christmas and New Year, which is in line with the peak period of the hotel industry. See "Business — Seasonality" for more details. We expect our revenue to continue to fluctuate based on the seasonal factor that affects the delivery of hospitality services as a whole.

As a result, any comparison of our operating results between different periods within a single financial year, or between different periods in different financial years are not necessarily meaningful and cannot be relied on as indicators of our performance. Our historical financial performance has masked the impact of seasonality, but if our seasonal spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

If we fail to obtain or maintain the requisite licenses, permits, certificates, approvals, registrations or filings required under the regulatory environment applicable to our business in any jurisdiction where we operate, or if it is time-consuming or costly to obtain or maintain such licenses, permits, certificates and approvals, our business, financial condition and results of operations may be materially and adversely affected.

The hospitality robotic-based AI agent industry and the scenarios in which we provide our products and services, including hotels, commercial buildings, healthcare facilities and factories, are subject to the regulatory oversight of a number of governmental authorities, including but not limited to the MIIT. We also are required to obtain and maintain various licenses, permits, certificates, approvals, registrations and filings for our operations.

In addition, some of our licenses, permits, certificates, approvals, registrations or filings are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. There are also uncertainties regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. There is no assurance that we can successfully update or renew the licenses, permits, certificates, approvals registrations and filings required for our business in a timely manner or at all, or that these licenses, permits, certificates, approvals registrations and filings are sufficient to conduct all of our present or future business. If we fail to complete, obtain, maintain or renew any of the required licenses, permits, certificates and approvals or make the necessary filings, we may be subject to various penalties, such as imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

If we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected.

Hiring and retaining key individuals, such as key management, technical staff, qualified executives, developers, engineers and sales representatives are critical to our business, in particular, to the R&D and commercialization of our products and services. The competition for highly skilled employees in our industries is increasingly intense. Changes in our management team would also disrupt our business. Our management and senior leadership team has significant industry experience, and their knowledge and relationships would be difficult to replace. See "Directors, Supervisors and Senior Management." Although we typically require our senior management and other key personnel to enter into non-compete and confidentiality agreements with us, they may elect to join our competitors after the non-compete periods have lapsed. Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified personnel. If one or more of our senior management and other key personnel join a competitor, or form a competing business, our business, financial condition and results of operations may be adversely affected.

In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See "Regulatory Overview — Regulations Relating to Labor and Social Security — Labor Law and Labor Contract Law" for details. To help attract, retain and motivate key individuals, employee incentives have been, and will continue to be, an important part of our compensation. Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

Strategic cooperations and alliances may fail and materially and adversely affect our reputation, business and results of operations.

We value our strategic cooperation with our ecosystem partners, including chain hotel groups and major food delivery companies, to unlock additional business opportunities, such as customized HDOS, last-stop deliveries and smart vending machines, and diversify our revenue streams. During the Track Record Period, our revenue generated from AI agent applications increased with a CAGR of 36.0% from RMB6.2 million in 2022 to RMB11.5 million in 2024. We may in the future enter into strategic cooperations and alliances with various third parties to pursue opportunities for business collaborations, licensing of technology or partnerships that we believe would advance our development. Proposing, negotiating and implementing these opportunities may be a lengthy and complex process. Our competitors, including those with substantially greater financial, marketing, technology, or other business resources, may compete with us for these opportunities or arrangements. We may not be able to identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis or acceptable terms, or at all, and loss of ecosystem partners may have a negative impact on our business operations.

Strategic cooperations and alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic cooperations and alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions and to the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

International expansion is a significant component of our growth strategy and may require significant capital investment in the future, which could strain our resources and adversely affect current performance, while adding complexity to our current operations. Operating internationally subjects us to additional risks and challenges such as:

- limited brand recognition globally (compared with our presence in China);
- costs and expenses in connection with global expansion, including recruitment of local personnel and lease or establishment of new premises;
- ability to anticipate international consumers' and collaborators' needs and preferences;
- burdens of complying with a wide variety of local laws and regulations;
- difficulties of compliance with import and export laws and the impact of tariffs;
- wars, political and economic instability, including trade tensions; and
- technological and trade restrictions.

Our international expansion plans will place increased demand on our operational, managerial and administrative resources. In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business accordingly to comply with local laws. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly. If any of our overseas operations violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions, increased labor costs, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, conditions in the hospitality robotic-based AI agent markets, unemployment, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products and services. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

In addition, there may be an increase in the labor costs in the future. Increases in labor cost may increase our cost of sales and expenses arising from our business operations, and we may not be able to pass on such increase to our customers. We may also experience a shortage of labor from time to time. Any such shortage could hinder our ability to provide timely product delivery to customers and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We cannot guarantee that our growth strategies will be successfully implemented or bring about outcomes as we expected.

We continue to execute a number of strategies to expand our business. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for details. However, expanding our business involves risks and challenges. These business initiatives are new and evolving, some of which may prove unsuccessful. It may also take a longer time than expected for us to develop the technologies and build market acceptance of our products and services, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that any of these new business initiatives will achieve our expected market acceptance and generate desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenue or recover any associated costs, and our business, results of operations and financial condition may be materially and adversely affected.

Our business and prospects depend on our ability to build our brands and reputation, which could be harmed by negative publicity regarding our Company, Directors, employees, branding, products or services, and could adversely affect our business.

We believe that maintaining and enhancing our brands is of significant importance to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. Since we operate in a increasingly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about our Company, Directors, employees, branding or products and services, whether warranted or not, may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. Although we have adopted internal control policies with a view to prohibiting any form of bribery, money laundering and corruption, provided anti-bribery, anti-money laundering and corruption training to our employees, and established reporting channel for employees and stakeholders to report acts of bribery, money laundering and/or corruption, there can be no assurance that such controls and policies will prevent fraud or illegal activity by such parties or that similar incidents will not occur in the future. See "Business — Risk Management and Internal Control" for details of our internal control measures. Any illegal, fraudulent, corrupt or collusive activity by our employees, customers, suppliers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-money laundering or anti-bribery laws, could subject us to negative publicity that could severely damage our brand and reputation and, if conducted by our employees, could further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our business, results of operations, financial condition and prospects.

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

We have designed and implemented risk management and internal control systems comprising organizational framework policies and procedures, financial reporting processes, compliance rules, and risk management measures we believe are appropriate for our business operations. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring the prevention of fraud. See "Business — Risk Management and Internal Control." Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, results of operations, financial condition and prospects could be materially and adversely affected.

We may be involved in legal or administrative proceedings and commercial disputes, which could materially affect our business, financial condition and results of operations.

We may be subject to claims and various legal and administrative proceedings in the ordinary course of business or pursuant to governmental or regulatory enforcement activities.

Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time-consuming or disruptive to our operations and distracting to management, and may lead to administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. In recognition of these considerations, we may enter into arrangements to settle litigation and resolve such disputes. No assurance can be given that such arrangements can be obtained on acceptable terms or that litigation will not occur. These arrangements may also significantly increase our operating expenses.

New legal or administrative proceedings and claims may arise in the future. If one or more legal or administrative matters are resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our products and services, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. In addition, from time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. It is possible that the administrative and court authorities would not interpret and enforce the statutory provisions and contractual terms in a manner favorable to us, and it may be more difficult to predict the outcome of any administrative and court proceedings that we may be involved in the future. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

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

During the Track Record Period, certain of our customers (the "**Relevant Customers**") engaged third-party payors (the "**Third-party Payors**") to settle their payments with us (the "**Third-party Payment Arrangements**"). The Third-party Payors involved primarily comprised (i) persons affiliated with the Relevant Customers, such as legal representatives, business operators, shareholders, spouses, other relatives, employees, or affiliated entities of the Relevant Customers; and (ii) the designated entities of our KA clients responsible for settling payment. For the years ended December 31, 2022, 2023 and 2024, the aggregate amount settled under the Third-Party Payment Arrangements was RMB17.2 million, RMB12.7

million and RMB13.4 million, respectively, accounting for 9.6%, 6.7% and 5.9% of the total payments we received from all customers, respectively, in the same years. See "Business — Our Customers — Third-Party Payment" for details.

We are subject to various risks relating to such Third-Party Payment Arrangements, including: (i) possible claims for return of funds from third-party payors who were not contractually indebted to us; (ii) potential risks arising from the fact that we have limited knowledge about the source and purpose of the funds utilized by the third-party payors; and (iii) possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of any third-party payments, we may have to use additional financial and managerial resources to defend against such claims or legal proceedings, and our financial condition and results of operations may be adversely affected as a result.

In March 2025, we launched a new feature in our WeChat Mini Program "YJ-Robot Assistant" to standardize contract signing, order placement, and payment processes. As of the date of this document, we had required that customers who intend to settle payment with us through third-party payment arrangement must register as users of and settle payments via the "YJ-Robot Assistant" WeChat Mini Program. However, we cannot guarantee that such measures will always be effective. Any failure in their effectiveness could leave us exposed to the aforementioned risks.

To address any environmental, social and corporate governance (the "ESG") risks, we may incur additional costs, which may materially and adversely affect our financial performance.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not believe our business is subject to significant ESG-related risks, as we do not operate any production facilities. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as electricity and water consumption to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business — Environmental, Social and Governance."

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

Failure to comply with laws and regulations on cybersecurity, information security, data privacy and protection could result in claims and penalties imposed by relevant government authorities, which could harm our brand and reputation, and materially and adversely affect our business operations and financial performance.

Our business requires us to collect, use, store, transmit and share personally identifiable information, with respect to our individual customers in relation to and to the extent necessary for their usage of our products and services, and with respect to our corporate customers and their employees. The PRC government has in recent years tightened the regulation of the collection, storage, sharing, use, disclosure and protection of personal data and information.

The *PRC Cybersecurity Law* (《中華人民共和國網絡安全法》), which became effective in June 2017, created China's first national-level data protection framework for "network operators," which may potentially include all organizations in China that provide services over the internet or through other types of information network. Numerous regulations, guidelines and other measures have been and are expected to be adopted under the PRC Cybersecurity Law. Any actual or perceived non-compliance with the relevant cybersecurity laws and regulations, may result in administrative penalties, including fines, a shut-down of our business, suspension of our service offerings and revocation of requisite licenses, as well as reputational damage or legal proceedings or actions against us, which may have material adverse effects on our business, financial condition or results of operations.

On June 10, 2021, the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) promulgated the *PRC Data Security Law* (《中華人民共和國數據安全法》). For more details, please see "Regulatory Overview — Regulations Relating to Information Security and Censorship." On August 20, 2021, the Standing Committee of the National People's Congress promulgated the *Personal Information Protection Law* (《中華人民共和國個人信息保護法》) (the "**PIPL**") which came into effect in November 2021. In addition to other rules and principles of personal information processing, the PIPL specifically provides rules for processing sensitive personal information. Sensitive personal information refers to personal information that, once leaked or illegally used, could easily lead to the infringement of human dignity or harm to the personal or property safety of an individual. Only where there is a specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken, may personal information handlers process sensitive personal information. A personal information handler shall inform the individual of the necessity of processing such sensitive personal information and the impact thereof on the individual's rights and interests. We may store and process sensitive personal information, which is limited to those with strict business necessity, such as our users' consumption record generated while using our products and services. As the PIPL may be further interpreted along with the regulatory development, we cannot assure you that we can comply with the PIPL in all respects and regulatory authorities may order us to rectify or terminate our current practice of collecting and processing sensitive personal information. We may also become subject to fines and/or other penalties which may have material adverse effects on our business, operations and financial condition.

On December 28, 2021, the CAC, the NDRC, the MIIT, and several other administrations jointly promulgated the *Measures for Cybersecurity Review* (《網絡安全審查辦法》), or the Review Measures, which became effective on February 15, 2022. The Review Measures has replaced its previous version promulgated on April 13, 2020. For more details, please see "Regulatory Overview — Regulations Relating to Information Security and Censorship." On October 14, 2024, the Company and the Company's PRC Legal Advisors in respect of PRC data compliance law have conducted a real-name telephone consultation and communication with the competent regulatory authority, the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心, the "**CCRC**"), and CCRC has confirmed that a listing in Hong Kong does not fall within the scope of the term of "listing abroad (國外上市)" under the Review Measures. Given that (i) as of the Latest Practicable Date, we had not been notified by any competent governmental authorities as a critical information infrastructure operator; (ii) CCRC has confirmed that listing in Hong Kong does not constitute a listing abroad (國外上市); and (iii) as of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review or our data processing activity affects or may affect national security, and the interpretation of activities that "affect or may affect national security" under the current PRC laws and regulations requires further clarification from the competent authorities, therefore, as advised by our PRC Legal Advisors in respect of PRC data compliance law, we are not obliged to apply for a cybersecurity review pursuant to the Review Measures with respect to our proposed [**REDACTED**]. However, as further advised by our PRC Legal Advisors in respect of PRC data compliance law, the interpretation and implementation of these laws and regulations with respect to the cybersecurity review keep evolving, we cannot assure you that there will not be any additional regulatory requirements regarding the cybersecurity review relating to the new laws and regulations, and we are suggested by our PRC Legal Advisors in respect of PRC data compliance law that we should keep abreast of the applicable laws and regulations in this regard and implement all necessary measures in a timely manner to ensure compliance with the relevant laws and regulations.

On July 7, 2022, the CAC promulgated the *Measures on Security Assessment of Cross-border Data Transfer* (《數據出境安全評估辦法》) (the "**Data Export Measures**") which became effective on September 1, 2022. The Data Export Measures require that any data handler which exports personal information exceeding certain volume thresholds under such measures shall apply for security assessment by the CAC before transferring any personal information abroad. The security assessment requirement also applies to any transfer of important data outside of China or transfer of personal information by an operator of critical information infrastructure or a data handler processing the personal information of more than one million individuals. On March 22, 2024, the CAC promulgated the *Provisions on Promoting and Regulating Cross-border Data Flows* (《促進和規範數據跨境流動規定》), effective on the date of promulgation. The provisions provide several exemptions and revise the above thresholds for undergoing security assessments. As of the Latest Practicable Date, we had not conducted any cross-border transferring activities involving the personal information or important data we hold. As our business continues to grow, there may be circumstances where we engage in such cross-border transfers of personal information and important data, including in order to satisfy the legal and regulatory requirements, in which case we may need to comply with the foregoing requirements as well as any other limitations under PRC laws then applicable. Complying with these laws and requirements could cause us to incur substantial expenses or require us to alter or change our practices in ways that could harm our business. Additionally, as there may be further interpretations of such measures, we cannot assure you that we will be able to comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities.

On September 24, 2024, the State Council promulgated the *Regulation on Network Data Security Management* (《網絡數據安全管理條例》) (the "**Network Data Regulation**") which became effective on January 1, 2025. The Network Data Regulation restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Among others, if the network data processing activities have or may have impacts on national security, such activities shall be subject to national security review in accordance with relevant laws and regulations. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses.

As of the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been material cybersecurity and data protection incidents or infringement upon any third parties, or other material legal proceedings, administrative or governmental proceedings, pending or, to the best of our knowledge, threatened against or relating to us.

The above regulatory developments relevant to cybersecurity and data privacy and protection could impact the general internet industry and in particular, the alternative workforce arrangement market in China where we operate. We may incur substantial costs to comply with such laws and regulations, to communicate with our customers and address their concerns in cybersecurity and data privacy and protection, and to improve our information technology system. We may from time to time be required to rectify or further improve our internal measures regarding cybersecurity and data privacy and protection. However, such compliance measures we implement may turn out to be ineffective. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity and data privacy and protection, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with relevant laws and regulations, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may in turn damage our reputation among our existing and potential customers and subject us to fines and damages, which could have a material adverse effect on our business, financial condition and results of operations.

We use third-party human resource agency to make contributions to social insurance and housing provident funds, which may subject us to penalties.

As required by the PRC laws and regulations, a company that enters into an employment contract with an employee shall be the one to make the social insurance and housing provident fund contribution in full for the employee. During the Track Record Period, we engaged a third-party human resource agency to make contributions to social insurance and housing provident funds for some of our employees in full amount as required by the relevant PRC laws and regulations, primarily because such employees working in different cities across the nation, where we do not have office premises, prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience of utilizing such benefits locally. The number of employees for whom we engage the third-party human resource agency to pay social insurance and housing provident funds was 43, 28 and 21 as of December 31, 2022, 2023 and 2024, respectively, most of which were our sales and marketing personnel. In 2022, 2023 and 2024, we made contributions through such third-party human resource agency of RMB4.5 million, RMB2.6 million and RMB1.8 million, representing approximately 12.5%, 10.1% and 8.4% of our total social insurance premiums and housing provident funds contributions during the same years, respectively. Such arrangement, although not uncommon in China, is not in strict compliance with relevant PRC laws and regulations. During the Track Record Period and as of the Latest Practicable Date, we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities, or received any labor arbitration application from employees for not contributing to the social insurance and housing provident fund directly. However, in the event that the relevant government authorities do not recognize the amount of social insurance premiums and housing provident funds that we contributed through the third-party human resource agency, it may be deemed a failure to make full contributions for our employees in our own name. In respect of a housing provident fund, we may be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, failing of which the government authority can apply to the People's Court for compulsory enforcement, but no penalties are provided under the relevant PRC laws and regulations; and, in respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee of 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing of which may subject us to a fine, ranging from one to three times of the total outstanding balance. As advised by our PRC Legal Advisors, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is remote. However, we cannot assure you that local authorities will not impose fees, pecuniary penalties or other administrative actions on us for our historical non-compliance. Any such event would adversely affect our business, financial condition and results of operations.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, we leased 11 properties in the PRC with a total GFA of 5,354.49 sq.m., which were primarily utilized as premises for our offices and warehouses. As of the Latest Practicable Date, four leased properties with a total GFA of 1,718.40 sq.m. were leased from lessors who failed to or were unable to provide sufficient or valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. There may be risks that these leases may be held invalid or early terminated, and therefore we may not be able to continue to occupy and use such properties and may be exposed to a potential relocation risk. In this event, our operations in such properties may be impaired and we may not be adequately indemnified by the landlords for our related losses. Moreover, if our lease agreements are challenged by third parties, it could result in diversion of management attention and cause us to incur costs associated with defending such actions, even if such challenges are ultimately determined in our favor.

Furthermore, as of the Latest Practicable Date, our 11 lease agreements failed to be registered with the relevant PRC government authorities. We had completed the registration of one of these lease agreements as of the date of this document. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. As a result, we may face a total maximum fine up to RMB100,000 assuming a maximum fine of RMB10,000 is imposed on each unregistered lease agreement. For details of our leased properties, see "Business — Properties."

We have customary insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

We maintain insurance policies that are required under PRC laws and regulations as well as other insurance policies based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we do not maintain certain types of insurances, such as business interruption insurance or key-man insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. It may also be difficult for us to find insurance coverage for some of our business activities such as credit insurance for our overseas business operations. Any uninsured risks may result in substantial costs and the diversion of resources, which could adversely affect our business, financial condition, and results of operations.

Our Controlling Shareholder has substantial control over our Company and the interests of our Controlling Shareholder may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the [**REDACTED**], our Controlling Shareholder will retain substantial control over our Company. Subject to our Articles of Association, the Controlling Shareholder will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholder may differ from the interests of other Shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholder conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

Failure to renew our current leases on reasonable terms or to relocate to desirable alternatives for our facilities could materially and adversely affect our business and results of operations.

As we lease properties in various places as premises primarily for our office space, our operations are susceptible to fluctuations in the property rental market. Before the expiry of each of our leases, we have to negotiate the terms of renewal with respective lessors. The terms of the lease agreements for our office space typically vary from six months to three years. We may not be able to successfully extend or renew our leases upon expiration of the current term on commercially reasonable terms, or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our affected operations could adversely affect our business and operations.

RISKS RELATING TO OUR RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS

If we are unable to develop and introduce new products and services or effectively respond to the evolving technology and market dynamics of the hospitality robotic-based AI agent industry, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

The hospitality robotic-based AI agent industry is characterized by constant changes and developments, including rapid technological evolution, frequent introductions of new products and services, continual shifts in customer demands and constant emergence of new industry standards and practices. Our future business, results of operations, financial condition and competitive position depend on our ability to develop and introduce new and enhanced products and services that incorporate and integrate the latest technological advancements in localization and mapping technologies, AIoT technologies, navigation and traffic control technologies, software, hardware and deep learning technologies to satisfy evolving customer, regulatory, and safety rating requirements, despite our successful launch of several products and services. We may encounter significant unexpected technical challenges, or delays in completing the development of new and enhanced products and services in a cost-efficient manner, which require us to invest significant resources in R&D and also require that we:

- design innovative, accurate, considerate, safety-assuring and comfort-enhancing functions that differentiate our products and services from those of our competitors;
- continuously improve the stability, reliability and effectiveness of our products and services;
- cooperate effectively on new designs and development with our customers, suppliers and partners;
- respond effectively to technological changes and product announcements by our competitors; and
- adjust to changing customer requirements, market conditions, and regulatory and rating standards quickly and cost-effectively.

If there are delays in, or if we fail to complete when expected or at all, the development of new and enhanced products and services, or if the approach of our technological developments do not align with the market trends and demands, we may not be able to satisfy our customers' requirements, achieve additional design wins with existing or new customers, or achieve broader market acceptance of our products and services, our business, results of operations, financial condition and competitive position would be materially and adversely affected.

We have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

To compete successfully, we must maintain successful R&D efforts, upgrade and innovate our technologies, and improve or develop new products and services, all ahead of any competitors. We are focusing our R&D efforts on several key products and services, such as composite polymorphic robots. We have been investing heavily in our R&D efforts. Our R&D expenses amounted to RMB67.8 million, RMB69.4 million and RMB57.4 million for the years ended December 31, 2022, 2023 and 2024, respectively. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in R&D to achieve technological advancements in order to expand our offerings and make our products and services innovative and competitive in the market. As a result, we may continue to incur significant R&D expenses in the future.

However, we cannot guarantee that our R&D efforts will deliver the benefits we anticipate or be recognized as expected. R&D activities are inherently uncertain, and we might encounter practical difficulties in developing, conceptualizing and commercializing our R&D results, and may not be able to obtain and retain sufficient resources including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D results. Given the fast pace of development in the markets in which we operate, we may not be able to timely upgrade or innovate our technologies in an efficient and cost-effective manner, or at all. New technologies could render our technologies, our technological infrastructure or products and services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenue, profitability and market share.

Our R&D efforts may not contribute to our future results of operations for several years, if at all, and such contributions may not meet our expectations or even cover the costs of such R&D efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

If our current research collaborators or key R&D employees terminate their relationships with us or develop relationships with a competitor or delay their delivery of adequate research results, our ability to conduct R&D, the progress of our R&D programs, and our ability to protect our intellectual property rights could be adversely affected.

In the R&D of our products and services, we work with a number of research collaborators and key R&D employees. There can be no assurance that our research collaborators will continue to collaborate with us on commercially reasonable terms or at all. We also cannot assure you that we will be able to establish new research collaboration relationships, or extend existing relationships with our research collaborators when our agreements with them expire. If we are unable to maintain our relationships with our key research collaborators, or any of our collaborations with them are terminated, which may adversely affect our ability to iterate and introduce new products and services, our operations, revenue and profitability could be materially and adversely affected.

Furthermore, our ability to continue to conduct and expand operations depends on our ability to attract and retain a large and growing number of key R&D personnel. The ability to meet our expertise needs, including the ability to find qualified personnel to fill positions that become vacant in our R&D department, while controlling our costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the market, prevailing wage rates, changing demographics, health and other insurance costs, and the adoption of new or revised employment and labor laws and regulations. If we are unable to locate, attract or retain qualified R&D personnel, our technological capabilities and quality of products and services provided to customers may decrease, our competitive advantage may be impaired, and our financial performance may be adversely affected. In addition, if costs of labor to attract or retain key R&D personnel or related costs to maintain relationships with research collaborators increase for other reasons, or if new or revised labor laws, rules or regulations or healthcare laws are adopted or implemented that further increase labor costs, our business, financial condition and results of operations could be materially adversely affected.

In addition, collaborative relationships in our industry can be complex, particularly with respect to intellectual property rights. Although our research collaborators are generally bound by agreements with us not to disclose our confidential information, any breach of such confidentiality obligation could cause leakage of valuable proprietary knowledge to the public, third parties or even our competitors, which would compromise our competitive advantage and adversely affect our results of operations in a significant manner. Disputes may arise in the future regarding ownership rights to technology developed by or with other parties. These and other possible disagreements between us and third parties with respect to our intellectual property rights or our collaborative relationships could lead to delays in the research, development or commercialization of the product candidates we design or discover. These disputes could also result in litigation or arbitration, both of which are time-consuming and costly.

There is also no assurance that our research collaborators or key R&D employees would deliver adequate research results to support our R&D. In particular, although the contracts with our research collaborators generally set out research goals and specific program requirements, it is possible that the research partners may face significant delays or difficulties in conducting research or may be unable or unwilling to complete the research due to the limit of their research capabilities, the unpredictability of research results, and other potential restraints in research programs. As a result, they may not be able to deliver the anticipated R&D results, leading to a partial or complete failure of the research program. Failure to complete such research as planned may delay the iteration and introduction of new products and services, which could harm our competitive strength as well as results of operations.

We may not be able to obtain or maintain adequate intellectual property rights protection for our products and services, or the scope of such intellectual property rights protection may not be sufficiently broad to protect us from all potential threats to our competitive advantage.

Our success depends largely on our ability to protect our proprietary technology as well as our products and services from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in the PRC. As of the Latest Practicable Date, we owned 979 registered patents and had 487 patent applications in China. As of the same date, we had 167 software copyrights in China. See "Business — Intellectual Property Rights" for details. The patent application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner, if at all. In addition, we may, however, fail to identify patentable aspects of our R&D outputs or to be the first to file patent applications on our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products and services in all such fields.

Specifically, patents may be invalidated, and patent applications may not be granted for several reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. Moreover, the patent position of hospitality robotic-based AI agent providers like us may be uncertain because it involves complex legal and factual considerations. Our patent applications may not be granted in the end. As such, we do not know the degree of future protection that we will have on our proprietary technologies, if any, and we may not be able to obtain adequate intellectual property protection with respect to our products and services.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products and services in a non-infringing manner, or might conduct R&D activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products and services for commercialization in our major markets. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords are limited. For example, in the PRC, invention patents and utility model patents are valid for 20 years and ten years from the date of application, respectively. We may face competition for any approved products or services even if we successfully obtain patent protection once the patent life has expired for the product or service. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our products and services could be found invalid or unenforceable if being challenged in court or before the CNIPA or related intellectual property administrative bodies in other jurisdictions.

Competitors may infringe upon our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, protect our trade secrets, or determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. Any claims that we assert against perceived infringers may provoke these parties to assert counterclaims against us alleging that we infringe upon their intellectual property rights. Many of our existing and potential competitors have greater resources to enforce and/or defend their intellectual property rights than we do, and there is no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. We may not be able to prevent third parties from infringing upon or misappropriating our intellectual properties. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be granted in the future from our pending patent applications, at risk of being invalidated, held unenforceable or narrowly interpreted.

In any infringement litigation, any award of monetary damages we receive may not be commercially valuable. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigations, some of our confidential information could be compromised by disclosure during litigation. Defendant counterclaims alleging invalidity or unenforceability are commonplace and can be asserted on numerous grounds. Third parties may also raise similar claims before the CNIPA or related administrative bodies in other jurisdictions, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our existing and/or future products. The outcome following legal assertions of invalidity and unenforceability is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our existing and/or future products, which could materially and adversely affect our business, results of operations and financial condition. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling the products or services involved.

Companies operating in the hospitality robotic-based AI agent industry routinely seek patent protection for their product and service designs. Some of our competitors have large patent portfolios, and may claim that our commercial use of our products or services has infringed their patents. These patents have broad claims, so it might be alleged that certain features of our products or services fall within the claims of such patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of the relevant products or services. We cannot assure you that we or our products or services will not infringe any intellectual property rights held by third parties in the future. We may face claims of infringement of third parties' proprietary rights or claims for indemnification resulting from infringement arising from our operations or the design, development and distribution of our products and services. In addition, we may be unaware of intellectual property registrations or applications relating to our products, services or business operations that may give rise to potential infringement claims against us. There may also be technologies licensed to us that are subject to infringement or other corresponding allegations or claims by third parties.

Companies in the hospitality robotic-based AI agent industry may use intellectual property litigation to gain a competitive advantage. Whether a product or service infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may hire employees who have previously worked for our competitors. There can be no assurance that such employees will not use their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Our competitors may also have filed for patent protection which is not yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could:

- be expensive and time-consuming to defend;
- require us to pay substantial damages to third parties;
- forbid us from continuing our R&D activities, or producing or selling products or services that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products or services;
- require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which agreements may not be available on terms acceptable to us or at all;
- increase our operating costs and reduce the resources available for R&D activities, or any future sales, marketing, or distribution activities;
- divert the attention of our management; or
- result in customers terminating, deferring or limiting their purchase of the affected products or services until resolution of the litigation.

In addition, new patents, copyrights or other intellectual property rights obtained by our competitors could threaten the continued life of our product or service in the market even after it has already been introduced. We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We have been, and may in the future in the ordinary course of business be, confronted with claims or allegations relating to intellectual property infringement. Such claims may or may not escalate to legal proceedings, the outcomes of which are unpredictable. In case of any disputes or lawsuits, there can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment, ruling or decision against us. Any of these or future proceedings or actions or claims, with or without merit, could be costly and distract our management from day-to-day operations. We may incur substantial legal expenses in defending against such infringement claims, regardless of their merits. If we fail to successfully defend against these claims or do not prevail in such proceedings, we may be prohibited from using certain intellectual property rights, subject to substantial amounts of damages, fines or penalties or ordered to cease operations of certain of our business, which may in turn have a material and adverse effect on our business, financial condition and results of operations, as well as cause negative publicity and tarnish our reputation.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment, and other requirements imposed by administrative bodies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The CNIPA and various administrative bodies in other jurisdictions require compliance with a number of procedural, documentary, fee payment and other requirements during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdictions. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business, results of operations and financial condition.

Changes in patent and copyright law could diminish the value of patents and copyrights in general, thereby impairing our ability to protect our products and services.

The scope of patent and software protection in various jurisdictions is uncertain. Changes in either the patent and copyright laws or their interpretation in China or other jurisdictions may diminish our ability to protect our inventions and intangible assets, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent and software copyrights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will be granted as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is granted, and its scope can be reinterpreted after such grant.

Even if our patent applications are successfully granted, such grant may not be in a form that can provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the grant of patent application, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets owned by others.

In addition to our registered patents and patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them, such as our employees, consultants, academic institutions, collaborators, and other third-party service providers. Nevertheless, there can be no guarantee that an employee or a third party will not make unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will gain access to such information and make use of such information, and that our competitive position will be compromised, despite any legal action we might take against such persons. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners might intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and/or is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. We enter into agreements with our employees that obligate them to assign any inventions created during their work for us to us. However, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing. It is possible that technology relevant to our business will be independently developed by a person that is not a party to such agreements. Furthermore, if the employees who are parties to these agreements breach the terms of these agreements, we may not have adequate remedies for any such breach, and we could lose our trade secrets and inventions through such breaches. We may be involved in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and R&D personnel.

We may not be able to protect our intellectual property rights globally, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Filing, prosecuting and defending patents on our technologies globally can be extremely expensive and time-consuming. We may also encounter difficulties in protecting and defending such rights in overseas jurisdictions. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries and regions outside the jurisdictions where we registered our intellectual properties. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products. Our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing with us.

Many companies have encountered significant problems in protecting and defending intellectual property rights in overseas jurisdictions. The legal systems of many other countries and regions do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents in such countries.

Proceedings to enforce our patent rights in overseas jurisdictions could result in substantial cost and divert our resources and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of rejection, and could provoke third parties to assert claims against us. We may not prevail in lawsuits that we initiate or be awarded the damages or other remedies, if any, as we deem sufficient. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop, which could materially and adversely affect our business, results of operations, financial condition and prospects.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We may not be able to obtain additional capital when desired, on favorable terms or at all.

The technological advancement and R&D efforts are capital-intensive. Our operations have consumed substantial amounts of cash since establishment. We have used substantial funds and expect to continue to invest significant financial resources in our R&D activities. Our capital requirements will be subject to many factors, including, but not limited to:

- technological advancements;
- market acceptance of our products and services and product and service enhancements, and the overall level of sales of our products and services;
- R&D expenses;
- our relationships with our customers and suppliers;
- our ability to control costs;
- sales and marketing expenses;
- our expansion into overseas markets;
- enhancements to our infrastructure and systems;
- potential acquisitions of businesses and product lines; and
- general economic conditions, inflation, rising interest rates, and international conflicts and their impact on the hospitality robotic-based AI agent industry in particular.

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

We expect to incur significant R&D expenditures and capital expenditures for our business operations, R&D and expansion plans, which may adversely affect our short-term cash flow, liquidity and profitability.

Our R&D expenditures under Rule 18C.04(2) were RMB70.0 million, RMB68.9 million and RMB56.8 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 25.0%, 37.8% and 33.2% of our total operating expenditures for the same years, respectively. Our capital expenditures were RMB9.6 million, RMB5.4 million and RMB7.6 million for the years ended December 31, 2022, 2023 and 2024, respectively. See "Financial Information — R&D Expenditure and Total Operating Expenditure" for details. We expect to incur significant R&D expenditures and capital expenditures for R&D of our product and service candidates, purchase of property, plant and equipment and purchase of intangible assets, thus enhancing our market position. An inherent risk exists for such significant R&D expenditures and capital expenditures as our investment may not succeed or generate the benefits that we expect, which could materially affect our profitability. Even if we achieve our goals for such investment, our short-term cash flow and liquidity may be adversely affected. While we intend to explore alternative arrangements to reduce the capital intensity of any future expansion, there is no assurance this will be successful.

We have incurred net losses during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the near future, and we recorded net current liabilities and total deficits during the Track Record Period.

During the Track Record Period, we had incurred net losses. For the years ended December 31, 2022, 2023 and 2024, we had loss and total comprehensive income for the year attributable to our equity shareholders of RMB365.4 million, RMB264.5 million and RMB185.0 million, respectively. We may continue to incur net losses in the short term, as we are in the stage of expanding our business and operations in the rapidly growing hospitality robotic-based AI agent market, and are continuously investing in R&D. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully and develop new products and services. Accordingly, you should not rely on the revenue of any prior period as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations and invest in R&D. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenue and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

Moreover, we recorded net current liabilities of RMB1,103.8 million, RMB1,433.3 million and RMB1,581.7 million as of December 31, 2022, 2023 and 2024, respectively, and we had total deficits of RMB1,104.1 million, RMB1,356.1 million and RMB1,518.7 million as of December 31, 2022, 2023 and 2024, respectively, primarily due to our redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors. We expect to achieve a net current asset position upon [**REDACTED**], as the redemption liabilities will be reclassified from liabilities to equity upon [**REDACTED**]. Our net deficit position exposes us to liquidity risk. Our future liquidity, payment of trade and other payables, capital expenditure plans and repayment of outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. We may have a net deficit position in the near future, which may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, results of operations and financial condition.

We recorded net operating cash outflows historically and there can be no assurance that we will not have net cash outflow from operating activities in the future.

We recorded net cash outflow from operating activities of RMB170.4 million, RMB76.4 million and RMB41.5 million for the years ended December 31, 2022, 2023 and 2024, respectively. See "Financial Information — Liquidity and Capital Resources — Cash Flows" for details. We plan to continue to invest heavily in our R&D efforts, as well as our sales and marketing efforts, and incur significant capital expenditures. However, it typically takes a long period of time to realize returns on such investments, if at all. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, results of operations and financial condition may be adversely affected.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition and prospects.

During the Track Record Period, government grants recognized under other net income primarily represent subsidies granted by local government authorities (i) in recognition of our R&D efforts and business achievements, (ii) in connection with certain government-sponsored projects focusing on the R&D of robotic and AI technologies, and (iii) for providing stable jobs (政府穩崗補貼), which are non-recurring in nature. For the years ended December 31, 2022, 2023 and 2024, the government grants we recognized as other net income amounted to RMB2.8 million, RMB3.5 million and RMB6.2 million, respectively. We also recorded deferred income in relation to financial assistance we received from the local government authorities but have not fulfilled the relevant conditions, such as acceptance check of our R&D achievements by the relevant government authorities, which amounted to RMB19.1 million, RMB18.7 million and RMB14.5 million as of December 31, 2022, 2023 and 2024, respectively. In addition, a number of our subsidiaries also enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For example, our Company and Shanghai Renyun are qualified for lower EIT rates of 15%, instead of the statutory EIT rate of 25%, as High and New Technology Enterprises (高新技術企業). Continued eligibility to such preferential tax treatments is subject to review and evaluation by the relevant government authorities in China every three years. Moreover, our other subsidiaries are entitled to an additional tax-deductible allowance calculated at 75% of their qualified R&D costs incurred before October 1, 2022, and at 100% of qualified R&D costs incurred after October 1, 2022. For more details of the preferential tax treatments, see Note 7 to the Accountants' Report in Appendix I to this document.

The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received at any time, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition. Furthermore, in the ordinary course of business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. As such, the PRC tax authorities may successfully challenge our position and may require us to pay taxes, interest on such taxes, and/or penalties in excess of our tax provisions.

We are subject to credit risk related to delay in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

Our trade receivables arose primarily from our products and services provided in the ordinary course of business. We are exposed to credit risk related to delay in payment and defaults of our customers. As of December 31, 2022, 2023 and 2024, the carrying amount of our trade receivables was RMB42.4 million, RMB16.5 million and RMB61.2 million, respectively. The turnover days of our trade receivables were 113 days, 73 days and 57 days, respectively, for the years ended December 31, 2022, 2023 and 2024, and we recorded impairment losses recognized on trade receivables of RMB10.1 million, RMB7.6 million and RMB9.7 million for the same years, respectively. As our business continues to scale, our trade receivables balance may further grow accordingly, which may increase our risks for uncollectible receivables. We generally grant our customers credit terms up to 180 days, and generally do not require collateral or other security from our customers.

We may not be able to collect all such trade receivables due to various factors that are beyond our control, including adverse operating condition or financial condition of customers, which could cause our customers to delay payments to us, request adjustments to their payment arrangements or default on their payment obligations to us. If our customers delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables, and our liquidity and financial condition would be adversely affected.

If we fail to perform our contractual obligations, our liquidity and financial positions may be materially and adversely affected in the future.

Our contract liabilities primarily represent non-refundable advanced payments received from customers for products and services that have not yet been provided to the customers. Our contract liabilities were RMB37.7 million, RMB45.4 million and RMB49.6 million as of December 31, 2022, 2023 and 2024, respectively. If we fail to fulfill our obligations with respect to our contract liabilities, we may not be able to convert such contract liabilities into revenue as expected. Furthermore, if we fail to fulfill our obligations with respect to our contract liabilities, our customers may request not to prepay us in the future. Any of these circumstances could materially and adversely affect our business, results of operations, cash flow and liquidity condition.

Changes in the carrying amount of redemption liabilities may materially affect our financial position and results of operations.

Our financial position and results of operations may be adversely affected by the changes in the carrying amount of redemption liabilities. The redemption right granted to our [**REDACTED**] Investors in relation to our [**REDACTED**] Investments, recognized as our redemption liabilities, are initially measured at the carrying amount of the redemption amount and subsequently measured at amortized cost with interest expense being included in change in the carrying amounts of redemption liabilities. As of December 31, 2022, 2023 and 2024, our redemption liabilities amounted to RMB1,606.9 million, RMB1,738.5 million and RMB1,870.3 million, respectively. For the years ended December 31, 2022, 2023 and 2024, we recorded loss on changes in the carrying amount of redemption liabilities of RMB131.5 million, RMB131.5 million and RMB131.9 million, respectively. See Notes 2(p) and 24 to the Accountants' Report in Appendix I to this document for more details. Changes in the carrying amount of redemption liabilities may adversely affect our profitability. However, the carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty's redemption right.

We are exposed to changes in the fair value of our financial assets measured at fair value through profit or loss (the "FVPL"). Fluctuations in their values would affect our results of operations and financial condition.

During the Track Record Period, we purchased certain wealth management products issued by commercial banks in the PRC, which are recorded under financial assets measured at FVPL. Our results of operations are affected by changes in the fair value of such financial assets measured at FVPL. As of December 31, 2022, 2023 and 2024, our financial assets measured at FVPL were RMB307.3 million, RMB113.6 million and RMB141.9 million, respectively. For the years ended December 31, 2022, 2023 and 2024, the amount of investment income recognized under other net income was RMB10.7 million, RMB9.2 million and RMB6.6 million, respectively. See Note 17 to the Accountants' Report in Appendix I to this document for more details.

Fair values of financial assets measured at FVPL are determined based on quoted value provided by financial institutions. Factors beyond our control can significantly influence and cause adverse changes to these market-observable data we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition.

We have granted, and may continue to grant, share-based awards, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.

To motivate and encourage our officer, employee and consultant to further promote our business development, we granted share awards under the [**REDACTED**] ESOP. See "Statutory and General Information — D. [**REDACTED**] ESOP" in Appendix VI to this document. We recorded share-based payments expenses of nil, RMB12.6 million and RMB22.3 million for the years ended December 31, 2022, 2023 and 2024, respectively. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. However, issuance of additional H Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Moreover, expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Changes in the economic, political, social or regulatory conditions could have a material effect on our business and prospects.

We generate substantially all of our revenue from the PRC. The vast majority of our businesses, assets, operations are located in the PRC. As a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC.

The PRC government regulates the economy and the industries by imposing industrial policies and regulating the macroeconomy through fiscal and monetary policies. During the past few decades, the PRC government has taken various actions to promote market economy and the establishment of sound corporate governance in business entities. Our performance has been and will continue to be affected by the Chinese economy, which in turn is influenced by the global economy. While the Chinese economy has experienced significant growth over the past decades, the uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact the economic growth in the PRC. The global economic slowdown and the turmoil in the global financial markets and continued weakness in the U.S. economy have collectively added downward pressure to economic growth in the PRC.

We are unable to predict all the risks that we face as a result of current economic, political, social and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business operations and financial performance.

Failure to respond to developments in the legal system may subject our business and financial performance to risks.

Our business and operations are primarily conducted in the PRC and are governed by the PRC laws and regulations. The PRC legal system is based on written statutes. The legal system in the PRC evolves rapidly, some of the current laws and regulations are relatively new and may be amended in the future and interpreted or enforced depending on the specific facts and circumstances, which may affect our judgment on the relevance of legal requirements and the value of your [**REDACTED**].

Meanwhile, laws, regulations or enforcement policies, including those regulating the hospitality robotic-based AI agent industry in China, are evolving rapidly. Any enforcement actions against us could have a material adverse effect on us.

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

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. On February 17, 2023, the CSRC promulgated the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas listing Trial Measures**") and their implementation guidelines. The Overseas Listing Trial Measures, which came into effect on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. For more details, see "Regulatory Overview — Regulations Relating to Overseas Listing." Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. In addition, according to the Overseas Listing Trial Measures, any future share [**REDACTED**] or [**REDACTED**] after the [**REDACTED**] will also be subject to filing procedures of CSRC and we are also required to report certain material matters to CSRC after the [**REDACTED**].

If it is determined that we are subject to any filing or other authorization or requirements of the CSRC or other PRC governmental authorities for future fund raising activities or other major events while we fail to complete such filing or meet such requirements in a timely manner or at all, we may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

[REDACTED] of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Individual holders of H Shares who are not residents of mainland China and whose names appear on the register of members of H Shares (the "**Non-PRC Resident Individual Holders**"), are subject to PRC individual income tax on dividends received from us. Pursuant to the *Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045* (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) dated June 28, 2011 and issued by the STA, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. Meanwhile, under the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares.

However, pursuant to the *Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Any collection of such tax in the future may materially and adversely affect the value of such individual holders' [**REDACTED**] in H Shares.

Under the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its PRC-sourced income, including dividends derived from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under applicable double tax treaty or arrangement between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the *Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in the PRC to Non-resident Enterprises Holding H-shares of the Enterprises* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the STA on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-PRC resident enterprise holders of H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to a reduced withholding rate under an applicable tax treaty or arrangement could apply to the PRC tax authority for a refund of the excessive amount withheld, and payment of such refund will be subject to the approval from the PRC tax authority. There is room for discretion as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, regarding whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected, the value of such non-PRC resident enterprise holders' [**REDACTED**] in H Shares may be materially and adversely affected.

Payment of dividends is subject to conditions under the PRC laws.

Dividends may be paid only out of distributable profits pursuant to the stipulation of the PRC laws. Distributable profits are defined as our profits after taxes as determined under the PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given period are retained and available for distribution in subsequent periods.

Moreover, as the calculation of distributable profits under the PRC GAAP is different from the calculation under the IFRS Accounting Standards in multiple respects, our subsidiaries may not have distributable profits as determined under the PRC GAAP, even if they have profits for that period as determined under the IFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries.

Failure by our subsidiaries to pay dividends to us could adversely affect our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Fluctuations in exchange rates could result in foreign currency exchange losses.

We expect that substantially all of our revenue will be denominated in Renminbi. A portion of our revenue may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under the existing PRC laws and regulations on foreign exchange, following the completion of the [**REDACTED**], we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from the SAFE.

Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are affected by, among other things, the changes in domestic and international political, economic conditions and monetary policies. The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. There can be no assurance that our business, financial condition and results of operations would not be adversely affected by the fluctuation in exchange rates in the future.

Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

Changes in international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions and outbound investment restrictions may affect our business, financial condition and results of operations.

As we seek to expand our global footprint, our business operations and financial performance may be influenced by international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions. International trade policies and geopolitics are subject to frequent changes and uncertainties, often driven by political, economic, and social factors beyond our control. These changes could impact trade agreements, tariffs, customs duties, and other aspects of international trade, potentially increasing our operational costs and affecting our market access. Changes in trade protection measures, such as anti-dumping duties, countervailing duties, or safeguard measures, could lead to increased costs or restrictions on our exports. Export controls and economic or trade sanctions could limit our ability to export our products or conduct business in certain markets. Any non-compliance with these controls and sanctions could result in legal penalties, reputational damage, and loss of export privileges.

In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

For example, in recent years, the United States has increased export control restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce, which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems or components that may be critical to our technology infrastructure, products, services and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers and/or suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, systems or components from or to us, we may not be able to maintain our collaboration with such customers and suppliers.

In addition, on August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern ("**Reverse CFIUS EO**") granting the U.S. government the authority to establish and enforce an outbound investment screening regime ("**Outbound Investment Program**"). On October 28, 2024, the U.S. Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**") to implement the Executive Order of August 9, 2023. The Final Rule has become effective on January 2, 2025. The Final Rule targets investments involving persons and entities associated with "countries of concern," currently including China, and it imposes requirements (such as prohibition or notification requirements) on a wide range of investments in persons engaged in activities in certain sectors such as semiconductors and microelectronics, quantum information technologies or artificial intelligence, which the Final Rule defines as "covered activities," with persons from countries of concern engaged in covered activities defined as "Covered Foreign Persons." Investments by U.S. persons subject to the Final Rule, which are defined as "covered transactions," include acquisitions of equity interests (including purchases of shares in an initial public offering), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. We may be deemed a Covered Foreign Person because we are engaged in the development of robotic-based AI agents, which involves the development of AI systems used for the control of robotic systems. Given the nature of our business, [**REDACTED**] by U.S. persons in us is not a prohibited transaction but may constitute a "notifiable transaction" under the Final Rule, which imposes an obligation on U.S. persons to notify the Department of Treasury of the United States. Following the completion of the [**REDACTED**], it is expected that U.S. persons will be able to [**REDACTED**] in our H Shares without the notification obligations based on the publicly traded securities exception under the Final Rule as long as the [**REDACTED**] made does not afford a U.S. person certain rights that are not standard minority shareholder protections. However, the Final Rule nonetheless may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, which may negatively impact our ability to [**REDACTED**] from U.S. investors.

The rules and regulations regarding U.S. outbound investment may subject to further development. For example, President Donald Trump issued a National Security Presidential Memorandum titled America First Investment Policy on February 21, 2025 to, among others, direct the U.S. Secretary of the Treasury to consider expanding restrictions on outbound investment to China into new sectors, as well as expanding coverage over more types of transactions. The memorandum does not change existing law or regulations. However, depending on how such policy is implemented, it may have a significant impact on how the U.S. government regulates U.S. outbound investments in China. U.S. investors seeking to invest in China may face expanded investment restrictions, which may negatively impact our ability to [**REDACTED**] from U.S. investors.

You may experience difficulties in effecting service of the legal process upon us and our management and seeking recognition and enforcement of judgments against them across jurisdictions.

The legal systems across different jurisdictions vary significantly. Therefore, the effecting service of legal process and the process of recognizing and enforcing any judgments may be different across jurisdictions and are subject to treaties or arrangements providing for the recognition and enforcement of judgments made by courts of other jurisdictions. As a result, investors may experience difficulties to effect service of process and/or recognize and enforce any judgments for disputes brought in other jurisdictions.

We are a company incorporated under the laws of the PRC, and the vast majority of our assets are located in the PRC. Substantially all of our Directors, Supervisors and senior management reside within the PRC, and the assets of our Directors, Supervisors and senior management are likely to be located within China. As a result, it may be difficult for you to effect service of process within Hong Kong, the United States or elsewhere outside the PRC upon us or these persons, or to bring an action in Hong Kong against us or these individuals. Moreover, the PRC has not entered into treaties with certain other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

An original action may only be brought in the PRC against us or our Directors, Supervisors and senior management if the actions are not required to be arbitrated by the PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the civil procedure laws in the PRC.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and the [REDACTED] and [REDACTED] of our H Shares following the [REDACTED] may be volatile.

Prior to the [**REDACTED**], there has been no public market for our H Shares. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the market price of the H Shares following the [**REDACTED**]. We have applied to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares. A [**REDACTED**] on the Hong Kong Stock

Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market price of the H Shares will not decline following the [**REDACTED**].

In addition, the [**REDACTED**] price and [**REDACTED**] volume of the H Shares may be subject to significant volatility in responses to various factors, including:

- variations in our operating results;
- unexpected business interruptions resulting from natural disasters or outbreaks of contagious diseases;
- changes in financial estimates by securities analysts;
- announcements made by us or our competitors;
- [**REDACTED**] perception of us and of the investment environment in regions where we operate;
- developments in the hospitality robotic-based AI agent market in China;
- changes in pricing made by us or our competitors;
- acquisitions by us or our competitors;
- the depth and liquidity of the market for our H Shares;
- additions to or departures of, our executive officers and other members of our senior management;
- release or expiry of lock-up or other transfer restrictions on our H Shares;
- developments in laws and regulations in regions where we operate; and
- political, economic, financial and social developments in regions where we operate and in the global economy.

Moreover, the capital market has from time to time experienced significant [**REDACTED**] and [**REDACTED**] volume fluctuations that were unrelated or not directly related to the operating performance of any particular company. It is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance and as a result, [**REDACTED**] in our H Shares may suffer substantial losses.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the market price of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval) have been duly completed and the filing with the CSRC has been completed. In addition, such conversion, [**REDACTED**] and [**REDACTED**] must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the [**REDACTED**]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] of H Shares.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution.

Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per Share of their H Shares. In addition, purchasers of our H Shares may experience further dilution of their shareholdings if we issue additional H Shares pursuant to the exercise of the [**REDACTED**].

There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and issuing additional H Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible assets value per Share of their H Shares if we issue additional H Shares in the future at a price which is lower than the net tangible assets value per Share at that time.

Future sales or perceived sales of substantial amounts of our securities in the public market, including any future [REDACTED] in the PRC, could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur could all cause a decline in the market price of our H Shares. Future sales, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future [**REDACTED**], could also materially and adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate.

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

Our management may use the [**REDACTED**] from the [**REDACTED**] in ways that you may not agree with or that do not yield favorable returns for our Shareholders. For details of our intended use of [**REDACTED**] from the [**REDACTED**], see "Future Plans and Use of [**REDACTED**]." Our management will have discretion as to the actual utilization of the [**REDACTED**] within the disclosed scope of planned usage. You are entrusting your funds to our management, upon whose judgment you must depend for the specific uses we will make of the [**REDACTED**] from the [**REDACTED**].

We may not pay any dividends on our H Shares.

We cannot guarantee when and in what form dividends will be paid on our H Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, general business conditions and other factors that our Directors consider relevant. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future. See "Financial Information — Dividends."

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

Certain facts and other statistics in this document, particularly in the section headed "Industry Overview," are obtained from the Frost & Sullivan Report, which was commissioned by us, and from information provided by the government. While we believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in the reproduction of the information, the information from official government sources has not been prepared or independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], any of our or their respective affiliates or advisors or any other parties involved in the [**REDACTED**], and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. You should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters.

The words "will," "would," "estimate," "expect," "anticipate," "plan," "aim," "going forward," "believe," "may," "intend," "ought to," "continue," "project," "should," "seek," "potential" and the negative of these words and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors, Supervisors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance, and 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.

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

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

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

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

In preparation for the [**REDACTED**], our Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

In addition, the Guide for New Listing Applicants provides that the listing applicant should normally have the following arrangements for maintaining regular communication with the Stock Exchange for the purpose of its granting waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules: (a) the authorized representatives of the listing applicant will act as the principal channel of communication with the Stock Exchange; (b) the authorized representatives of the listing applicant should have means for contacting all its directors promptly at all times as and when the Stock Exchange wishes to contact the directors on any matters; (c) each director of the listing applicant who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; (d) the compliance advisor of the listing applicant will act as an additional channel of communication with the Stock Exchange; and (e) each director of the listing applicant will provide their respective mobile phone numbers, office phone numbers, email addresses and fax numbers to the Stock Exchange.

Since substantially all of the business operations of our Group are managed and conducted outside of Hong Kong, and all of our executive Directors ordinarily reside in the PRC, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and the Shareholders as a whole. Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions to maintain regular and effective communication between the Stock Exchange and us:

(i) we have appointed Mr. Li Quanyin (李全印), one of our executive Directors, and Ms. Ng Wai Kam (伍偉琴) ("**Ms. Ng**"), one of our joint company secretaries who is ordinarily resident in Hong Kong, as our authorized representatives ("**Authorized Representatives**") for the purposes of Rule 3.05 of the Listing Rules to serve as our principal channel of communication with the Stock Exchange. We have provided the Stock Exchange with their contact details, and they will be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

(ii) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our Authorized Representatives will have means to contact all of our Directors promptly at all times. We will implement measures such that (a) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to our Authorized Representatives and the Stock Exchange; and (b) in the event that a Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to our Authorized Representatives. We have provided the Stock Exchange with the contact details of each Director to facilitate communication with the Stock Exchange;

(iii) each Director who is not an ordinary resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time, if required;

(iv) we have appointed SPDB International Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional and alternative channel of communication with the Stock Exchange during the period from the [**REDACTED**] to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the [**REDACTED**], and its representative(s) will be fully available to answer enquiries from the Stock Exchange. The compliance advisor will advise our Company on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [**REDACTED**], and will have access at all times to our Authorized Representatives, our Directors and the other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company; and

(v) any meeting between the Stock Exchange and our Directors will be arranged through our Authorized Representatives or compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our Authorized Representatives and compliance advisor.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's:

(i) length of employment with the listing applicant and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

In addition, the Guide for New Listing Applicants provides that the waiver from strict compliance with Rule 3.28 of the Listing Rules, if granted, will be for a fixed period of time and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (b) the waiver will be revoked if there are material breaches of the Listing Rules by the Company.

We appointed Ms. Liu Ying (劉螢) ("**Ms. Liu**") as one of the joint company secretaries in January 2025 effective upon [**REDACTED**]. Ms. Liu joined our Group in December 2020 and is currently our Board secretary and financial vice president, primarily responsible for the corporate governance, investor relations maintenance, capital operation, capital management, budget management, financial accounting and tax management of our Group. Ms. Liu has accumulated abundant knowledge about the business operations and governance of corporations with a strong recognition of the corporate culture of our Group. By virtue of her position and familiarity with our Group, Ms. Liu has worked closely with our Directors and thus possessed a thorough understanding of matters concerning the Board and its operations. As such, our Directors believe that Ms. Liu is a suitable person to act as the company secretary of our Company.

However, Ms. Liu does not possess the specified qualifications strictly required by Rule 3.28 and Rule 8.17 of the Listing Rules. As a result, we have appointed Ms. Ng, who meets the requirements under Rule 3.28 and Rule 8.17 of the Listing Rules, to act as the other joint company secretary effective upon [**REDACTED**]. For details of Ms. Liu's and Ms. Ng's biographies, see "Directors, Supervisors and Senior Management."

Over the initial period of three years from the [**REDACTED**], we will implement the following measures to assist Ms. Liu to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

(i) Ms. Ng will assist Ms. Liu so as to enable her to discharge her duties and responsibilities as a joint company secretary of our Company. Given Ms. Ng's relevant experiences, she will be able to advise both Ms. Liu and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;

(ii) Ms. Liu will be assisted by Ms. Ng for an initial period of three years commencing from the [**REDACTED**], which should be sufficient for her to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;

(iii) we will ensure that Ms. Liu has access to the relevant trainings and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of a Hong Kong [**REDACTED**] company, and Ms. Liu has undertaken to attend such trainings;

(iv) Ms. Ng will communicate with Ms. Liu on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Ng will work closely with, and provide assistance to Ms. Liu with a view to discharging her duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and

(v) pursuant to Rule 3.29 of the Listing Rules, Ms. Liu and Ms. Ng will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Liu and Ms. Ng will be advised by our legal advisors as to Hong Kong law and our compliance advisor as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the [**REDACTED**], in accordance with the Guide for New Listing Applicants published by the Stock Exchange, on the conditions that (i) Ms. Ng is engaged as a joint company secretary and provides assistance to Ms. Liu during this period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the initial three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Liu to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will liaise with the Stock Exchange to assess whether Ms. Liu, having had the benefit of Ms. Ng's assistance for three years, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and there is no need to further apply for a waiver.

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Zhi Tao (支濤)	Room 103, Building 16 Phase 1, Olympic Garden Fengtai District Beijing the PRC	Chinese
Mr. Hu Quan (胡泉)	No. 601, Unit 1, Building 11 Zone 2, Chaoxin Jiayuan Dongli Chaoyang District Beijing the PRC	Chinese
Mr. Li Quanyin (李全印)	Room 912, Section 2, Lifangting No. 1, Shanyuan Street Haidian District Beijing the PRC	Chinese
Non-executive Directors		
Mr. Wu Minghui (吳明輝)	135-1, Phase IV Yutianxia, Tianzhu Town Shunyi District Beijing the PRC	Chinese
Ms. Ma Hong (馬紅)	Room 2404, Building G27 Jinmao Bay Hi-Tech Zone, Hefei Anhui Province the PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. Zhang Lihua (張立華)	Room 0702, Unit 3, No. 46 Lane 1566, Guoquan North Road Yangpu District Shanghai the PRC	Chinese
Mr. Lai Yung Yuet (黎勇越)	Flat 7, 24/F, Block A Sun Kwai Hing Gardens Kwai Chung, New Territories Hong Kong	Australian
Mr. Wang Fangjun (汪方軍)	Room 902, No. 5 Jiaoda Qujiang New Village Yanta District, Xi'an Shaanxi Province the PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. Ai Baoshu (艾寶書)	Room 401, Unit 2, Building 20 Wenlong Jiayuan Sili Haidian District Beijing the PRC	Chinese
Mr. Yu Junjie (俞俊傑)	No. 157, Lane 168 Dongkun Road Songjiang District Shanghai the PRC	Chinese
Mr. Xue Jinlong (薛金龍)	Room 301, No. 20 Gucheng Nanli East Street Shijingshan District Beijing the PRC	Chinese

For further information regarding our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F One Pacific Place 88 Queensway Hong Kong
	CCB International Capital Limited 12/F CCB Tower 3 Connaught Road Central Central Hong Kong

[**REDACTED**]

[**REDACTED**]

Legal Advisors to our Company	*As to Hong Kong laws* **Tian Yuan Law Firm LLP** Suites 3304-3309, 33/F Jardine House One Connaught Place Central Hong Kong *As to PRC laws (including PRC data compliance laws)* **Haiwen & Partners** 20/F, Fortune Financial Center No. 5, Dong San Huan Central Road Chaoyang District Beijing the PRC

Legal Advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong laws* **Herbert Smith Freehills** 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong
	As to PRC laws **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place, 77 Jianguo Road Chaoyang District Beijing the PRC
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Compliance Advisor	**SPDB International Capital Limited** 33/F, SPD Bank Tower One Hennessy 1 Hennessy Road Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Jing'an District Shanghai the PRC

[**REDACTED**]

Registered Office	Room B01, 7/F Jinqiu International Building No. 6, Zhichun Road Haidian District Beijing the PRC
Headquarters and Principal Place of Business in the PRC	Room B01, 7/F Jinqiu International Building No. 6, Zhichun Road Haidian District Beijing the PRC
Principal Place of Business in Hong Kong	Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	www.yunjichina.com.cn *(the information contained on the website does not form part of this document)*
Joint Company Secretaries	**Ms. Liu Ying (劉螢)** Room 401, Unit 3, Building 2 Yard 23, Xiaoying North Road Chaoyang District Beijing the PRC **Ms. Ng Wai Kam (伍偉琴)** *(ACG, HKACG)* Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Li Quanyin (李全印)** Room 912, Section 2, Lifangting No. 1, Shanyuan Street Haidian District Beijing the PRC

	Ms. Ng Wai Kam (伍偉琴) Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. Wang Fangjun (汪方軍) *(Chairperson)* Mr. Lai Yung Yuet (黎勇越) Mr. Wu Minghui (吳明輝)
Remuneration Committee	Mr. Zhang Lihua (張立華) *(Chairperson)* Mr. Wang Fangjun (汪方軍) Ms. Zhi Tao (支濤)
Nomination Committee	Ms. Zhi Tao (支濤) *(Chairperson)* Mr. Zhang Lihua (張立華) Mr. Wang Fangjun (汪方軍)

[**REDACTED**]

Principal Bank(s)	**China Merchants Bank Beijing Branch Beijing Beiyuan Road Science and Technology Finance Sub-Branch** Room 102, 1/F and Room 1701-1706 and 1708B, 17/F, Building 1 Yard 186, Beiyuan Road Chaoyang District Beijing the PRC
	China CITIC Bank Beijing Century City Sub-Branch No. A2, Chuihongyuan, Phase 3 Century City Landianchang Living Area Haidian District Beijing the PRC

The information and statistics set out in this section and other sections of this document were extracted from the report commissioned by us and prepared by Frost & Sullivan, and from various official government publications and other publicly available publications. We believe that the sources of the information in this section and other sections of this document are appropriate sources for such information and have taken reasonable care in selecting and identifying such information sources, compiling, extracting and reproducing such information, and ensuring no material omission of such information. We have no reason to believe that such information is false in any material respect or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, or any of our or their respective directors, advisors, officers, employees or agents or any other persons or parties involved in the* [**REDACTED**]*, and no representation is given as to its accuracy, reliability or completeness.*

SOURCE AND RELIABILITY OF INFORMATION

In connection with the [**REDACTED**], we engaged an independent market research consultant, Frost & Sullivan, to conduct an analysis of, and to prepare an industry report on the industries where we operate with a commission fee of RMB600,000. Founded in 1961, Frost & Sullivan is an independent global consulting firm that conducts industry research and prepares industry report on a wide range of industries, among other services. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the collected data and information, and cross-check each respondent's information and expressions against those of others: (i) detailed primary research, which involved discussing the status of the industry with leading industry participants and industry experts; and (ii) secondary research, which involved reviewing published sources including reports of market participants, independent research reports and data based on Frost & Sullivan's own research database.

The market projections in the Frost & Sullivan Report are mainly based on the following assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to continue driving growth in the hospitality robotic-based AI agent market during the forecast period, such as the advancement of technology and infrastructure, supportive policies, and increasing downstream demands; and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

DIRECTORS' CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the Frost & Sullivan Report since the date of the report that may qualify, contradict or have an impact on the information in this document.

OVERVIEW OF AI AGENTS

Overview

An AI agent is an artificial intelligence that possesses autonomous perception, memory, reasoning analysis, decision-making and action execution capabilities, which can directly provide end-to-end and continuous iterative solutions tailored to specific tasks. Core advantages of AI agents mainly include:

- ***Autonomy***: AI agents are designed to function autonomously in accordance with assigned tasks, eliminating the necessity for continuous and comprehensive human intervention throughout the process.

- ***End-to-end***: AI agents can deliver complete task solutions spanning across multiple steps and scenarios.

- ***Learning and iteration***: AI agents can continuously optimize their strategies through data-driven insights and experiential learning.

Application Scenarios of AI Agents

With the advancement of AI technologies, AI agents provide efficient and intelligent solutions for diverse industries and scenarios, encompassing hospitality services and other services. Hospitality services encompass a wide range of human-centric services that cater to human needs, where AI agents can be deployed across various scenarios. For example, AI agents are not only deployed in traditional hospitality scenarios like hotels and restaurants, but also in other scenarios such as factories and healthcare facilities, where they provide human-centric services and facilitate human-agent interactions. Moreover, AI agents also provide other services, which prioritize efficiency over human-agent interaction. The following chart illustrates the common application scenarios and functionalities of AI agents in providing hospitality services.

Common Application Scenarios of AI Agents

Hotels	AI agents offer comprehensive services throughout a guest's hotel stay, elevating the overall guest experience. At the check-in stage, they automate the process, leveraging facial recognition technology to ensure a streamlined and secure access procedure. During the guest's stay, AI agents undertake room service deliveries through autonomous navigation, manage front desk calls proficiently, and maintain a pristine environment. They further function as knowledgeable guides, acquainting guests with the hotel's amenities. At the check-out stage, they facilitate the check-out process and collect feedback with a view to enhancing future services, ensuring a seamless and hassle-free experience from the moment of arrival to the point of departure.
Healthcare facilities	AI agents play a pivotal role in augmenting operating efficiency and bolstering patient care. They execute tasks like the autonomous delivery of medical supplies and equipment, ensuring timely and precise distribution. AI agents are also tasked with routine cleaning responsibilities, contributing to maintaining a hygienic environment. Moreover, AI agents seamlessly integrate with healthcare systems to streamline administrative processes such as scheduling, optimizing the overall healthcare operational workflow.
Factories	In factory settings, AI agents leverage advanced multi-agent scheduling software in conjunction with an array of robots, including autonomous mobile robots (AMRs), to fine-tune material handling, inventory tracking and assembly line coordination. Moreover, hospitality AI agents in factories can meet the needs of more complex service areas besides moving goods between production lines. Based on the core AI technology platform, AI agents are able to interact with end-users and make deliveries between people and people and between people and goods, providing more human-centric services.
Restaurants	In restaurants, AI agents are deployed with sophisticated order routing algorithms that are intricately integrated with delivery robots and self-service kiosks, thereby streamlining and effectively managing workflows. During peak business hours, AI agents dynamically assess and prioritize takeout orders, and simultaneously dispatch cleaning robots to sanitize tables in a timely manner, ensuring a hygienic dining environment. AI agents also synchronize the operations of kitchen robots for optimized meal preparation. Through these coordinated actions, AI agents significantly reduce customer wait times, enhancing overall service efficiency and customer satisfaction.

Source: Public information collection, Frost & Sullivan

Classification of AI Agents

AI agents can be categorized into two main types, namely, embodied AI agents and disembodied AI agents.

An embodied AI agent is an AI system integrated with a physical body or robotic form, enabling it to interact with the real world in a more direct and physical manner. Robotic-based AI agent is a type of embodied AI agents, directly responding to the environment through physical body, which utilize sensors to perceive their surroundings and actuators to move and manipulate objects, combining the power of AI with physical embodiment to perform tasks. These agents are equipped with advanced machine learning algorithms that enable them to learn from their interactions and improve their performance over time. Additionally, their AI systems can process vast amounts of data in real-time, allowing them to make quick and informed decisions in dynamic environments.

On the other hand, a disembodied AI agent refers to an intelligent system that operates without relying on a physical entity or embodied interaction. It primarily accomplishes tasks through symbolic processing, abstract reasoning and structured data manipulation, focusing on manipulating static datasets and abstract logic. Disembodied AI agents prioritize computational analysis over real-world embodiment, making it particularly effective in domains like natural language processing, algorithmic decision-making and virtual assistants, where physical presence is unnecessary.

OVERVIEW OF THE HOSPITALITY AI AGENT MARKET IN CHINA

Overview of Hospitality AI Agents

Hospitality AI agents are designed to achieve hospitality-oriented goals, which prioritize human-agent interactions, service optimization and collaborative workflows. Within the hospitality AI agent sector, the embodiment distinction remains critical. Embodied hospitality AI agents are physical entities like service robots or IoT-enabled devices that interact directly with guests and environments, while disembodied hospitality AI agents mainly operate as software platforms (e.g., chatbots and predictive analytics systems) to manage disembodied services and backend processes.

Analysis of Business Model

The companies engaging in the hospitality AI agent industry generate revenue through multiple channels:

- ***Subscription and sale of software system:*** represents revenue from subscription and sales of software systems. These systems integrate seamlessly with the existing systems of downstream scenarios, providing functions such as robot management systems and scenario-based operation platforms.

- ***Sale and lease of hardware:*** represents revenue from sales and rental of hardware, such as robot device, core components of robot body, such as chassis, and related IoT devices, such as vending machines.

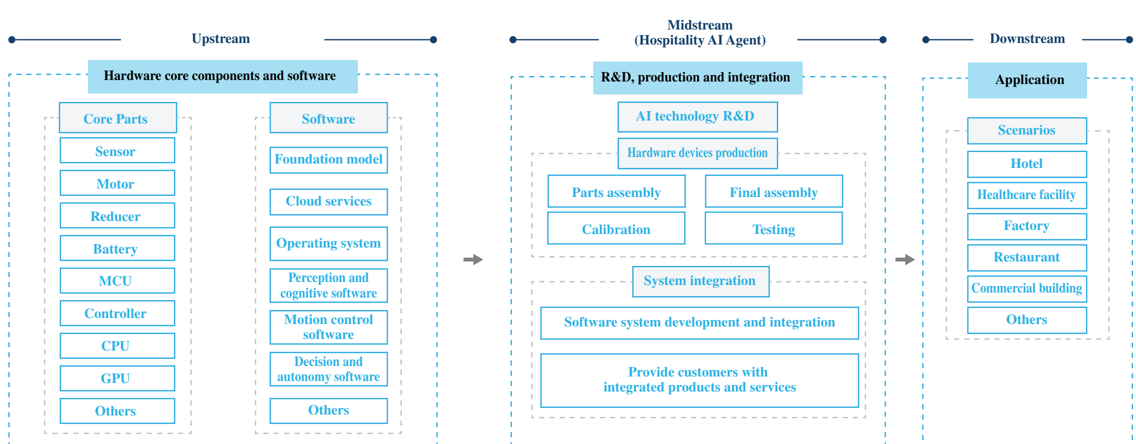
- ***Integrated solution:*** represents revenue from offering customers a complete package of both the hardware and software.

- ***Eco-operation:*** represents revenue from providing tailored operational services for customers by leveraging the hospitality AI agents to meet the specific needs of various downstream scenarios.

Value Chain and Market Players

The hospitality AI agent industry chain includes upstream hardware core components and software, midstream R&D, production and integration, and downstream application. The upstream stage sources essential hardware core components and software for building the hospitality AI agents. Hardware core components include sensors, motors, batteries, controllers, MCUs, CPUs and GPUs, forming the core of these systems. Software includes cloud services and foundation model, for subsequent integration with hardware. The midstream stage focuses on R&D, production and integration of AI agents, which involves assembling parts, system calibration, testing and developing software to ensure seamless hardware-software operation, delivering integrated solutions to customers. The downstream stage deploys hospitality AI agents in real-world settings like hotels and factories, customizing services to meet specific customer needs and ensuring effective technology use.

Value Chain of Hospitality AI Agent Market



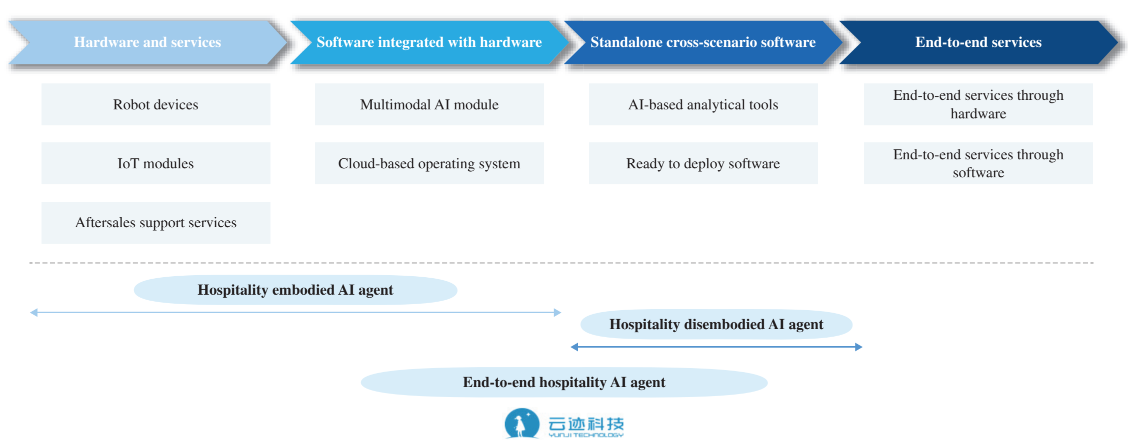
Source: Public information collection, Frost & Sullivan

To address the pain points faced in downstream scenarios, including inefficiencies in service delivery and response, challenges in human resource management, gaps in operational management and decision support and challenges in consumer demand insights, hospitality AI agents provide personalized services and prompt responses, reducing negative reviews and enhancing customer satisfaction, which helps businesses gain positive feedback and attract new customers. Meanwhile, hospitality AI agents offer services that surpass customer anticipations, strengthening customer loyalty and promoting word-of-mouth dissemination, thereby attracting more users and driving revenue growth. Through the dual flywheel effect mentioned above, hospitality AI agents empower businesses to achieve sustainable growth and secure a stable foothold within the market.

The competitiveness of hospitality AI agent providers is gauged by the breadth of their AI technology and the variety of downstream applications they can serve. Key metrics include: (i) hardware device and after-sales support; (ii) integrated software to synergize with the operation of hardware device; (iii) revenue-generating software platforms capable of operating independently from proprietary hardware or interfacing with third-party hardware via standardized APIs, enabling modular deployment, cross-platform compatibility and interactive optimization of software functionalities without hardware dependency across various scenarios; and (iv) end-to-end services, a seamless, fully automated workflow from task initiation to resolution, mediated by AI agents without human intervention, through which the AI agents understand and satisfy the needs of consumers directly.

Among hospitality AI agent providers, we distinguish ourselves from other players by combining the characteristics of both hospitality embodied AI agents and disembodied AI agents through our vertically integrated approach to delivering end-to-end services via synchronized hardware-software convergence. Compared with hospitality embodied AI agents, we not only feature composite polymorphic robots adaptable to diverse scenarios, but also possess a robust software platform capable of operating independently from the hardware. Compared with disembodied AI agents, we execute physical-digital service convergence, engaging end users through both digital interfaces and embodied robotic AI agents to enable closed-loop service automation with tangible service fulfillment.

Comparison of Major Players in the Hospitality AI Agent Market in China



Source: Public information research, expert interview, Frost & Sullivan

Overview of Hospitality Robotic-based AI Agents

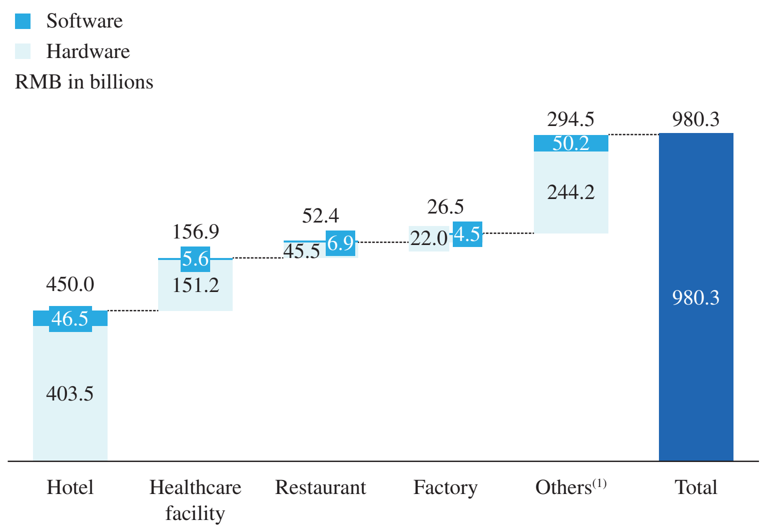
A hospitality robotic-based AI agent is designed to deliver end-to-end services centered around human-agent interaction. By integrating advanced AI functionalities, it is engineered to understand and respond to human needs, make service-oriented decisions, and perform tasks that directly enhance human comfort and satisfaction. The deployment of hospitality robotic-based AI agents aims to elevate human experience and optimize service operations across various scenarios. For example, unlike traditional AMRs used in factories for warehousing purposes, hospitality robotic-based AI agents offer flexible, people-centric services that can promptly respond to dynamic and spontaneous needs. This adaptability enables them to significantly enhance both human experience and operational efficiency in diverse environments.

On the other hand, hospitality robotic-based AI agents constitute an advanced iteration of traditional robots. Unlike traditional robots relying on pre-designed control algorithms and having relatively low-level intelligence, hospitality robotic-based AI agents integrate advanced AI in perception, planning, memory and action. They boost performance via continuous learning and machine learning to refine algorithms, achieving collective intelligence through communication networks, a feat beyond traditional robots. Traditional robots, restricted to specific scenarios and fixed production lines, face limited production efficiency. In contrast, hospitality robotic-based AI agents show superior extensibility and migratability. With adaptable hardware and software, they can be customized for different scenarios. Their cloud-based setup and AI algorithms enable cross-context analysis, demonstrating transferable learnings. This makes them highly adaptable, ready to flexibly provide intelligent responses for various applications.

Total Addressable Market of Hospitality Robotic-based AI Agents

The total addressable market of the hospitality robotic-based AI agents in China across various scenarios in 2023 is approximately RMB980.3 billion, as calculated by multiplying the number of facilities providing hospitality services at the end of 2023 and their potential procurement demand of hardware and software of hospitality robotic-based AI agents in such year, assuming that the demand of all facilities for hardware and software of hospitality robot-based AI agents is fully addressed. Among all, approximately RMB450.0 billion of the total addressable market in 2023 is attributable to hotels, which is the largest segment of the total addressable market of the hospitality robotic-based AI agents in China in 2023, including software demand of approximately RMB46.5 billion and hardware demand of approximately RMB403.5 billion.

Total Addressable Market of the Hospitality Robotic-based AI Agents in China, by scenarios, 2023



Note:

(1) Others include communities, commercial buildings, museums, exhibition halls and entertainment venues (including, among others, karaoke, footbaths and business clubs).

Source: China Hotel Association, National Bureau of Statistics, MIIT, public information collection, Frost & Sullivan

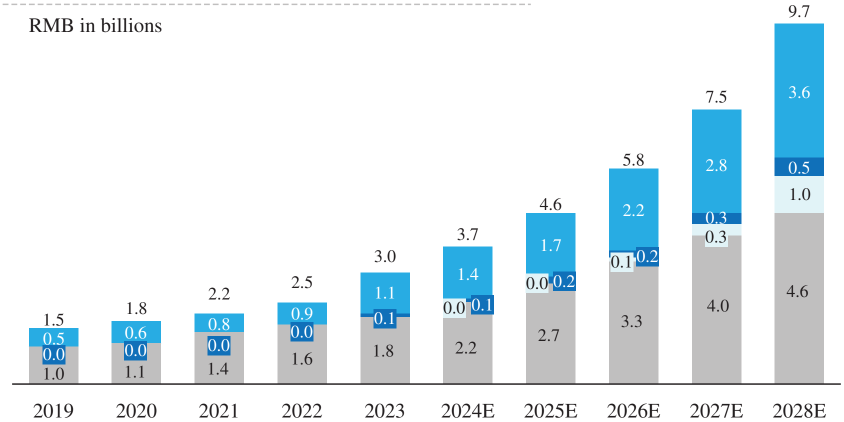
Market Size of Hospitality Robotic-based AI Agent Market

The hospitality robotic-based AI agent market in China has experienced rapid growth. The market size of the hospitality robotic-based AI agent market in China in terms of revenue increased from RMB1.5 billion in 2019 to RMB3.0 billion in 2023, representing a CAGR of 18.7%. Driven by advancements in AI technology, the increasing multifunctionality and scalability of hospitality robotic-based AI agents, the growing demand for premium, efficient and consistent services from downstream industries, and favorable government policies, the hospitality robotic-based AI agent market in China is estimated to further increase, reaching RMB9.7 billion by 2028, representing a CAGR of 26.5% from 2023 to 2028.

Hotel scenario is the largest segment of the hospitality robotic-based AI agent market in China from 2019 to 2023, and is expected to maintain such position up to 2028. The market size of the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue increased from RMB0.5 billion in 2019 to RMB1.1 billion in 2023, representing a CAGR of 20.8%, and is expected to reach RMB3.6 billion in 2028 with a stronger CAGR of 26.4% from 2023 to 2028. The market size of the hospitality robotic-based AI agent market for healthcare facilities in China in terms of revenue demonstrated a CAGR of 57.7% from 2019 to 2023, and is expected to grow with a CAGR of 47.6% from 2023 to 2028. Factory scenario is a relatively new scenario of the hospitality robotic-based AI agent market in China, which recorded a market size of RMB0.003 billion in terms of revenue in 2024, and is expected to reach RMB0.97 billion in 2028, showing a large potential market to penetrate in. Other scenarios include entertainment venue, community, commercial buildings and other hospitality scenarios. The market size of the hospitality robotic-based AI agent market for other scenarios in China is expected to grow at a CAGR of 16.0% from RMB1.0 billion in 2023 to RMB2.2 billion in 2028.

Market Size[1] of the Hospitality Robotic-based AI Agent Market in China, by scenarios in terms of revenue, 2019-2028E

CAGR	2019-2023	2023-2028E
Total	18.7%	26.5%
Hotel	20.8%	26.4%
Healthcare facility	57.7%	47.6%
Factory[2]	N/A	N/A
Others[3]	16.8%	20.7%



Notes:

(1) Market size includes revenue from sales of robot products, components and accessories, software services and robot rentals in China. Oversea revenue is not included.

(2) CAGRs between 2019 to 2023 and 2023 to 2028 are not applicable to the factory scenario as market players started to generate revenue from such scenario from 2024.

(3) Other scenarios include restaurant, entertainment venue, community, commercial building and other hospitality scenarios.

Source: Expert interview, Frost & Sullivan

Key Drivers

The hospitality robotic-based AI agent market in China is expected to continue its growth and such expectation is largely driven by the following key growth drivers:

- ***Advancements in AI technology accelerate the development of the hospitality robotic-based AI agent market***: The rapid advancements in AI technology, particularly large models and multimodal AI, are significant catalysts for the expansion of the hospitality robotic-based AI agent industry in China. Large models empower robots to comprehend and generate human-like text, which is essential for advanced natural language understanding and communication. Multimodal AI further amplifies these capabilities by enabling robots to interpret and process multimodal information, such as visual, auditory and textual data, leading to a more nuanced environmental perception. These technological strides are crucial as they empower robots to undertake tasks once exclusive to human expertise, such as executing intricate instructions or engaging in sophisticated dialogues. The integration of multimodal AI also enhances the robots' data analysis capabilities, which is vital for tasks requiring precise object recognition and environmental understanding. As these technologies continue to evolve, they are expected to unlock a broader spectrum of applications for robots, from industrial automation to customer service, thereby increasing the market potential for the hospitality robotic-based AI agent market in China.

- ***Hospitality robotic-based AI agent reduce potential risks and boost efficiency for downstream scenarios***: The hospitality robotic-based AI agent market is rapidly expanding, driven by the growing demand for premium, efficient and consistent service across various industries. The hospitality robotic-based AI agents address key challenges faced by various downstream scenarios, which traditionally struggle with low efficiency, delayed responses and dangerous working conditions. In hotels, hospitality robotic-based AI agents provide round-the-clock delivery services, ensuring prompt response and consistent performance without fatigue or variability. Factories benefit from their ability to facilitate deliveries between personnel and goods, while in healthcare facilities, they handle hazardous items like radiation-sensitive supplies safely. By offering reliable and standardized service, hospitality robotic-based AI agents not only satisfy consumer expectations but also boost customer loyalty and fuel business growth. Their ability to perform repetitive tasks curbs labor costs, while their adaptability and scalability make them valuable long-term investments. In hazardous or extreme environments, hospitality robotic-based AI agents mitigate accident risks and ensure precise operations, thus firmly establishing themselves as indispensable assets for modern businesses.

- ***Standardized and modular design enables hospitality robotic-based AI agents to possess multifunctionality and scalability***: The functional versatility and scalability of hospitality robotic-based AI agents stem from two key factors: modular hardware design and software adaptability. Modular hardware enables a single base chassis to integrate interchangeable upper modules for tasks like cleaning, delivery, or sanitization, with components easily swapped or reconfigured to meet operational demands. Software scalability ensures seamless integration across diverse hospitality systems and applications, allowing hospitality robotic-based AI agents to adapt to evolving environments and application scenarios. This flexibility ensures that hospitality robotic-based AI agents evolve with changing business requirements and new technological advancements, offering both operational efficiency and long-term adaptability.

- ***Favorable policies for the hospitality robotic-based AI agent market***: The PRC government asserts the importance of the hospitality robotic-based AI agent industry and has introduced various policies to support the development of the hospitality robotic-based AI agent industry, which has now become a key driver for the digital and intelligent industrial transformation in China. The strategic support is further bolstered by policies that specifically target the growth of the robot market, thereby providing a robust framework for the hospitality robotic-based AI agent industry. In 2023, the MIIT released the *Guiding Opinions on the Innovation and Development of Humanoid Robots* (《人形機器人創新發展指導意見》), setting targets for 2025 and 2027. The *14th Five Year Plan for the Development of the Robot Industry* (《"十四五"機器人產業發展規劃》) issued in 2021 aimed to achieve breakthroughs in core technologies and high-end products. The national strategy *Made in China 2025* (《中國製造2025》) identified the robotic industry as a priority sector for advancement, alongside AI and automation, to elevate manufacturing industry standards.

Future Trends

Key trends of the hospitality robotic-based AI agent market in China include the following:

- ***The ongoing reduction in production costs accelerates the large-scale commercialization of hospitality robotic-based AI agents***: The ongoing reduction in production costs is a significant driver of the hospitality robotic-based AI agent market, accelerating the large-scale commercialization of hospitality robotic-based AI agents. For example, computing main control board saw a notable unit price drop from around RMB1,800 to RMB2,500 per unit in 2021 to RMB1,000 to RMB1,800 per unit in 2024 due to the increasing domestic substitution. Additionally, in-wheel motor experienced reduction in unit price from RMB400 to RMB800 per unit in 2021 to RMB250 to RMB500 per unit in 2024 due to technology innovations and fluctuating market dynamics. Such price reductions, in turn, significantly lower the overall manufacturing cost of hospitality robotic-based AI agents. These trends collectively underscore the downward trajectory in production costs, facilitating broader adoption and rapid commercialization of hospitality robotic-based AI agents across industries.

- ***Expanding downstream scenarios and business models of hospitality robotic-based AI agents***: The hospitality robotic-based AI agent market is witnessing a growing trend of expanding scenarios across a variety of industries. Initially deployed in specific settings like hotels, factories and restaurants, hospitality robotic-based AI agents are now extending their reach to new environments such as campuses and healthcare facilities. This trend is fueled by the ability to efficiently perform tasks, enhance safety, and provide consistent service. As they move into new scenarios, hospitality robotic-based AI agents will also drive changes in business models. New revenue streams could arise, such as pay-per-use models, performance-based contracts, or even the creation of service-specific partnerships between technology providers and end-users.

Cost Analysis

The hospitality robotic-based AI agents are composed of hundreds of raw materials, each differing significantly in attributes, functions and prices. The major raw materials to manufacture robotic-based AI agents mainly include control boards, LiDAR, RGBD Camera, battery, motor and interface display. Given the variety of raw materials of hospitality robotic-based AI agents, the correlation of hospitality robotic-based AI agent product price and different raw materials is relatively low, yet considering the cost-based pricing strategy, the price changes of one or several raw materials may have material impacts on the final price of hospitality robotic-based AI agents.

The price of hospitality robotic-based AI agents in China declined from RMB20,000 to RMB40,000 in 2021 to RMB17,000 to RMB34,000 in 2023. Such a decline is not solely attributable to the decreasing cost of raw materials, but is also predominantly influenced by other factors, including intense market competition. The substantial fluctuation in pricing largely hinges on the functionality of these hospitality robotic-based AI agents. To illustrate, AI agents designed for delivery tasks may have different pricing compared to those intended for cleaning services, reflecting the diverse capabilities and applications of such technologies, highlighting the complexity of the market dynamics.

Historical Price of Major Raw Materials

Major raw materials	Price range per unit from 2021 to 2024 (RMB)				Key factors affecting the prices
	2021	2022	2023	2024	
Computing main control board	1,800-2,500	1,500-2,500	1,200-2,200	1,000-1,800	• Domestic chip substitution acceleration • Advanced semiconductor processes: Transition from 28nm to 7nm fabrication improved integration and lowered power consumption • Economies of scale and price competition: Surging demand in robotics/AIoT drove mass production
Power motor control board	600-1,000		450-800	300-600	• Localized IGBT adoption: Domestic IGBT modules replaced imports • Vertical supply chain integration: In-house chip and board production by firms like DJI cut intermediary costs
Single-line LiDAR	400-1,000		400-680	300-600	• Mass production scaling: Annual output exceeding 1.5 million units reduced per-unit costs • Simplified technical solutions: Transition to VCSEL lasers (vs. EEL) cut hardware costs
RGBD camera	400-800	380-700	300-500	200-400	• Consumer-grade module proliferation: Lower-resolution alternatives (e.g., 720P) replaced premium models, slashing prices • Intensified market competition: In-house solutions by security/robotics firms drove average prices down
Lithium iron phosphate battery (24V 10AH)	300-500		300-450	200-350	• Raw material volatility: Lithium carbonate surged to RMB150,000/ton in 2024, with iron phosphate rising RMB500/ton. • Market demand polarization: Most batteries allocated to EVs, squeezing supply for industrial applications
In-wheel motor (Below 500W)	400-800	350-700	300-600	250-500	• Rare-earth price fluctuations: Praseodymium-neodymium prices fell in 2023, reducing motor costs • Lightweighting innovations: Optimized magnet geometry reduced material usage
LVDS interface touch display (10.1 inches)	500-900	500-800	400-600	300-500	• eDP interface replacement: BOE/Tianma shifted to eDP, forcing LVDS inventory clearance discounts • Panel oversupply: 2024 LCD capacity utilization dropped, driving industrial screen prices down • Localized supply chains: Domestic integration of touch ICs and panels cut import tariffs and reduced the cost

Source: Frost & Sullivan

OVERVIEW OF THE HOSPITALITY ROBOTIC-BASED AI AGENT MARKET FOR HOTEL SCENARIO IN CHINA

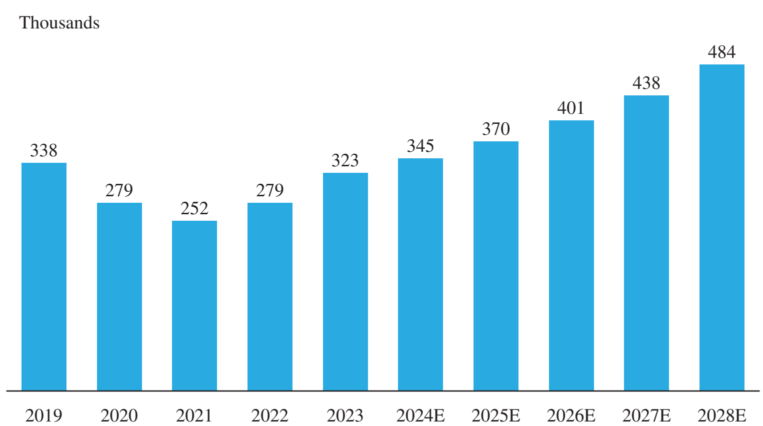
Overview of the Hotel Industry in China

Hotel scenario is a major scenario of hospitality services. In 2019, there were 338.0 thousand hotels in China, while the market experienced a downturn in 2020 and 2021 due to the COVID-19 pandemic and unbalanced demand and supply. Despite this downturn, the hotel industry in China showed resilience and adapted to the changing market conditions. By 2022, the market showed a recovery and a shift towards a more consolidated and potentially higher quality market structure, reaching 323.0 thousand hotels.

Looking forward, the number of hotels in China is expected to reach 484.0 thousand in 2028 with a CAGR of 8.4% from 2023 to 2028. This projected growth can be attributed to a confluence of factors. The easing of COVID-19 restrictions is spurring economic recovery and increasing travel and tourism, which in turn boosts demand for accommodations. The ongoing evolution of the hotel industry, with a focus on enhanced service quality and personalized experience to meet the expectations of modern, discerning guests, is driving investment in new hotel properties. Additionally, the expanding middle class and rising disposable incomes are fueling demand for better accommodation options.

Number of Hotels in China, 2019-2028E

CAGR	2019-2023	2023-2028E
Total	-1.1%	8.4%



Source: China Hotel Association, public information collection, Frost & Sullivan

Overview of the Hospitality Robotic-based AI Agent Market for Hotel Scenario

In hotel scenario, robotic-based AI agents integrate advanced robotics with AI-driven software systems to streamline operations and enhance guest experience, which typically consist of robotic bodies capable of performing various tasks and software systems that govern the robots' decision-making and interaction with the environment.

Robotic-based AI agents in hotels are used for a wide range of tasks, including room service delivery, where they autonomously transport food, beverages and other items to guest rooms. Robotic-based AI agents also perform cleaning duties, such as vacuuming hallways or cleaning public areas, reducing the workload of hotel staff while upholding hygiene standards. Beyond practical services, robotic-based AI agents also assist with guest reception and navigation by providing directions to rooms, amenities or event spaces, and even offer check-in/check-out services, enhancing guest convenience.

These robotic-based AI agents in hotels will be interconnected through cloud-based systems, enabling seamless data sharing and real-time decision-making. Additionally, the cloud infrastructure will enable the robots to work together, coordinating tasks and improving efficiency through machine learning models that refine over time. As the system learns from past interactions and data, it will enhance decision-making, leading to smarter, more adaptive service processes that improve both operational management and guest satisfaction.

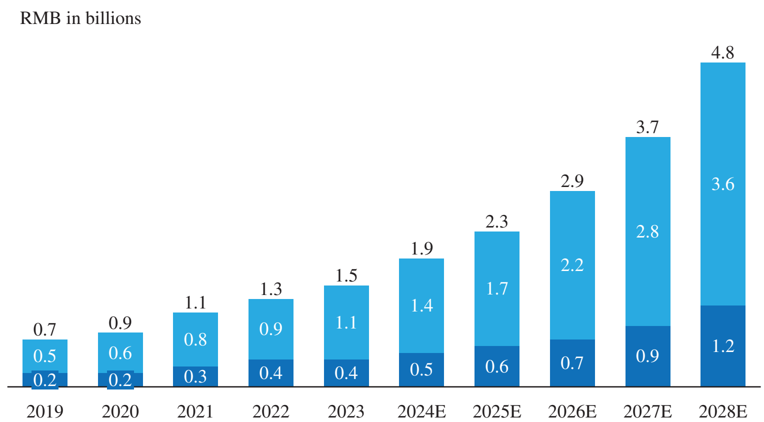
Market Size

The global hospitality robotic-based AI agent market for hotel scenario has experienced significant growth. Some famous global chain hotel brands already adopted robotic-based AI agents in their hotel services. The market size of the global hospitality robotic-based AI agent market for hotel scenario in terms of revenue generated globally increased from RMB0.7 billion in 2019 to RMB1.5 billion in 2023 with a CAGR of 20.0%, indicating a rapid expansion in the adoption of robotic-based AI agents within the global hotel sector. The market size is expected to reach RMB4.8 billion in 2028 with a CAGR of 25.6% from 2023 to 2028.

The hospitality robotic-based AI agent market for hotel scenario in China has experienced significant growth. The market size of the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue generated in China increased from RMB0.5 billion in 2019 to RMB1.1 billion in 2023 with a CAGR of 20.8%, indicating a rapid expansion in the adoption of robotic-based AI agents within the hotel scenario and showcasing the substantial investment and interest in robotic-based AI agents for hotel operations. The growth is a testament to the increasing integration of technology in the hotel industry in China, as hotels seek to enhance efficiency and guest experience. Looking ahead, driven by increasing rate of chain hotel operation, demand for streamlined operation and higher digitalization rate of hotel industry, the market size of the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue generated in China is projected to continue its upward trajectory to reach RMB3.6 billion in 2028, with a CAGR of 26.4% from 2023 to 2028.

Market Size[(1)] of the Global Hospitality Robotic-based AI Agent Market for Hotel Scenario, in terms of revenue, 2019-2028E

CAGR	2019-2023	2023-2028E
Total	20.0%	25.6%
China	20.8%	26.4%
Oversea	18.2%	23.2%



Note:

(1) The market size includes revenue from sales of robot products, components and accessories, software services and robot rentals generated globally.

Source: Expert interview, Frost & Sullivan

The hospitality robotic-based AI agent market for hotel scenario in China has gained significant global prominence due to a combination of high digitalization rates, unique market demands and strong policy support. According to China hospitality digitalization report 2024 issued by the China Chain Store & Franchise Association (中國連鎖經營協會), over 80% of mid-to-large-sized hotels have partially or fully digitized their operations. This digital transformation has accelerated the integration of robots into hotel services. Additionally, the prevalence of food delivery in China has spurred a high demand for in-room delivery services, further fueling the adoption of robots for room service. As more hotels introduce cleaning and delivery robots, competition of the hospitality robotic-based AI agent market for hotel scenario in China has intensified, compelling other hotels to adopt similar measures to maintain their competitiveness. Moreover, the Chinese government has implemented supportive policies, such as subsidies and incentives for the adoption of intelligent technologies, which have further boosted the growth of the hospitality robotic-based AI agent market for hotel scenario in China.

Key Drivers

The hospitality robotic-based AI agent market for hotel scenario in China is largely driven by the following key growth drivers:

- ***China has a vast base of hotels, with a continuously increasing rate of chain operation***: The substantial hotel industry in China, marked by a growing trend towards chain operation, is a key driver for the robotic-based AI agent market. As of the end of 2023, China had approximately 90.6 thousand chain hotels, representing a 28.0% increase from 71.0 thousand in 2022. Chain hotel rooms accounted for 41.0% of total hotel rooms in 2023, up from 38.8% in 2022. With a total of approximately 323.0 thousand hotels and 16.5 million hotel rooms nationwide, including 6.76 million chain hotel rooms at the end of 2023, this rapid growth boosts the demand for consistent, efficient service across multiple locations. Robotic-based AI agents can provide cost-effective, around-the-clock services, enhance guest experience with personalized interactions, and contribute to health and safety standards. These capabilities make robotic-based AI agent an attractive solution for hotel chains seeking to improve operational efficiency and guest satisfaction. The potential for large-scale deployment in chain operations further accelerates the adoption of robotic-based AI agents in the hotel scenario.

- ***Robotic-based AI agents help the hotel industry to streamline operation***: Robotic-based AI agent is playing a pivotal role in modernizing the hotel industry in China, addressing challenges like rising labor costs and increasing customer expectations. Robotic-based AI agents automate routine tasks such as cleaning, room service delivery, making and receiving calls and transporting items, freeing staff to focus on high-value guest interactions. By delivering seamless, round-the-clock service, robotic-based AI agents enhance customer satisfaction and meet the demand for quick, personalized interactions. Furthermore, the integration of these high-tech solutions differentiates hotels in a competitive market, improving operational efficiency and brand appeal by offering innovative guest experience that blend efficiency with sophistication.

- ***The hotel industry demonstrates higher digital maturity and greater adoption of robotic-based AI agents***: Driven by the growing demand for enhanced guest experience, operational efficiency and cost reduction, the hotel industry in China is prioritizing digital transformation. Digital technologies, including robotic-based AI agents, have become essential tools for hotels seeking to stay competitive in an increasingly tech-savvy market. In 2022, the average digitalization rate, in terms of enterprise digital application level, of the hotel industry reached 44.3%, while the digitalization rate of catering industry was approximately 21.4%. The housekeeping industry had a digitalization rate of 4.1% in 2022, and the digitalization rate of elderly care services industry was only 1.3%. In 2023, 55.1% of hotels in China reported plans to increase their investment in technology, underlining the hotel scenario's commitment to embracing innovation. This robust digital infrastructure enables seamless integration of robotic AI agents, which automate tasks like personalized check-ins, room management, and concierge services, aligning with the hotel industry's tech-forward ethos. The combination of increased technological investment and established digital infrastructure positions the hotel industry as a key driver in the growth of the robotic-based AI agent market, solidifying their role as innovation leaders.

Future Trends

The hospitality robotic-based AI agent market for hotel scenario in China is expected to be influenced by the following trends:

- ***The application of robotic-based AI agents in various service aspects of hotel scenario in China is continuously deepening***: Driven by the pursuit of enhanced operational efficiency and improved guest experience, the hotel industry in China is increasingly integrating robotic-based AI agents into a wide array of service segments beyond mere object delivery to include interactive functionalities with vending machines, room phones, front desks and food delivery services. This evolution aims to streamline workflows and enhance service consistency. Additionally, the incorporation of digital systems has enabled seamless data exchange between the hotel's existing management systems and the robotic-based AI agents. As hardware and software capabilities advance, future applications of robotic-based AI agents may include guided tours, language translation, guest room cleaning and organization. This ongoing integration of robotic-based AI agents is a significant trend which is reshaping the landscape of the hotel industry in China, making it a key area for the expansion of the robotic-based AI agent market.

- ***The transformation of hotels has opened up new revenue streams for hospitality robotic-based AI agent developers***: As the demand for automation technology of hotel scenario rises, hospitality robotic-based AI agent developers can diversify revenue sources by offering advanced robotic services. This service-based model presents new market opportunities. Developers can offer the latest technology to hotels through subscription model without requiring significant upfront investments from hotels. This approach not only broadens the revenue sources for developers but also helps mitigate their financial risks by reducing reliance on single customers and enabling greater flexibility to adapt to market demand fluctuations. Instead of one-off sales, developers can gain a steady revenue stream from multiple hotels. Moreover, the benefits of this new service model are mutual. Hotels can adapt to industry demand changes without bearing higher costs of purchasing and maintaining hospitality robotic-based AI agents. Hotels can adjust service usage per seasonal or specific needs, cutting long-term financial risks. This flexibility is crucial for resource-strapped small or independent hotels, enabling access to high-technology automation at lower cost.

- ***Robots are extending from a service attribute to a traffic attribute, enhancing customer loyalty for hotels***: The robotic-based AI agent market is evolving from robots primarily serving as service tools to strategic assets driving traffic management and customer loyalty in the hotel industry. Initially, robots in hotels were mainly deployed to automate tasks like room cleaning and luggage transport. However, as technology advances, hotels are increasingly leveraging robotic-based AI agents as a way to enhance guest engagement and encourage repeat visits. Robots now serve not just as functional assistants but as part of the guest experience, driving traffic by offering unique, memorable interactions. For example, some hotels use robots as part of their marketing strategy, where robots act as interactive greeters, escorts or concierge assistants, guiding guests to amenities, delivering personalized recommendations, or providing multilingual support, which adds a distinctive element to the hotel's brand, fostering customer loyalty through innovation and convenience.

Entry Barriers

New entrants of the hospitality robotic-based AI agent market for hotel scenario in China primarily encounter the following entry barriers:

- ***Sufficient industry know-how***: Sufficient industry know-how is a significant barrier for the hospitality robotic-based AI agent market for hotel scenarios, as designing solutions tailored to hotel environments requires intimate knowledge of guest service workflows, operational efficiency, and evolving customer expectations. Hotels demand systems capable of seamless task execution, such as navigating dynamic spaces, managing guest interactions, and integrating with property management systems, all of which rely on real-world domain expertise. Established industry players with knowledge of the hospitality sector can better customize their platforms, ensure compliance with industry standards, and integrate with existing hotel operations, giving them a competitive edge. This creates a high entry barrier for new players, as a lack of such expertise can result in inefficient, poorly integrated or suboptimal robotic solutions that fail to meet the demands of hotel environments.

- ***Leading technology development ability***: In hotel scenarios, robotic-based AI agents primarily handle tasks such as delivery (e.g., transporting amenities or room service orders) and cleaning (e.g., automated vacuuming or disinfection), which require seamless integration with hotel infrastructure, such as elevator control systems and centralized dispatching platforms. These applications demand leading technological development ability, including advanced AI technologies, such as large models, multimodal learning and real-time decision-making algorithms, as well as robust hardware innovations such as modular designs and precision navigation, to ensure robots can operate autonomously, adapt to dynamic environments, and coordinate with other systems. The reliance on cutting-edge technology creates a strong barrier for new entrants, as developing and maintaining such sophisticated solutions requires significant investment, expertise and ongoing innovation, making technological leadership a key determinant of success in the hospitality robotics market.

- ***Adequate resources***: The entry barriers of the hospitality robotic-based AI agent market for hotel scenario include the need for skilled talent to develop and maintain advanced systems, significant financial investment for R&D and reliable partnerships with suppliers and hotel clients, which requires expertise in AI, robotics engineering and software development, and is often scarce and expensive. High R&D costs and the necessity for continuous innovation to meet the unique demands of the hotel industry further elevate the challenges. Establishing strong supplier relationships is critical for sourcing high-quality components, while securing partnerships with hotels is essential for market validation and revenue generation. These resource-intensive requirements create significant hurdles for new entrants, making it difficult to compete with established players who have already secured these key assets.

Competitive Landscape

Chinese players are dominating the global hospitality robotic-based AI agent market for hotel scenario, underscoring China's significant role in shaping the global market landscape. Our Group was the largest player in the global hospitality robotic-based AI agent market for hotel scenario in terms of revenue generated globally from hotel scenario in 2023, with a market share of 9.0%. The competitive landscape underscores the dynamic nature of the global hospitality robotic-based AI agent market for hotel scenario, with companies jockeying for position and market share.

The hospitality robotic-based AI agent market for hotel scenario in China has a similar competitive landscape with the global hospitality robotic-based AI agent market for hotel scenario, leading by the same top five players. Collectively, the top five players accounted for a total market share of 27.6% in 2023 in terms of revenue generated in China from hotel scenario. Our Group was the largest player in the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue generated in China from hotel scenario in 2023, with a market share of 12.2%.

Ranking of Major Players in the Global Hospitality Robotic-based AI Agent Market for Hotel Scenario in terms of revenue, 2023

Ranking	Company	Revenue of robotic-based AI agent providers in 2023[(1)]	Market share	Listing status	Background
		(RMB in millions)	*(%)*		
1	Our Group	138.0	9.0%	Non-listed	See "Business."
2	Company A	83.2	5.4%	Non-listed	Founded in 2013 and headquartered in Jiangsu Province, China, Company A has a registered capital of RMB362.6 million. Company A specializes in the development of delivery, cleaning and disinfection robots.
3	Company B	32.7	2.1%	Non-listed	Founded in 2010 and headquartered in Shanghai, China, Company B has a registered capital of RMB2.9 million. Company B specializes in the development of delivery robots and other robots including patrolling, guiding, cleaning and collaborating robots.

Ranking	Company	Revenue of robotic-based AI agent providers in 2023[1]	Market share	Listing status	Background
		(RMB in millions)	*(%)*		
4	Company C	29.7	1.9%	Non-listed	Founded in 2018 and headquartered in Beijing, China, Company C is a high-tech innovative enterprise and has a registered capital of RMB16.6 million. Company C specializes in research, development, design, production and sales of AI+ robotics.
5	Company D	26.1	1.7%	Non-listed	Founded in 2018 and headquartered in Beijing, China, Company D has a registered capital of RMB550.0 million. Company D specializes in the development and manufacturing of intelligent short-distance transportation devices and service robots.
Subtotal . .		**309.7**	**20.1%**		

Note:

(1) Revenue of each player is calculated on a grouped basis, including the revenue from sales of robot products, components and accessories, software services and robot rentals generated globally from hotel scenario.

Source: Expert interview, Frost & Sullivan

This section sets out an overview of the current laws and regulations applicable to the Group in the PRC that may materially affect the Group and its operations. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the key laws and regulations applicable to the Group.

This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential [**REDACTED**].

REGULATIONS RELATING TO FOREIGN INVESTMENT

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "SCNPC") on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "Catalogue"), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "Negative List"), promulgated on September 6, 2024 and effective since November 1, 2024,, both of which issued by the National Development and Reform Commission (國家發展和改革委員會) (the "NDRC") and the Ministry of Commerce of the PRC (中華人民共和國商務部) (the "MOFCOM"). The Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted", and "prohibited". Industries not listed in the Catalogue or the Negative List are generally deemed as falling into a fourth category, "permitted", unless specifically restricted by other PRC laws and regulations.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL"), promulgated by the National People's Congress (全國人民代表大會) on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "Implementation Regulations for FIL"), promulgated by the State Council (國務院) on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a system of national treatment plus the Negative List with respect to foreign investment administration. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or released upon approval by the State Council would be treated equally.

On December 30, 2019, the MOFCOM and SAMR promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the "Reporting Measures"), which came into effect on January 1, 2020. The Reporting Measures regulate information reporting relating to foreign investment in the PRC. Pursuant to the Reporting Measures, foreign investors and foreign-invested enterprises who directly or indirectly carry out investment activities in the PRC shall report investment information to the competent departments of commerce by submitting initial reports, change reports, cancellation reports and annual reports.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Foreign investor or relevant parties in China must declare the security review prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security; and obtaining control in the target enterprise.

REGULATIONS RELATING TO OVERSEAS LISTING

Trial Administrative Measures of Overseas Securities [REDACTED] and Listing

On February 17, 2023, the CSRC promulgated 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 five relevant guidelines, which became effective on March 31, 2023. Meanwhile, the Special Provisions of the State Council for the Share Offerings and Listings Overseas of Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas (《國務院關於進一步加強在境外發行股票和上市管理的通知》), which were previously the main institutional basis for overseas **[REDACTED]** and listing by domestic enterprises, were repealed on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic enterprises which seek to issue and list securities in overseas markets by direct or indirect means are required to complete the filing procedures with and submit relevant materials to the CSRC. The Overseas Listing Trial Measures provides that an overseas **[REDACTED]** and listing is prohibited if there is one of the following circumstances: (i) the listing is specifically prohibited for financing purposes by laws, administrative regulations, or applicable requirements imposed by the country; (ii) the overseas **[REDACTED]** and listing might endanger national security as reviewed and determined by competent authorities under the State Council in accordance with relevant laws; (iii) the domestic enterprise or its controlling shareholder(s) and de facto controller(s) have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in recent three years; (iv) the domestic enterprise is currently under judicial investigations for suspicion of criminal offenses or materially breaching laws or regulations, where no definitive conclusions have been reached; or (v) there are material ownership disputes with respect to equity interests held by controlling shareholder(s) or equity interests held by other shareholders controlled by controlling shareholder(s) and/or de facto controller(s).

The Overseas Listing Trial Measures also provides that if the issuer meets both the following criteria, the overseas securities [**REDACTED**] and listing conducted by such issuer will be deemed as an indirect overseas [**REDACTED**] and listing by PRC domestic enterprises: (i) the amount of any of the operating revenue, total profit, total assets or net assets of the domestic enterprise represents over 50% of that of the relevant item in the issuer's audited consolidated financial statements for the most recent fiscal year; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its principal place of business is located in mainland China, or the majority of senior management in charge of its business operations and management are PRC citizens or have their usual place of residence located in mainland China. Where an issuer submits an application for an [**REDACTED**] to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as a change of control or voluntary or forced delisting of the issuer who has completed an overseas [**REDACTED**] and listing.

To enhance confidentiality and archive management for domestic enterprises' overseas [**REDACTED**] and listings, CSRC, the Ministry of Finance of the PRC (中華人民共和國財政部) (the "MOF"), National Administration of State Secrets Protection (國家保密局), and National Archives Administration (國家檔案局) promulgated the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (CSRC Announcement [2023] No. 44) (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》(證監會公告[2023]44號)) on February 24, 2023, which came into effect on March 31, 2023, and at the same time, replaced the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings (CSRC Announcement [2009] No. 29) (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》(證監會公告[2009]29號)). These provisions now cover domestic joint stock companies directly listing overseas and entities indirectly listing abroad. They outline procedural requirements and specify enterprises' confidentiality responsibilities and accounting archives administration, in alignment with the Overseas Listing Trial Measures.

Full Circulation of H Shares

"Full circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of a domestic H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On August 10, 2023, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》), allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation". Pursuant to the Overseas Listing Trial Measures, shareholders holding unlisted shares in the PRC should comply with the relevant requirements of the CSRC and appoint a domestic enterprise to file a report with the CSRC.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business ("Measures for Implementation"). The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to these Measures for Implementation.

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, Shenzhen Branch of China Securities Depository and Clearing Corporation Limited has issued the Guidelines to the Program for "Full Circulation" of H-shares (《H股「全流通」業務指南》) in September, 2024, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

Regulations Relating to Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "Telecommunications Regulations"), which were promulgated by the State Council on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, provide the regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations categorize telecommunications services in the PRC into basic telecommunications services and value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. Under the Telecommunications Regulations, telecommunications services providers shall obtain operating licenses from the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "MIIT") or its provincial counterparts prior to the commencement of operations.

The Administrative Measures for Telecommunications Business Operating License (《電信業務經營許可管理辦法》) with latest amendments becoming effective from September 1, 2017 set forth more specific provisions regarding the types of licenses required for value-added telecommunications services and the qualifications and procedures for obtaining such licenses. The value-added telecommunications services operators providing value-added services across multiple provinces are required to obtain inter-regional licenses from the MIIT, whereas value-added telecommunications services operators providing such services within a single province are required to obtain local licenses from the provincial level counterparts.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000, and last amended on December 6, 2024 classify internet information services into either commercial internet information services or non-commercial internet information services. Commercial internet information services refer to paid services such as provisions of information or website production to online users via the internet. Companies engaged in commercial internet information services shall obtain the licenses for internet information services from the competent telecommunications authorities.

The Catalog of Classification of Telecommunications Services (《電信業務分類目錄》), attached to the Telecommunications Regulations and last amended on June 6, 2019 by the MIIT, divides information services business into information publication platform and delivery services, information search and inquiry services, information communities platform services, instant message services, and information security and management services.

In addition, the provision of application information services and application distribution services in the PRC is specially regulated by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the "APP Provisions"), which was promulgated by the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) (the "CAC") on June 28, 2016 and last amended on June 14, 2022. According to the APP Provisions, the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide and local application information respectively. The application information service providers shall acquire relevant qualifications required bylaws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including verifying user identity information, protecting users' information, examining and managing information content.

Regulations Relating to Foreign Investment in Value-Added Telecommunications Services

Foreign direct investment in telecommunications companies in the PRC is regulated by the Regulations for Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "FITE Regulations"), which were promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The FITE Regulations require foreign-invested telecommunications enterprises in the PRC to be established as sino-foreign joint ventures. Unless otherwise stipulated by the State, the equity interest acquired by the foreign investors in such enterprises shall not exceed 50%. In addition, the foreign investors of the enterprises engaged in value-added telecommunications services must satisfy a number of stringent performance and operational experience requirements, including demonstrating a track record and experience in operating such business. The enterprises that meet these requirements shall obtain approvals from the MIIT and the

MOFCOM or their authorized local branches, before launching the value-added telecommunications business in the PRC. Moreover, pursuant to the Negative List, foreign equity in enterprises providing value-added telecommunications business shall not exceed 50%, but such stipulation is not applied to e-commerce, domestic multi-party communications, store-and-forward and call centers services.

However, the State Council promulgated the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) on March 29, 2022, according to which the FITE Regulations was amended and such amendment has come into effect on May 1, 2022 (the "New FITE Regulations"). The New FITE Regulations, except as otherwise provided, no longer require stringent performance and operational experience of the foreign investors in the enterprises providing value-added telecommunications services. The foreign-invested telecommunications enterprises shall obtain approvals from the MIIT or its authorized local branches prior to the commencement of the value-added telecommunications business in the PRC. In addition, the New FITE Regulations simplify the application process for telecommunication business operation licenses and shorten the review period.

The Notice of the Ministry of Information Industry of the PRC (which is the predecessor of the "MIIT") on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) issued on July 13, 2006 requires foreign investors investing in and operating value-added telecommunications services in the PRC to set up foreign-invested enterprises and obtain licenses for such services. It prohibits domestic companies holding value-added telecommunications services licenses from leasing, transferring or selling their licenses in any form, or providing any resource, sites or facilities, to any foreign investors for their illegal operation of any telecommunications business in the PRC. In addition to restricting dealings with foreign investors, it contains a number of detailed requirements applicable to the operators of value-added telecommunications services, including that operators or their shareholders shall legally own the domain names and trademarks used in their daily operations and each operator must possess the necessary facilities for its approved business operations and maintain its facilities in the regions covered by its license.

According to the Notice of the MIIT regarding the Strengthening of Ongoing and Post Administration of Foreign-Invested Telecommunications Enterprises (《工業和信息化部關於加強外商投資電信企業事中事後監管的通知》) issued on October 15, 2020, the MIIT will no longer issue Examination Letter for Foreign Investment and Operation in Telecommunications Business (《外商投資經營電信業務審定意見書》). Foreign-invested enterprises would need to submit relevant foreign investment materials to the MIIT for obtainment or change of the licenses for operation of telecommunications business.

REGULATIONS RELATING TO ANTI-MONOPOLY AND ANTI-UNFAIR COMPETITION

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), which was adopted by the SCNPC on September 2, 1993, came into effect as of December 1, 1993, and last amended on April 23, 2019, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the PRC Anti-Unfair Competition Law in the production and operating activities. Pursuant to the PRC Anti-Unfair Competition Law, operators must abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions. Operators in violation of the PRC Anti-Unfair Competition Law should bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

In February 2021, the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) were promulgated by the Anti-Monopoly Commission of the State Council. These guidelines outline certain practices that may, if without justifiable reasons, constitute abuse of dominant position. The guidelines also expressly state that concentration involving variable interest entities will also be subject to antitrust filing requirements.

On August 17, 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Draft for Comments) (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), which detailed the implementation of the PRC Anti-Unfair Competition Law, including specifying certain online unfair competition behaviors that should be prohibited. As of the date of this document, the draft has not been formally adopted.

On June 24, 2022, the SCNPC adopted an amendment to the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》), which introduced a "safe harbor" for vertical monopoly agreements entered into by operators whose market share falls below a specific threshold to be set by the SAMR, granted the SAMR the power to suspend the review period in merger investigations under specified circumstances, allowed public prosecutors to bring a civil public interest lawsuit based on monopolistic behaviors, and significantly increased the penalties for violation of PRC Anti-Monopoly Law, among others. This amendment emphasized the enforcement of PRC Anti-Monopoly Law in the internet and other key industries.

The Provisions on the Review of Concentrations of Undertakings (《關於經營者集中申報標準的規定》) issued by the State Council on January 22, 2024 further clarified the factors that should be considered to determine whether an undertaking acquires control over, or may exercise decisive influence on, other undertakings.

REGULATIONS RELATING TO E-COMMERCE

The Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》) promulgated by the SAMR in March 2021 and effective in May 2021 stipulate the obligations of online trading operators. Social networking, live streaming, or other network services providers who provide online trading platform services for operators must perform the obligations in accordance with the laws and regulations. On December 24, 2014, the MOFCOM promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) (《網絡零售第三方平台交易規則制定程序規定(試行)》) which came into effect on April 1, 2015 to regulate the formulation, revision, and enforcement of transaction rules for online retail marketplace platforms.

On August 31, 2018, the SCNPC promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), which came into effect on January 1, 2019. The E-commerce Law of the PRC imposes a series of requirements on e-commerce operators including e-commerce platform operators, merchants operating on the platform and the individuals and entities carrying out business online. According to the E-commerce Law of the PRC, e-commerce operators who provide search results based on consumers' characteristics, such as hobbies and consumption habits, must also provide consumers with options that are not targeted at their personal characteristics at the same time, respect and fairly protect the legitimate interests of the consumers. In addition, e-commerce platform operators are not allowed to impose unreasonable restrictions over or add unjustified conditions to transactions concluded on their platforms by merchants, or charge merchants operating on its platform any unreasonable fees.

An e-commerce platform operator must obtain a license for value-added telecommunications services with the specification of online data processing and transaction processing business from appropriate telecommunications authorities, pursuant to the Telecommunications Regulations and the Catalog of Classification of Telecommunications Services.

Regulations Relating to Advertising Services

The Advertisement Law of the PRC (《中華人民共和國廣告法》), which was promulgated by the SCNPC on October 27, 1994 and last amended on April 29, 2021, requires advertisers to ensure that the content of the advertisements are true. The content of advertisements cannot contain prohibited information, including but not limited to: (i) information that harms the dignity or interests of the nation or divulges the secrets of the nation, (ii) information that contains wordings such as "national level," "highest level," or "best," and (iii) information that contains ethnic, racial, religious, or sexual discrimination. Advertisements posted or published through the internet cannot affect normal usage of network by users. Advertisements published in the form of pop-up window on the internet must display the close button in a clear manner to make sure that the viewers can close the advertisement by one click.

On February 25, 2023, the SAMR promulgated the Measures for Administration of Internet Advertising (《互聯網廣告管理辦法》), which stipulate the obligations of the advertisers, the internet advertising operators, and the internet information service providers. According to these measures, the product seller or the service provider who markets any product or service through live streaming on the internet, which constitutes a commercial advertisement, must take the corresponding responsibilities and perform obligations of advertisers in accordance with the laws and regulations, and the live streaming operators and marketers should also take corresponding responsibilities and perform obligations if they provide advertising design, production, agency, or publishing services or constitutes an advertising endorsement.

REGULATIONS RELATING TO CONSUMER PROTECTION

The Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "Consumer Protection Law") was first promulgated by the SCNPC on October 31, 1993 and was last amended on October 25, 2013, effective on March 15, 2014. The Consumer Protection Law sets out the obligations of business operators and the rights and interests of consumers. Business operators must guarantee the quality, function, usage and term of validity of the goods or services they sell or provide, if these goods and services are consumed under normal standards. The consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online platforms may claim damages from the sellers or service providers. Online platform operators may be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers' purchase of goods or acceptance of services on online platforms if the platform operators fail to provide consumers with authentic contact information of the sellers or service providers. The Implementation Rules of the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法實施條例》) was promulgated by the State Council on March 15, 2024 and came into effect on July 1, 2024, according to which, if the business operators adopt automatic extension, automatic renewal, or other similar mechanisms in connection with the provisions of their services, the business operators must prominently draw the attention of the consumers before they accept the service and before the dates of automatic extension, automatic renewal, or effectiveness of other mechanisms. The business operators cannot send commercial information to consumers or make commercial telephone calls without the consent of the consumers. In the event that a consumer consents to receiving commercial information and/or commercial telephone calls, the business operators must provide clear and convenient means of cancellation and must immediately stop these behaviors if the consumer chooses to cancel.

REGULATIONS RELATING TO INFORMATION SECURITY AND CENSORSHIP

Internet content in China is regulated and restricted from a state security standpoint. The SCNPC enacted the Decisions on the Maintenance of Internet Security (《關於維護互聯網安全的決定》) on December 28, 2000, which was amended on August 27, 2009, that may subject persons to criminal liabilities in China for any attempt to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information or (v) infringe upon intellectual property rights.

On June 22, 2007, the Ministry of Public Security (公安部) (the "MPS"), National Administration of State Secrets Protection (國家保密局), State Council Information Office (abolished) and State Cryptography Administration (國家密碼管理局) issued the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which regulate that the security protection of an information system may be graded into five level. As for an information system of Grade II or above which has been put into operation, its operator or user shall, within 30 days since the date when its security protection grade is determined, complete the record-filing procedures at the local public security organ at the level of city divided into districts or above. For an information system of Grade II or above newly built, its operator or user shall, within 30 days after it is put into operation, complete the record-filing procedures at the local public security organ at the level of municipality divided into districts or above.

According to the Regulations of the PRC on the Security Protection of Computer Information System (《中華人民共和國計算機信息系統安全保護條例》), which were issued by the State Council on February 18, 1994 and amended on January 8, 2011, securing computer information systems includes safeguarding the computer and its related and supporting sets of equipment and facilities (including network), the operating environment and information and ensuring the normal performance of computer functions, so as to maintain the safe operation of computer information systems.

In 1997, the MPS issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which were amended by the State Council on January 8, 2011 and prohibit using the Internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, pursuant to which, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties. Network operators of critical information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC. Where such information and data need to be provided abroad for business purpose, security assessment shall be conducted pursuant to the measures developed by the national cyberspace administration together with competent departments of the State Council, unless otherwise provided for in laws and administrative regulations. The purchase of network products and services by the network operators of critical information infrastructure that may affect national security shall be subject to national cybersecurity review.

On December 28, 2021, the CAC together with 12 other authorities, jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**CAC Measures**"), which took effect on February 15, 2022 and replaced its previous version promulgated on April 13, 2020. The CAC Measures provide that: (i) network platform operators that are engaged in data processing activities which have or may have an implication on national security shall undergo a cybersecurity review; (ii) the CSRC is one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review mechanism; (iii) network platform operators that master personal information of more than one million users and seek to list abroad (國外上市) shall file for a cybersecurity review with the Cybersecurity Review Office (網絡安全審查辦公室); (iv) critical information infrastructure operators purchasing network products and services or online platform operators carrying out data processing activities, which affect or may affect national security, shall conduct a cybersecurity review as well; and (v) the risks of core data, material data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or transmitted to overseas parties, and the risks of critical information infrastructure, core data, material data or large amounts of personal information being influenced, controlled or used maliciously shall be collectively taken into consideration during the cybersecurity review process.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect in September 2021. The PRC Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security. In addition, the PRC Data Security Law provides that important data processors shall appoint a data security officer and establish a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties involved in the data transactions and keep records accordingly.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Data Cross-border Transfer (《數據出境安全評估辦法》) which took effective on September 1, 2022. The Measures for the Security Assessment of Data Cross-border Transfer require that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. It provides five circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of data cross-border transfer. These circumstances include: (i) where the data to be transferred to an overseas recipient is personal information collected and generated by operators of critical information infrastructure; (ii) where the data to be transferred to an overseas recipient contain important data; (iii) where a personal information processor that has processed personal information of more than one million people provides personal information overseas; (iv) where the personal information of more than 100,000 people or sensitive personal information of more than 10,000 people are transferred overseas accumulatively; or (v) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Flow of Data (《促進和規範數據跨境流動規定》), or the New Cross-border Data Flow Provisions, which took effect on the same day. The New Cross-border Data Flow Provisions state that if there is any conflict with the Security Assessment Measures, the New Cross-border Data Flow Provisions shall prevail. The New Cross-border Data Flow Provisions set out scenarios under which certain obligations for the cross-border data transfer are waived, which include, among others, passing the security assessment of cross-border data transfer, concluding a standard contract for the cross-border transfer of personal information or obtaining the personal information protection certification.

On September 24, 2024, the Cyber Data Security Regulations (《網絡數據安全管理條例》) was promulgated by the State Council and has come into effect on January 1, 2025. The Cyber Data Security Regulations is to implement general requirements on data security management from the Cybersecurity Law, the Data Security Law, as well as the Personal Information Protection Law, reiterating the general regulations for data processing activities and rules of personal information protection, important data security protection, network data cross-border transfer management, and internet platform service providers' obligations. The Cyber Data Security Regulations do not include detailed content related to cybersecurity review standards for listing abroad, as mentioned previously in Hong Kong in the Administration Governing the Cyber Data Security (Draft for Comments), published on November 14, 2021, even though the Cyber Data Security Regulations require network data handlers carrying out data processing activities that have or could have an impact on national security to apply for cybersecurity review. The enforcement includes fines up to RMB10 million to the network data handlers depending on the severity of the effects of violation and potential business suspension and/or revocation of business license.

On December 8, 2022, the MIIT promulgated the Measures for the Administration of Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), which came into effect on January 1, 2023. Data processors in the field of industry and information technology shall take the main responsibility for the security of data processing activities, implement hierarchical protection for various types of data, and where different levels of data are being processed at the same time and it is difficult to take separate protection measures, the protection shall be implemented in accordance with the requirements of the highest levels, to ensure that the data continues to be effectively protected and legally utilized.

REGULATIONS ON PRIVACY PROTECTION

On December 13, 2005, the MPS issued the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) (the "Internet Protection Measures") which took effect on March 1, 2006. The Internet Protection Measures require Internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorized disclosure of users' information to any third parties unless such disclosure is required by the laws and regulations. They are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Service (《規範互聯網信息服務市場秩序若干規定》), becoming effective on March 15, 2012, which stipulate that without the consent of users, Internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "personal information of users"), nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Several Provisions on Regulating the Market Order of Internet Information Service also require that Internet information service providers shall properly keep the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, Internet information service providers shall immediately take remedial measures; where such incident causes or may cause serious consequences, they shall immediately report the same to the telecommunications administration authorities that grant them with the Internet information service license or filing and cooperate in the investigation and disposal carried out by relevant departments.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) to enhance the protection of information security and privacy on the Internet. In particular, network service providers and other enterprises and institutions shall, when gathering and using electronic personal information in business activities, adhere to the principles of legality, legitimacy and necessity, explicitly state the purposes, manners and scopes of the collection and use of information, and obtain the consent of those from whom information is collected, and shall not collect and use information in violation of laws and regulations and the agreement between both sides; strictly keep the electronic personal information collected in business activities confidential and may not divulge, alter, damage, sell, or illegally provide others with such information; take technical and other necessary measures to ensure information security and prevent the leakage, damage, or loss of personal electronic information collected in business activities; and take remedial measures immediately when information leakage, damage or loss occurs or may occur.

In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》), which came into effect on September 1, 2013, to regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in the PRC. According to such provisions, the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user independently or in combination with other information. Telecommunication business operators and Internet service providers are required to constitute their own rules for the collecting and use of users' information and they cannot collect or use user's information without users' consent. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and Internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "Interpretations"), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including "citizen's personal information", "provision", and "unlawful acquisition". Also, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime. Pursuant to the Ninth Amendment to the PRC Criminal Law (《中華人民共和國刑法修正案(九)》) issued by the SCNPC in August 2015 and became effective in November 2015, under certain serious situations, an internet service provider that fails to fulfil the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty.

According to the Cyber Security Law of the PRC, network operator shall not collect personal information irrelevant to the services it provides or collect or use personal information in violation of the provisions of laws or agreements between both parties.

On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR jointly issued the Notice of Illegal Collection and Use of Personal Information by App (《App違法違規收集使用個人信息行為認定方法》), which explains six types of illegal collection and usage of personal information by enumerating relevant activities. The six types of illegal collection and usage of personal information include: (i) failing to publish the policy of collection and usage of personal information; (ii) failing to explicitly inform the purpose, method and scope of collect and usage of personal information; (iii) collecting or using personal information without the consent of users; (iv) violating necessity principle, collecting personal information not relevant to the service provided; (v) providing personal information to others without consent of users; (vi) failing to provide deletion or correction functions with respect to personal information as required by law, or failing to publish complain or reporting channels.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), which was promulgated by the National People's Congress on May 28, 2020, and became effective on January 1, 2021, the personal information of a natural person shall be protected by law. Any organization or individual that needs to collect, use, process, transmit, offer, disclose the personal information of others shall do so in accordance with the law and ensure information security, and may neither illegally collect, use, process or transmit the personal information of others, nor illegally trade, provide or disclose the personal information of others. Anyone whose civil rights and civil interests, including personal information, are infringed upon shall have the right to seek tort liability against the infringer.

On March 12, 2021, the CAC, the MIIT, the MPS and the SAMR jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) (the "Necessary Personal Information Rules"), which came into effect on May 1, 2021. According to the Necessary Personal Information Rules, mobile app operators shall not deny users' access to its basic functions and services on the basis that such user disagrees with the provision of their personal information that is not necessary. The Necessary Personal Information Rules further provide relevant scopes of necessary personal information for different types of mobile apps.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law (《個人信息保護法》), which took effect on 1 November 2021. The Personal Information Protection Law requires, among others, that (i) the processing (including the collection, storage, use, processing, transmission, provision, disclosure and deletion) of personal information shall be processed following the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed through misleading, fraudulent, coercive and other means, (ii) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Entities processing personal information bear responsibilities for their activities of processing personal information, and shall adopt necessary measures to safeguard the security of the personal information that they process.

On 31 December 2021, the CAC, the MIIT, the MPS, SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which came into effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm-Based Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on varies criteria. Moreover, it requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider must immediately stop providing relevant services. Algorithmic recommendation service providers must also provide users with the function to select or delete user labels that are based on personal characteristics and used for algorithmic recommendation services.

The Administrative Provisions on the Account Information of Internet Users (《互聯網用戶賬號信息管理規定》), which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision the account information of Internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of Internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) govern trademark registration, protection, and usage in China. Enacted on August 23, 1982, and last amended on April 23, 2019, the Trademark Law, effective from November 1, 2019, follows the "first-to-file" principle. It grants exclusive rights to trademark registrants, administered by the Trademark Office of the China National Intellectual Property Administration (國家知識產權局) (the "NIPA").

Registered trademarks are valid for ten years, renewable in ten-year increments. Renewal procedures must be completed within twelve months before expiry, with a possible six-month extension. The Trademark Office announces trademarks eligible for renewal. Trademark registrants can authorize others via licensing contracts, but licensing details must be filed with the Trademark Office. Failure to file won't affect bona fide third parties. Quality supervision is the licensor's responsibility, and licensees must maintain product quality when using the registered trademark.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) govern patent activities in China. Enacted on March 12, 1984, and last amended on October 17, 2020, the Patent Law became effective on June 1, 2021. The Patent Office of the NIPA oversees national patent work. Provincial, autonomous region, or municipal patent administration departments handle local jurisdictions.

The Patent Law and its Implementation Rules recognize three patent types: "invention," "utility model" and "design." Invention patents cover new technical solutions for products, methods, or their improvements. Utility model patents apply to practical technical solutions for product shapes, structures, or combinations. Design patents protect new aesthetic designs for products, including shape, pattern, and color combinations. Invention patents are valid for twenty years, design patents for fifteen years, and utility model patents for ten years from the application date.

China follows the "first to file" principle, granting patents to the earliest applicant for the same invention. Patentable inventions or utility models must be novel, inventive, and practical. Patent holders' rights are legally protected, allowing others to use the patent only with proper authorization. Unauthorized use constitutes patent infringement unless specified by law.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, lastly amended on November 11, 2020 and effective on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and effective on March 1, 2013, works of PRC citizens, legal entities or unincorporated organizations, whether published or not, shall enjoy copyright. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, including written works, oral works, photographic works, video and audio works, and computer software. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

In addition, internet activities, products disseminated over the internet, and software products also enjoy copyright. Pursuant to the Regulation on Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991, effective on October 1, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, the software registration authority shall grant certificates of registration to computer software copyright applicants in compliance with the Regulation on Protection of Computer Software.

Domain Name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT on August 24, 2017 (effective from November 1, 2017), and the Implementation Rules for National Top-Level Domain Name Registration (《國家頂級域名註冊實施細則》) released by the China Internet Network Information Center on June 18, 2019 (effective on the same day), domain name owners must register their domain names. The MIIT oversees China's Internet domain names, while provincial, autonomous region, and municipal telecommunications management bureaus are responsible for domain name services within their respective regions. Registration operates on a "first come, first file" basis. Applicants must provide accurate information and enter registration agreements with domain name registration service providers. Upon completing the registration process, applicants become the domain name holders.

REGULATIONS RELATING TO PROPERTY LEASING

Pursuant to the PRC Civil Code, a lessee may, upon the lessor's consent, sublease the leased object to a third person. The lease contract between the lessee and the lessor shall continue to be valid despite the sublease by the lessee, and if the third person causes loss to the leased object, the lessee shall bear the liability for compensation. A change in the ownership of a leased object during the period that a lessee possesses the leased object in accordance with the lease contract shall not affect the validity of the lease contract. Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994 and was latest amended on August 26, 2019, and the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective on February 1, 2011, the parties to a housing lease shall enter into a lease contract in accordance with the law. Within 30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people's government of the municipality, city or county where the leased housing is located to register and file the housing lease. In violation of the foregoing provisions, the competent construction (real estate) departments of the people's governments of the municipalities directly under the central government, cities and counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed. According to the PRC Civil Code, the parties' failure to register the lease contract in accordance with the provisions of laws and administrative regulations does not affect the validity of the contract.

REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employees training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on September 18, 2008 set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and last amended on March 24, 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Program of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發<生育保險和職工基本醫療保險合併實施試點方案>的通知》) and Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) promulgated on January 19, 2017 and with effect from March 6, 2019, the maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration of provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

REGULATIONS RELATING TO THE PRC TAX

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Income Tax Relating to Dividend Distribution

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) and relevant protocols, which were promulgated by the SAT on August 21, 2006, came into effect on December 8, 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in a PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納税人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019, came into effect on January 1, 2020, non resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and subject to subsequent administration by tax authorities.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and most recently amended on November 19, 2017 effective from the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax (VAT). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]第36號)》) promulgated by the MOF and the SAT promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT. According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (Cai Shui [2017] No. 37) (《關於簡併增值稅稅率有關政策的通知》(財稅[2017]37號)), announced by the MOF and the SAT on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax rates will be simplified from July 1, 2017, and the 13% VAT rate will be cancelled. The scope of goods with 11% tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)) announced by the MOF and the SAT on April 4, 2018 and effective on May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39) (《關於深化增值稅改革有關政策的公告》(財政部、稅務總局、海關總署公告2019年第39號)) announced by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%; the originally applicable VAT rate of 10% shall be adjusted to 9%.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996 and was latest amended on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment insecurities outside China unless prior approval of the SAFE or its local counterpart is obtained.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on February 1, 2005, effective on March 1, 2005 and amended and implemented on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

The Notice on Simplifying Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by SAFE on February 13, 2015 and was amended on December 30,2019, allowing entities and individuals to apply for foreign exchange registrations through qualified banks. Under SAFE's supervision, these banks can directly review applications. On March 30, 2015, SAFE released the Circular on Reforming Settlement Management of Foreign Capital in Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》). This circular mandates Discretionary Foreign Exchange Settlement for foreign-invested enterprises, enabling them to settle foreign exchange capital based on operational needs, subject to document verification. The circular emphasizes authentic and self-use principles within the enterprise's scope, barring use for payments beyond business scope, securities investment (unless specified), Renminbi entrust loans, inter-enterprise borrowings, or real estate expenses (except for self-use by foreign-invested real estate enterprises).

The Circular of Further Improving and Adjusting the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "SAFE Circular 13"), which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "SAFE Circular 16"), was promulgated by SAFE on June 9, 2016 and was amended on December 4, 2023. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

The Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which was promulgated by the SAFE on October 23, 2019, and was amended on December 4, 2023. Among other things, it allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated with effect from April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

OVERVIEW

Our history can be traced back to 2014 when our Company was established as a limited liability company in the PRC. Over the past decade, we have been committed to offering cutting-edge robotic and AI agent services. We have established ourselves as a leading hospitality robotic-based AI agent company, ranking the first globally in the AI agent market for hotel scenario in terms of our revenue generated from the same scenario in 2023, according to Frost & Sullivan.

Our Company was converted into a joint stock company with limited liability under the name of Beijing Yunji Technology Co., Ltd. (北京雲迹科技股份有限公司) on December 6, 2021.

OUR MILESTONES

The following sets forth the key milestones of our Group:

Year	Milestone
2014	• Our Company was established as a limited liability company in the PRC.
	• We completed the Series Angel Investment.
2015	• We completed the Series A Investment.
	• We launched the Run Series.
2016	• Our Run first-generation achieved large-scale commercialization.
2017	• We completed the Series A+ Investment and Series A+ Strategic Investment.
	• We won the Wu Wenjun Artificial Intelligence Science and Technology Advancement Award (吳文俊人工智能科技進步獎).
2019	• We completed the Series B Investment.
	• We won the Wu Wenjun Artificial Intelligence Technology Award (吳文俊人工智能科學技術獎).
2020	• We completed the Series B Strategic Investment.
	• We were selected for the "Leading Talent" list in the field of intelligent robotics and smart manufacturing (智能製造與機器人技術創新專項智能機器人領域「揭榜掛帥」榜單).

Year	Milestone
2021	• We completed the Series C Investment and Series D Investment. • We launched the Gogo Series which enable faster and more effective delivery and service responses. • Our Company was converted into a joint stock company with limited liability.
2022	• Our robots provided delivery and transfer services during the 2022 Beijing Winter Olympics and Paralympics, demonstrating our advanced technology. • We received the China Society of Image and Graphics Science and Technology Progress Award – First Prize (中國圖象圖形學學會科技進步獎一等獎).
2023	• We launched our first-generation composite polymorphic robots. • We established our Digitization Research Institute (數字化研究院) in collaboration with experts, scholars, and technical elites from renowned domestic and international universities and enterprises. • We won the Hotel AI Large Model Innovation Award (酒店AI大模型創新獎) leveraging our large model product Hotel GPT.
2024	• We launched HDOS 2.0 version and "Yuni", a digital staff that interact with users of HDOS.

OUR MAJOR CORPORATE DEVELOPMENT

On January 29, 2014, our Company was established as a limited liability company in the PRC under the name of Beijing Yunji Technology Co., Ltd. (北京雲迹科技有限公司) with a registered capital of RMB2 million. At the time of our establishment, we were owned by Mr. Hu Haijun (胡海駿), Mr. Hu Quan (胡泉) and Mr. Wu Minghui (吳明輝) as to 40%, 30% and 30%, respectively.

Mr. Hu Quan is an executive Director and the general manager of our Company. Mr. Wu Minghui is a non-executive Director. Mr. Hu Haijun is the spouse of Ms. Zhi, who is the chairwoman of the Board, the president of our Company and the Controlling Shareholder. Mr. Wu Minghui then held 8.25% shareholding interest in our Company as a nominee on behalf of Mr. Li Quanyin (李全印), an executive Director and the chief executive officer of our Company, for the convenience of business registration. Such nominee arrangement was terminated on July 2, 2015. Mr. Hu Haijun then held his entire shareholding interest in our Company as a nominee on behalf of Ms. Zhi due to their personal considerations. Such nominee arrangement was terminated on January 5, 2017.

After our establishment, our major shareholding changes were mostly related to the [**REDACTED**] Investments. From July 2014 to December 2021, we successively underwent eight rounds of financings, including the Series Angel Investment, Series A Investment, Series A+ Investment, Series A+ Strategic Investment, Series B Investment, Series B Strategic Investment, Series C Investment and Series D Investment. See "— [**REDACTED**] Investments" for further details. After completion of the [**REDACTED**] Investments and as of the Latest Practicable Date, the shareholding structure of our Company was as follows:

Shareholder	Category	Number of Shares[1]	Percentage of shareholding
Ms. Zhi[2]	Co-founder	6,016,193	9.73%
Mr. Hu Quan	Co-founder	4,512,147	7.30%
Mr. Wu Minghui	Co-founder	2,464,882	3.99%
Mr. Li Quanyin[3]	Co-founder	1,378,796	2.23%
Mr. Zhang Heguang (張和光)[4]	Early individual investor	694,916	1.12%
Yunji Angel Management[5]	Employee stock ownership platform	4,376,375	7.08%
Anhui Artificial Intelligence Company	Series Angel Investor and Series A Investor	5,917,218	9.57%
Mr. Zhu Zigang (朱子剛)[6]	Series Angel Investor	1,279,659	2.07%
Lanting	Series A+ Investor, Series A+ Strategic Investor and Series C Investor	2,032,244	3.29%
Linzhi Tencent	Series A+ Strategic Investor and Series C Investor	5,621,036	9.09%
Maoji	Series B Investor	2,512,287	4.06%
Shanghai Kehui	Series B Investor	1,660,077	2.69%
Guangkong Zhongying	Series B Investor	1,245,058	2.01%
Haiyin	Series B Investor and Series D Investor	1,133,069	1.83%
Feidian	Series B Strategic Investor, Series C Investor and Series D Investor	6,613,249	10.70%
Lenovo Fund	Series B Strategic Investor and Series C Investor	2,611,393	4.22%
TransLink	Series B Strategic Investor	1,131,367	1.83%
QM165	Series C Investor and Series D Investor	2,498,272	4.04%
Beijing Qiming	Series C Investor and Series D Investor	832,757	1.35%
CITIC Securities Investment	Series C Investor	772,036	1.25%
Ruiju Investment	Series D Investor	3,030,303	4.90%
Hangzhou Haoyue[7]	Series D Investor	1,818,182	2.94%
Henan Ketou	Series D Investor	1,212,121	1.96%
Taizhoudongnanwentou Fund	Series D Investor	454,545	0.74%
Total		**61,818,182**	**100%**

Notes:

(1) On December 6, 2021, our Company was converted from a limited liability company into a joint stock company with limited liability under the name of Beijing Yunji Technology Co., Ltd. (北京雲迹科技股份有限公司). The registered capital of our Company was accordingly converted into issued Shares held by the then Shareholders with a par value of RMB1.00 each.

(2) Ms. Zhi's shareholding interest in our Company was initially held by her spouse, Mr. Hu Haijun, on behalf of her under a nominee arrangement between them. Such nominee arrangement was terminated on January 5, 2017 and all the shareholding interest in our Company then held by Mr. Hu Haijun was transferred to Ms. Zhi accordingly at nil consideration on the same day.

(3) Mr. Li Quanyin's shareholding interest in our Company was initially held by Mr. Wu Minghui on behalf of him under a nominee arrangement between them. Such nominee arrangement was terminated on July 2, 2015 and the relevant shareholding interest in our Company then held by Mr. Wu Minghui was transferred to Mr. Li Quanyin accordingly at nil consideration on the same day.

(4) Mr. Zhang Heguang is an early investor and a former management member of our Company. His shareholding interest in our Company was acquired from Mr. Wu Minghui, Mr. Hu Quan and Mr. Hu Haijun in June 2015 at a consideration of RMB1,190,000 in aggregate as share incentives to him by the co-founders. Such equity transfers had been completed and fully settled as of July 22, 2016.

(5) Yunji Angel Management is a limited partnership established in the PRC on July 30, 2015 and our employee stock ownership platform holding Shares pursuant to the [**REDACTED**] ESOP. For further details, see "— [**REDACTED**] ESOP." The shareholding interest in our Company held by Yunji Angel Management consists of (i) the equity interest equivalent to 3,261,750 Shares transferred from certain individual Shareholders, namely Mr. Hu Haijun, Mr. Hu Quan, Mr. Wu Minghui, Mr. Zhang Heguang and Mr. Li Quanyin, in November 2015 at par value for share incentive purpose; (ii) the equity interest equivalent to 1,293,793 Shares transferred from Mr. Zhang Heguang in August 2017 at a consideration of RMB595,000, which was determined with reference to the original acquisition cost paid by Mr. Zhang Heguang; and (iii) the equity interest equivalent to 1,389,665 Shares newly issued by our Company to it in January 2021 at a consideration of RMB14.4 million, which was for share incentive purpose determined with reference to the consideration of previous equity transfer between the Shareholders. All the aforesaid equity transfers and subscription had been completed and fully settled as of January 13, 2021. In April 2020, Yunji Angel Management transferred the equity interest equivalent to 1,568,833 Shares in aggregate to Shanghai Yushu and AlphaX at a total consideration of approximately RMB26.4 million. For further details, see "— [**REDACTED**] Investments — Overview."

As of the Latest Practicable Date, the shareholding structure of Yunji Angel Management was as follows:

Name	Position in the Group	Capacity of partnership interest	Percentage of partnership interest in the respective limited partnership
Yunji Angel Management			
Ms. Zhi	Chairwoman of the Board, executive Director and president	General partner	0.0002%
Yunji Angel No. 1. . . .	N/A	Limited partner	80.2253%
Yunji Angel No. 2. . . .	N/A	Limited partner	1.4069%
Yunji Angel No. 3. . . .	N/A	Limited partner	0.9683%
Yunji Angel No. 4. . . .	N/A	Limited partner	11.5340%
Yunji Angel No. 5. . . .	N/A	Limited partner	5.8654%
Yunji Angel No. 1			
Ms. Zhi	Chairwoman of the Board, executive Director and president	General partner	2.24%
Mr. Hu Quan	Executive Director and general manager	Limited partner	1.47%
Mr. Ying Fuchen (應甫臣)	Chief technology officer	Limited partner	42.50%

Name	Position in the Group	Capacity of partnership interest	Percentage of partnership interest in the respective limited partnership
Mr. Zhao Yongbo (趙永波)	Chief marketing officer	Limited partner	5.92%
Ms. Liu Ying (劉螢)	Board secretary and financial vice president	Limited partner	0.86%
Eight other grantees under the [**REDACTED**] ESOP	N/A	Limited partner	47.01%
Yunji Angel No. 2			
Ms. Zhi	Chairwoman of the Board, executive Director and president	General partner	13.06%
Seven other grantees under the [**REDACTED**] ESOP	N/A	Limited partner	86.94%
Yunji Angel No. 3			
Ms. Zhi	Chairwoman of the Board, executive Director and president	General partner	43.24%
Two other grantees under the [**REDACTED**] ESOP	N/A	Limited partner	56.76%
Yunji Angel No. 4			
Ms. Zhi	Chairwoman of the Board, executive Director and president	General partner	42.12%
13 other grantees under the [**REDACTED**] ESOP	N/A	Limited partner	57.88%
Yunji Angel No. 5			
Ms. Zhi	Chairwoman of the Board, executive Director and president	General partner	38.19%
Ms. Ai Baoshu (艾寶書)	Supervisor	Limited partner	31.16%
Mr. Xue Jinlong (薛金龍)	Supervisor	Limited partner	6.17%
Ms. Liu Ying	Board secretary and financial vice president	Limited partner	4.01%
Four other grantees under the [**REDACTED**] ESOP	N/A	Limited partner	20.47%

(6) Mr. Zhu Zigang holds 25% shareholding interest in Beijing Onion, which is the general partner of Onion Investment. Beijing Onion previously invested in our Company during the Series Angel Investment. In January 2015, Beijing Onion transferred its entire shareholding interest in our Company to Onion Investment as a consideration in exchange for Beijing Onion's partnership interest in Onion Investment. After such equity transfer, Beijing Onion ceased to be a Shareholder. Furthermore, in November 2020, Onion Investment transferred its entire shareholding interest in our Company to Mr. Zhu Zigang at a consideration of RMB22,926,074.64, which was determined with reference to the market value of our registered capital, the timing of the investments and the growth prospects of our Company and was fully settled on February 22, 2021. After such equity transfer, Onion Investment ceased to be a Shareholder.

(7) In October 2023, Alibaba Internet Technology assigned its entire shareholding interest in our Company to Hangzhou Haoyue, which is an affiliate of Alibaba Internet Technology controlled by the same shareholders, through its enterprise split. Such change of shareholder of our Company was completed on October 24, 2023, after which Alibaba Internet Technology ceased to be a Shareholder.

VOTING ARRANGEMENTS

Pursuant to the Investor Voting Agreements entered into between Yunji Angel Management and the following Investor Voting Grantors, and as acknowledged by each of the Investor Voting Grantors, commencing from the date when they became the Shareholders, the voting rights attaching to the following Granted Investor Shares held by the Investor Voting Grantors shall always be deferred to, and exercised in accordance with, the directions of Yunji Angel Management in general meetings of our Company, until the earlier of (i) the date when the relevant Investor Voting Grantor ceases to hold any of the following Shares; and (ii) other events mutually agreed upon by the parties.

Investor Voting Grantor	Date of the agreement	Number of Shares
Wenzhou Haiyin	November 26, 2018	565,935
Guangkong Zhongying	January 30, 2019	848,903
Maoji No. 2	January 30, 2019	1,194,756
Maoji No. 1	May 30, 2019	525,222
Total		**3,134,816**

Pursuant to the Individual Voting Agreement entered into between Ms. Zhi and the following Individual Voting Grantors, and as acknowledged by each of the Individual Voting Grantors, commencing from November 22, 2021, the voting rights attaching to all their Shares shall always be deferred to, and exercised in accordance with, the directions of Ms. Zhi in general meetings of our Company, until the earlier of (i) the date when the relevant Individual Voting Grantor ceases to hold any Shares; or (ii) the mutual agreement between the parties to terminate such voting arrangement.

Individual Voting Grantor	Date of the agreement	Number of Shares
Mr. Hu Quan	November 22, 2021	4,512,147
Mr. Wu Minghui	November 22, 2021	2,464,882
Mr. Li Quanyin	November 22, 2021	1,378,796
Mr. Zhang Heguang	November 22, 2021	694,916
Total		**9,050,741**

By aligning their voting power with and following the directions of Yunji Angel Management and Ms. Zhi, respectively, the Investor Voting Grantors and the Individual Voting Grantors believe that such arrangement is beneficial to our consistent leadership and management supported by stronger control and the enhancement in the efficiency of our operational decision-making process. Based on the above, and as Yunji Angel Management is controlled by Ms. Zhi as its general partner, Ms. Zhi exclusively controls the voting rights attaching to an aggregate of 22,578,125 Shares representing approximately 36.52% of the total issued share capital of our Company as of the Latest Practicable Date.

[**REDACTED**] ESOP

To motivate and encourage our officer, employee and consultant to further promote our business development, on December 31, 2020, our Company adopted the [**REDACTED**] ESOP, which was amended on February 11, 2025. All the underlying Shares of the share awards granted under the [**REDACTED**] ESOP are directly held by Yunji Angel Management, our employee stock ownership platform, whose general partner is Ms. Zhi and limited partners are five limited partnerships, namely Yunji Angel No. 1, Yunji Angel No. 2, Yunji Angel No. 3, Yunji Angel No. 4 and Yunji Angel No. 5. The general partner of each of these five limited partnerships is also Ms. Zhi, while the limited partners are the participants of the [**REDACTED**] ESOP. All management and voting powers of these five limited partnerships, as well as Yunji Angel Management, are controlled by their sole general partner, Ms. Zhi, whereas the relevant participants of the [**REDACTED**] ESOP being the limited partners of these five limited partnerships are only entitled to the economic benefits.

As of the Latest Practicable Date, share awards corresponding to 4,376,375 underlying Shares representing approximately [**REDACTED**]% of the total issued Shares immediately after the [**REDACTED**] (assuming no exercise of the [**REDACTED**]), had been conditionally granted by our Company to a total of 77 participants under the [**REDACTED**] ESOP.

The [**REDACTED**] ESOP is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share awards after the [**REDACTED**]. See "Appendix VI — Statutory and General Information — D. [**REDACTED**] ESOP" for the principal terms of the [**REDACTED**] ESOP.

PRINCIPAL SUBSIDIARIES

The following entities are our principal operating subsidiaries which we consider material to our business operations:

Subsidiary	Shareholding held by our Group	Place and date of establishment	Date of commencement of business	Principal business activities
Henan Yunji	100%	October 29, 2021, PRC	October 29, 2021	Sales of robots and intelligent solutions
Shanghai Renyun	100%	December 27, 2016, PRC	December 27, 2016	Sales of robots and intelligent solutions
Chengdu Yunkuo	100%	February 8, 2021, PRC	February 8, 2021	Ancillary service on installation of robots

MATERIAL ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisition or disposal.

PRC LISTING PLAN

In 2022, following the continued growth in our scale of business and with a view to broadening our investor base, we decided to seek a listing on a reputable stock exchange. We considered that the vision of the Shanghai Stock Exchange Science and Technology Innovation Board ("**SSE STAR Market**") aligns with our then corporate image and dedication to business innovation, and initially explored the possibility of an initial public offering on the SSE STAR Market (the "**PRC Listing Plan**"). In February 2022, we entered into a guidance agreement (the "**Guidance Agreement**") with CITIC Securities Company Limited (中信証券股份有限公司) as our tutoring agency to provide us with guidance and preliminary compliance advice with regard to our proposed listing on the SSE STAR Market. In March 2025, upon mutual consent among the parties thereof, the Guidance Agreement was terminated.

As of the Latest Practicable Date, we had not submitted any listing application to the Shanghai Stock Exchange as we had decided to pursue a [**REDACTED**] on the Stock Exchange. We consider that the Stock Exchange, as an internationally recognized and reputable stock exchange, would be an appropriate [**REDACTED**] venue to provide us with a good platform to access the international equity market. In addition, [**REDACTED**] on the Stock Exchange would improve our brand awareness in both domestic and overseas markets and benefit our business collaboration with international business partners with an improved and transparent corporate governance structure. We will not pursue a listing on any stock exchange in the PRC before the completion of, or within the six months after, the [**REDACTED**]. Following the completion of the [**REDACTED**], we will continue to monitor such opportunities, subject to market conditions and compliance with applicable rules, and any proposal to seek a listing of the Shares in the PRC will be subject to the approval of the Shareholders and will comply with all applicable rules.

We confirm that, as of the Latest Practicable Date, no inquiries were received from or raised by the relevant regulatory authorities in the PRC in relation to the PRC Listing Plan, and we were not aware of any material adverse impact of the PRC Listing Plan on the [**REDACTED**], or any other material matter in relation to the PRC Listing Plan that need to be brought to the attention of the Stock Exchange or the investors. Based on the due diligence work conducted by the Joint Sponsors in connection with the PRC Listing Plan, nothing material has come to the attention of the Joint Sponsors in relation to the contemplated PRC Listing Plan that would cast doubt on the Company's view as to its suitability for [**REDACTED**] in Hong Kong.

[REDACTED] INVESTMENTS

Overview

We have received eight rounds of [**REDACTED**] Investments since our establishment, which are summarized below.

	Series Angel Investment	Series A Investment	Series A+ Investment	Series A+ Strategic Investment(1)	Series B Investment(2)	Series B Strategic Investment(3)	Series C Investment	Series D Investment
Date(s) of agreement	July 9, 2014	July 1, 2015 and October 1, 2015	December 30, 2016	September 27, 2017	From November 26, 2018 to May 30, 2019	December 30, 2019 and March 3, 2020	From January 11, 2021 to August 23, 2021	December 6, 2021 and December 24, 2021
Name of investor(s)	Anhui Artificial Intelligence Company and Beijing Onion(4)	Anhui Artificial Intelligence Company	Haihang Chuangtou and Lanting Shiling	Linzhi Tencent and Lanting Shiling	Maoji No. 1, Maoji No. 2, Shanghai Kehui, Guangkong Zhongying and Wenzhou Haiyin	Lenovo Fund, Shanghai Yushu, AlphaX and TransLink	QM165, Feidian No. 1, Feidian No. 2, CITIC Securities Investment, Linzhi Tencent, Beijing Qiming, Lenovo Fund, Shanghai Yushu, AlphaX and Lanting Qiyue	Ruiju Investment, Alibaba Internet Technology(5), Henan Ketou, Shanghai Feidian, QM165, Taizhoudongnanwentou Fund, Hainan Feidian, Tianjin Haiyin, Beijing Qiming and AlphaX
Full settlement date	August 25, 2014	December 8, 2015	February 24, 2017	October 27, 2017	July 16, 2019	March 27, 2020	August 25, 2021	December 27, 2021
Number of Shares subscribed(6)	3,837,890 Shares	4,349,374 Shares	5,612,192 Shares	4,071,599 Shares	1,980,774 Shares	3,336,241 Shares	6,708,146 Shares	8,787,879 Shares
Total consideration paid	RMB7,500,000.00	RMB31,065,200.00	RMB60,000,000.00	RMB55,921,507.93	RMB75,000,000.00	RMB128,328,540.71	RMB264,500,000.00	RMB580,000,000.00
Approximate cost per Share	RMB1.95	RMB5.47 and RMB8.35	RMB10.69	RMB13.73	RMB37.86	RMB38.47	RMB38.86 and RMB43.15	RMB66.00

	Series Angel Investment	Series A Investment	Series A+ Investment	Series A+ Strategic Investment[(1)]	Series B Investment[(2)]	Series B Strategic Investment[(3)]	Series C Investment	Series D Investment
Discount to the [REDACTED][(7)]	**[REDACTED]**%	**[REDACTED]**% and **[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**% and **[REDACTED]**%	**[REDACTED]**%
Implied pre-money valuation[(8)]	RMB42.5 million	RMB140.0 million	RMB320.0 million	RMB488.2 million	RMB1,500.0 million	RMB1,600.0 million	RMB1,800.0 million	RMB3,500.0 million
Implied post-money valuation[(8)]	RMB50.0 million	RMB250.0 million	RMB380.0 million	RMB544.1 million	RMB1,575.0 million	RMB1,728.3 million	RMB2,288.5 million	RMB4,080.0 million
Basis of consideration	The consideration of [**REDACTED**] Investments was determined based on arm's length negotiations between our Company and the [**REDACTED**] Investors with reference to the appraised market value of our registered capital or Shares, the timing of the investments and the prospects of our business.							
Use of proceeds from the [REDACTED] Investments	We utilized most of the proceeds from the [**REDACTED**] Investments for the development and operation of our principal business and other general working capital purposes. As of the Latest Practicable Date, we had utilized approximately 74.19% proceeds from the [**REDACTED**] Investments.							
Strategic benefits to our Company	At the time of the [**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional capital provided by the [**REDACTED**] Investors and their knowledge and experience. Moreover, the investments by the [**REDACTED**] Investors demonstrated their confidence in the business operations of our Group and served as an endorsement of our performance and prospects.							
Lock-up period	Pursuant to the applicable PRC laws, each of the existing Shareholders of the Company (including the [**REDACTED**] Investors) are subject to a lock-up period of 12 months following the [**REDACTED**]. In addition, our Pathfinder SIIs will also be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules. For details, see "— Lock-up and Free Float."							

Notes:

(1) Apart from the newly issued capital of our Company subscribed for by the investors, the Series A+ Strategic Investment also included an equity transfer by the existing Shareholder. On September 27, 2017, Anhui Artificial Intelligence Company entered into an equity transfer agreement with Linzhi Tencent, pursuant to which Anhui Artificial Intelligence Company agreed to transfer RMB91,093.43 registered capital in our Company, which is equivalent to 990,387 Shares after our conversion into joint stock company, to Linzhi Tencent. The consideration for such equity transfer was RMB11,145,513.59, which was determined with reference to the market value of the registered capital of our Company, timing of investments and our growth prospects and was fully settled on October 23, 2017. Such consideration is excluded from the total consideration paid set out in the above table.

(2) Apart from the newly issued capital of our Company subscribed for by the investors, the Series B Investment also included equity transfers by existing Shareholders. From November 26, 2018 to May 30, 2019, Haihang Chuangtou and Mr. Zhang Heguang entered into equity transfer agreements with the following investors, pursuant to which the following investors agreed to acquire an aggregate of RMB392,439.68 registered capital of our Company, which is equivalent to 4,266,687 Shares after our conversion into joint stock company. The total consideration for such equity transfers was RMB75 million, which was determined with reference to the market value of our Company, timing of investments and our growth prospects and was fully settled as of July 16, 2019. Such consideration is excluded from the total consideration paid set out in the above table.

Investor	Transferor	Consideration	Equivalent Shares acquired
		(RMB)	
Maoji No. 2	Haihang Chuangtou	21,111,165.54	1,194,756
Shanghai Kehui	Haihang Chuangtou	20,000,000.00	1,131,871
Guangkong Zhongying	Haihang Chuangtou	15,000,000.00	848,903
Wenzhou Haiyin	Haihang Chuangtou	10,000,000.00	565,935
Maoji No. 1	Mr. Zhang Heguang	8,888,834.46	525,222
Total		**75,000,000.00**	**4,266,687**

(3) Apart from the newly issued capital of our Company subscribed for by the investors, the Series B Strategic Investment also included equity transfers by existing Shareholders. From December 30, 2019 to April 27, 2020, some of our existing Shareholders entered into equity transfer agreements with the following investors, pursuant to which the following investors agreed to acquire an aggregate of RMB291,160.23 registered capital of our Company, which is equivalent to 3,165,555 Shares after our conversion into joint stock company. The total consideration for such equity transfers was RMB53,271,359.28, which was determined with reference to the market value of our registered capital, timing of investments and our growth prospects and was fully settled as of May 11, 2020. Such consideration is excluded from the total consideration paid set out in the above table.

Investor	Transferor	Consideration	Equivalent Shares acquired
		(RMB)	
Shanghai Yushu	Yunji Angel Management	14,639,364.81	869,918
AlphaX	Yunji Angel Management	11,761,653.78	698,915
Lenovo Fund	Ms. Zhi	7,027,911.53	417,621
Lenovo Fund	Mr. Hu Quan	5,270,936.52	313,216
Lenovo Fund	Mr. Wu Minghui	2,879,390.81	171,103
Lenovo Fund	Mr. Li Quanyin	1,610,662.82	95,711
Lenovo Fund	Mr. Zhang Heguang	811,777.37	48,238
TransLink	Ms. Zhi	3,701,355.03	219,946
TransLink	Mr. Hu Quan	2,776,017.78	164,960
TransLink	Mr. Wu Minghui	1,516,474.36	90,114
TransLink	Mr. Li Quanyin	848,279.74	50,407
TransLink	Mr. Zhang Heguang	427,534.73	25,406
Total		**53,271,359.28**	**3,165,555**

(4) In January 2015, Beijing Onion transferred its entire shareholding interest in our Company to Onion Investment and ceased to be a Shareholder. Furthermore, in November 2020, Onion Investment transferred its entire shareholding interest in our Company to Mr. Zhu Zigang and ceased to be a Shareholder. Mr. Zhu Zigang holds 25% shareholding interest in Beijing Onion, which is the general partner of Onion Investment.

(5) In October 2023, Alibaba Internet Technology assigned its entire shareholding interest in our Company to Hangzhou Haoyue, which is an affiliate of Alibaba Internet Technology controlled by the same shareholders, through its enterprise split, and ceased to be a Shareholder.

(6) As adjusted to reflect our subsequent conversion into a joint stock company.

(7) Assuming the [**REDACTED**] is fixed at HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] range.

(8) The implied pre-money valuation is calculated based on (i) the cost per Share paid to the Company for the corresponding round of [**REDACTED**] Investment and (ii) the total registered share capital or issued shares of the Company immediately prior to the corresponding round of [**REDACTED**] Investment.

The implied post-money valuation is calculated based on (i) the cost per Share paid to the Company for the corresponding round of [**REDACTED**] Investment and (ii) the total registered share capital or issued shares of the Company immediately following the corresponding round of [**REDACTED**] Investment.

The increase in valuation from Series Angel Investment to Series A Investment was mainly due to significant product milestone achieved as (i) we launched Run Series in 2015; and (ii) we realized the technology breakthrough in respect of intelligent control and precise execution system in cloud-edge collaborative traffic control system.

The increase in valuation from Series A Investment to Series A+ Investment was mainly because our Run first-generation achieved large-scale commercialization in 2016.

The increase in valuation from Series A+ Investment to Series A+ Strategic Investment was mainly because (i) we won the "Wu Wenjun Artificial Intelligence Science and Technology Advancement Award" (吳文俊人工智能科技進步獎) in 2017, a prestigious award for AI achievements in China; and (ii) benefiting from the technology breakthrough in respect of multi-modal perception and cognitive synergy in multi-modal fusion localization technology, our Run second-generation achieved commercialization.

The increase in valuation from Series A+ Strategic Investment to Series B Investment was mainly due to (i) the launch of smart vending machines designed to enhance service quality and customer experience through automated, closed-loop services, and (ii) significant growth in our revenue.

The increase in valuation from Series B Investment to Series B Strategic Investment was mainly because (i) our telecommunication module, one of our YJ-AIoT components, achieved the autonomous delivering of targeted voice notifications, improving the communication efficiency and reducing the labor costs; and (ii) our smart vending machine started applying to hotel scenario.

The increase in valuation from Series B Strategic Investment to Series C Investment was mainly due to the launch of our Gogo Series which enable faster and more effective delivery and service responses.

The increase in valuation from Series C Investment to Series D Investment was mainly because (i) our robots maintained leading market share in the hotel scenario and widely deployed across various other scenarios; (ii) we realized technology breakthrough in respect of multi-modal perception and cognitive synergy in fusion of multi-feature primitives and multi-dimensional information, which demonstrates enhanced operational stability and environmental adaptability in unstructured settings or sensor-compromised scenarios where conventional systems typically degrade; and (iii) our revenue reached a significant level.

The increase in valuation from Series D Investment to the [**REDACTED**] was mainly due to (i) the launch of our first-generation composite polymorphic robots in 2023; and (ii) the continuous upgrading of our core technologies, such as our robot visual perception capabilities.

Special Rights

We granted customary special rights to the [**REDACTED**] Investors under the [**REDACTED**] Investments, among which, (i) restrictions on transfer of Shares, information and inspection right, liquidation right, anti-dilution right, pre-emptive right, right of first refusal, right of co-sale, drag-along right, and special arrangements of the Board and Shareholders' meeting will be terminated immediately before the [**REDACTED**]; (ii) the redemption rights was terminated immediately before the submission of the [**REDACTED**] application by our Company to the Stock Exchange. Such special rights will be reinstated upon the earlier of (i) the relevant competent authority rejecting the [**REDACTED**] application of our Company; (ii) our Company deciding to terminate the [**REDACTED**]; or (iii) our Company failing to complete the [**REDACTED**] within 18 months after the submission of the [**REDACTED**] application to the Stock Exchange.

Information about the [REDACTED] Investors

Set out below is a description of our [**REDACTED**] Investors, including our Sophisticated Independent Investors and Pathfinder SIIs as defined in Chapter 2.5 of the Guide for New Listing Applicants.

Among all the [**REDACTED**] Investors, we have seven Sophisticated Independent Shareholders, which, in aggregate, held approximately 34.52% of the total issued Shares as of the date of this document. On the basis that (i) [**REDACTED**] Shares will be in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and (ii) the [**REDACTED**] will not be more than HK$[**REDACTED**] per [**REDACTED**] and not less than HK$[**REDACTED**] per [**REDACTED**], our expected market capitalization upon the [**REDACTED**] will exceed HK$4 billion, and our Sophisticated Independent Investors will hold, in aggregate, no less than 20% of the total issued Shares upon the [**REDACTED**]. Among our Sophisticated Independent Investors, five investors (namely Hangzhou Haoyue, Lenovo Fund, Linzhi Tencent, QM165 and Shanghai Kehui) are our Pathfinder SIIs. Our Pathfinder SIIs, in aggregate, had been holding more than 10% of the total issued Shares as at the date of our [**REDACTED**] application and throughout the pre-application 12-month period, among which, three investors (namely Lenovo Fund, Linzhi Tencent and QM165) each had been holding more than 3% of the total issued Shares as at the date of our [**REDACTED**] application and throughout the pre-application 12-month period. See "— Corporate Structure" for further details of the shareholding in our Company by each of our Sophisticated Independent Investors and Pathfinder SIIs.

To the best of our knowledge, information and belief having made all reasonable enquiries, (i) each of the [**REDACTED**] Investors is an Independent Third Party; (ii) save as disclosed below, each of the [**REDACTED**] Investors is independent from each other; and (iii) save for being a Shareholder and as disclosed herein, each of our Sophisticated Independent Investors is independent from and not connected with any director, supervisor, chief executive or substantial shareholder of our Company, its subsidiaries or any of their respective associates (within the meaning of the Listing Rules).

Pathfinder SIIs

(a) Hangzhou Haoyue

Hangzhou Haoyue is a limited liability company established in the PRC on October 24, 2023. Hangzhou Haoyue is indirectly wholly owned by Alibaba Group Holding Limited (阿里巴巴集團控股有限公司) (stock code: 9988.HK, BABA.NYSE) ("**Alibaba Group**"). We became acquainted with Alibaba Group during our Series D Investment through introduction by industry peers. As of September 30, 2021, the equity securities and other investments of Alibaba Group was approximately RMB246.83 billion, and as of September 30, 2024, the carrying value of equity securities including listed equity securities and investments in privately held companies of Alibaba Group was approximately RMB163.94 billion.

Hangzhou Haoyue held approximately 2.94% of our total issued share capital as at the date of our [**REDACTED**] application and throughout the pre-application 12-month period.

(b) Lenovo Fund

Lenovo Fund is an investment vehicle established in the PRC as a limited partnership on May 16, 2018. Lenovo Fund is owned by Hubei Yangtze Zhiji Xingyuan Investment Management Centre (Limited Partnership) (湖北長江知己行遠投資管理中心(有限合夥)) ("**Zhiji Xingyuan**") as to 1.00% as its general partner, and Lenovo Zhiyuan (Tianjin) Technology Co., Ltd. (聯想知遠(天津)科技有限公司) ("**Lenovo Zhiyuan**"), Hubei Yangtze Industrial Investment Fund Partnership (Limited Partnership) (湖北長江產業投資基金合夥企業(有限合夥)) ("**Yangtze Industrial Fund**"), a state-controlled enterprise, and Wuhan Optics Valley Industrial Investment Co., Ltd. (武漢光谷產業投資有限公司) ("**Optics Valley Industrial Investment**"), a state-owned enterprise, as to 50.00%, 39.00% and 10.00%. Both of Zhiji Xingyuan and Lenovo Zhiyuan are controlled by Lenovo Group Limited (聯想集團有限公司) (stock code: 0992.HK) ("**Lenovo Group**") through contractual arrangements. We became acquainted with Lenovo Fund during our Series B Strategic Investment. Lenovo Group is a key participant in the technology and information services industry, committed to supporting digital transformation for enterprises. Its IT services primarily focus on providing integrated solutions that encompass hardware, software, cloud computing, and edge computing for various downstream scenarios, with hotel service robots being one of the key services in its IT solutions. According to Frost & Sullivan, Lenovo Group ranked fifth and second in terms of sales revenue in the non-carrier IT services market in China in 2020 and 2024, with market shares being 2.1% and 4.5%, respectively, based on which, Lenovo Group is a key participant in the downstream industry of the Company as of December 31, 2020 and December 31, 2024, respectively.

Lenovo Fund held approximately 4.22% of our total issued share capital as at the date of our [**REDACTED**] application and throughout the pre-application 12-month period.

(c) Linzhi Tencent

Linzhi Tencent is a limited liability company incorporated in the PRC and is wholly owned by Shenzhen Tencent Ruijian Investment Co., Ltd. (深圳市騰訊睿見投資有限公司), which is a subsidiary of Tencent Holdings Limited ("**Tencent**") (stock code: 0700.HK (HKD counter) and 80700.HK (RMB counter)). Tencent is principally engaged in the provision of communication, social, digital content, games, marketing, fintech and business services in the PRC. We became acquainted with Linzhi Tencent during our Series A+ Strategic Investment. Tencent has a diverse investment portfolio of approximately RMB690.9 billion as of December 31, 2020 and approximately RMB940 billion as of September 30, 2024, respectively.

Linzhi Tencent held approximately 9.09% of our total issued share capital as at the date of our [**REDACTED**] application and throughout the pre-application 12-month period.

(d) QM165

QM165 is a company incorporated under the laws of Hong Kong principally engaged in venture investment, and is owned by Qiming Venture Partners VII, L.P. ("**Qiming Partners VII**") and Qiming VII Strategic Investors Fund, L.P. ("**Qiming VII Strategic**"). Qiming Partners VII and Qiming VII Strategic are exempted limited partnerships registered under the laws of the Cayman Islands. Qiming GP VII, LLC is the general partner of Qiming Partners VII and Qiming VII Strategic. All limited partners of Qiming Partners VII and Qiming VII Strategic are Independent Third Parties. Both Qiming Partners VII and Qiming VII Strategic are venture capital funds operated under Qiming Venture Partners. We became acquainted with QM165 during our Series C Investment through introduction by industry peers. Qiming Venture Partners is a leading venture capital firm in China with over US$5.9 billion and over US$9 billion of assets under management as of September 30, 2021 and September 30, 2024, respectively. Since its establishment, Qiming Venture Partners has focused on investments in companies in the technology and consumer (T&C) and healthcare sectors across China.

QM165 held approximately 4.04% of our total issued share capital as at the date of our [**REDACTED**] application and throughout the pre-application 12-month period.

(e) Shanghai Kehui

Shanghai Kehui is a limited liability company established in the PRC on May 21, 2013. Shanghai Kehui is directly owned by Zhou Shiwei (周世偉) and Yang Qin (楊欽), both are Independent Third Parties, as to 99.00% and 1.00%, respectively and controlled through contractual arrangements by Ctrip Travel Network Technology (Shanghai) Co., Ltd. (攜程旅遊網絡技術(上海)有限公司), which is indirectly wholly owned by Trip.com Group Limited (攜程集團有限公司) (stock code: 9961.HK, TCOM.NASDAQ) ("**Trip.com**"). We became acquainted with Shanghai Kehui during our Series B Investment through introduction by industry peers. Trip.com has a diverse investment portfolio of approximately RMB27 billion as of June 30, 2018 and approximately RMB36 billion as of September 30, 2024, respectively.

Shanghai Kehui held approximately 2.69% of our total issued share capital as at the date of our [**REDACTED**] application and throughout the pre-application 12-month period.

Other Sophisticated Independent Investors

(a) Anhui Artificial Intelligence Company

Anhui Artificial Intelligence Company is a limited liability company established in the PRC on January 28, 2014. Anhui Artificial Intelligence Company is held by Hefei Industrial Investment Holdings Co., Ltd. (合肥市工業投資控股有限公司) ("**Hefei Industrial Investment Holdings**"), Anhui Province Investment Group Holding Co., Ltd. (安徽省投資集團控股有限公司) ("**Anhui Investment Group**"), iFlytek Co., Ltd (科大訊飛股份有限公司) (stock code: 002230.SZ) and Qi Dongfeng (祁東風) as to 60.00%, 26.24%, 12.54% and 1.22%, respectively. Hefei Industrial Investment Holdings is wholly owned by Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股(集團)有限公司) ("**Hefei Industrial Investment Group**" together with Hefei Industrial Investment Holdings, the "**Hefei Industrial Investment**"), which is in turn wholly owned by State-owned Assets Supervision and Administration Commission of People's Government of Hefei Municipality (合肥市人民政府國有資產監督管理委員會). Anhui Investment Group is wholly owned by Sate-owned Assets Supervision and Administration Commission of People's Government of Anhui Province (安徽省人民政府國有資產監督管理委員會). Qi Dongfeng is a private investor and an Independent Third Party. We became acquainted with Anhui Artificial Intelligence Company during our Series Angel Investment through introduction by industry peers. Hefei Industrial Investment has a diverse investment portfolio of approximately RMB1.01 billion as of June 30, 2015 and approximately RMB23.97 billion as of December 31, 2024, respectively.

(b) Henan Ketou

Henan Ketou is an investment vehicle established in the PRC as a limited partnership on November 9, 2020. Henan Ketou is held as to 1.25% by Henan Huike Private Equity Fund Management Co., Ltd. (河南匯科私募基金管理有限公司) ("**Henan Huike**") as its general partner, and as to 98.75% by Henan Innovation Investment Group Co., Ltd. (河南創新投資集團有限公司) ("**Henan Innovation**") as its limited partner. Henan Huike is wholly owned by Henan Innovation, which is indirectly wholly owned by the Department of Finance, Henan Province (河南省財政廳) through Henan Investment Group Co., Ltd. (河南投資集團有限公司) ("**Henan Investment Group**"). We became acquainted with Henan Ketou during our Series D Investment through introduction by industry peers. Henan Investment Group has a diverse investment portfolio of approximately RMB24.6 billion as of June 30, 2021 and approximately RMB39.8 billion as of September 30, 2024, respectively.

Other* [REDACTED] *Investors

(a) Beijing Qiming

Beijing Qiming is an investment vehicle established in the PRC as a limited partnership on March 23, 2020. Beijing Qiming is owned as to approximately 1.01% by Beijing Qiyao Investment Management Partnership (Limited Partnership) (北京啟耀投資管理合夥企業(有限合夥)) ("**Beijing Qiyao**") as its general partner, and 32 limited partners, all of whom are private investors or institutional investors, all being Independent Third Parties with each holding less than one third of the limited partnership interest of Beijing Qiming. The general partner of Beijing Qiyao is Suzhou Qiman Investment Management Co., Ltd. (蘇州啟滿投資管理有限公司), which is owned by Yu Jia (于佳) and Hu Xubo (胡旭波), both of whom are Independent Third Parties, as to 50% and 50%, respectively.

(b) CITIC Securities Investment

CITIC Securities Investment is a wholly-owned subsidiary of CITIC Securities Company Limited (中信証券股份有限公司). CITIC Securities Company Limited is a joint stock company with limited liability established in the PRC, the H shares and A shares of which are listed on the Stock Exchange (stock code: 6030) and the Shanghai Stock Exchange (stock code: 600030).

(c) Guangkong Zhongying

Guangkong Zhongying is an equity investment vehicle established in the PRC as a limited partnership on August 30, 2016. Its general partner is Zhuhai Guangkong Zhongheng Investment Management Co., Ltd. (珠海光控眾恒投資管理有限公司), which is owned as to 50% by Beijing Guangkong Puyi Venture Capital Co., Ltd (北京光控浦益創業投資有限公司) ("**Beijing Guangkong**") and as to 50% by Zhuhai Zhongheng Management Consulting Partnership Enterprise (Limited Partnership) (珠海眾衡管理諮詢合夥企業(有限合夥)) ("**Zhongheng Consulting**"). Beijing Guangkong is wholly owned by Chongqing CEL Equity Investment Management Co., Ltd. (重慶光控股權投資管理有限公司), which is indirectly wholly owned by China Everbright Limited (中國光大控股有限公司) (stock code: 0165.HK) ("**CEL**"), an Independent Third Party. Zhongheng Consulting is principally engaged in equity investment. The largest limited partner of Guangkong Zhongying is Yixing Guangkong Investment Co., Ltd. (宜興光控投資有限公司) ("**Yixing Guangkong**"), holding 49.08% of the partnership interests therein. Yixing Guangkong is also indirectly wholly owned by CEL.

(d) Haiyin (including Wenzhou Haiyin and Tianjin Haiyin)

Wenzhou Haiyin is an investment vehicle established in the PRC as a limited partnership on February 6, 2018. Tianjin Haiyin is an investment vehicle established in the PRC as a limited partnership on September 29, 2021. The general partner of both Wenzhou Haiyin and Tianjin Haiyin is Tianjin Haifeng Yinhua Investment Management Partnership (Limited Partnership) (天津海豐銀華投資管理合夥企業(有限合夥)) ("**Tianjin Haifeng**"). Tianjin Haifeng is owned by Li Dongping (李東平) as to 18.24% as its general partner and Wang Yuquan (王煜全), Wu Xiaomei (吳曉梅) and Ma Xin (馬昕) as to 60.16%, 19.20% and 2.40% as its limited partners, all of whom are Independent Third Parties.

Wenzhou Haiyin has 40 limited partners who are private investors or institutional investors, all being Independent Third Parties, with each holding less than one third of the limited partnership interest of Wenzhou Haiyin. Tianjin Haiyin is owned by Tianjin Haiyin Huizhi Investment Partnership (Limited Partnership) (天津海銀匯智投資合夥企業(有限合夥)) ("**Tianjin Huizhi**") as to 73.00% as a limited partner. Tianjin Huizhi is owned by Tianjin Haifeng as its general partner, and 35 limited partners, who are private investors or institutional investors, all being Independent Third Parties, with each holding less than one third of the limited partnership interest of Tianjin Huizhi.

(e) Feidian (including AlphaX, Feidian No. 1, Feidian No. 2, Shanghai Feidian, Shanghai Yushu and Hainan Feidian)

AlphaX is an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 23, 2016. The general partner of AlphaX is AlphaX Partners GP Ltd., which is ultimately controlled by Yu Guangdong (于光東), an Independent Third Party. AlphaX is owned by 28 limited partners, which are all Independent Third Parties each holding less than one third of the limited partnership interest of AlphaX.

Shanghai Feidian is an investment vehicle established in the PRC as a limited partnership on August 13, 2021. Shanghai Feidian is owned by Feidian Management as to 3.10% as its general partner and Gongqingcheng Feidian Hongchuang Investment Partnership (Limited Partnership) (共青城沸點鴻創投資合夥企業(有限合夥)) ("**Feidian Hongchuang**") as to 62.50% and four other limited partners, which are all Independent Third Parties each holding less than one third of the limited partnership interest of Shanghai Feidian. Feidian Hongchuang is owned by Feidian Management as to 1.65% as its general partner and 13 other limited partners, which are all Independent Third Parties each holding less than one third of the limited partnership interest of Feidian Hongchuang.

Shanghai Yushu is an investment vehicle established in the PRC as a limited partnership on September 7, 2016. Shanghai Yushu is owned by Jiaxing Feidian Yushu Equity Investment Partnership (Limited Partnership) (嘉興沸點雨樹股權投資合夥企業(有限合夥)) ("**Jiaxing Feidian**") as to 0.17% as its general partner and Jiaxing Juluan Investment Partnership (Limited Partnership) (嘉興居鑾投資合夥企業(有限合夥)) ("**Jiaxing Juluan**") and CICC Qiyuan National Emerging Industry Venture Capital Guiding Fund (Limited Partnership) (中金啟元國家新興產業創業投資引導基金(有限合夥)) ("**CICC Qiyuan**") and four other individuals, who are all Independent Third Parties, as to 43.26%, 41.60% and 14.97%, respectively. Jiaxing Feidian is owned by Feidian Management as to 7.14% as its general partner and three limited partners, namely Yu Guangdong (于光東), Chen Qianqian (陳千千) and Yao Yaping (姚亞平), as to 35.73%, 35.73% and 21.40%, respectively. Jiaxing Juluan is owned by Jiaxing Feidian as to 2.04% as its general partner and 27 other limited partners, which are all Independent Third Parties each holding less than one third of the limited partnership interest of Jiaxing Juluan. The general partner of CICC Qiyuan is CICC Capital Operation Co., Ltd. (中金資本運營有限公司), a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司) (stock code:

3908.HK, 601995.SH). CICC Qiyuan is further owned by Ministry of Finance of the People's Republic of China (中華人民共和國財政部) as to 34.93% and 13 other limited partners, which are all Independent Third Parties each holding less than one third of the limited partnership interest of CICC Qiyuan.

Feidian No. 1 is an investment vehicle established in the PRC as a limited partnership on December 16, 2020. Feidian No. 1 is owned by Hainan Feidian Private Equity Fund Management Co., Ltd. (海南沸點私募基金管理有限公司) ("**Feidian Management**") as to 4.63% as its general partner and Shen Baiqing (沈百慶) and Shanghai Zhangjiang Science & Technology Venture Capital Co., Ltd. (上海張江科技創業投資有限公司) ("**Zhangjiang Technology**") as to 48.16% and 47.21% as its limited partners, which are all Independent Third Parties. Feidian Management is owned by Yu Guangdong, Chen Qianqian (陳千千) and Yao Yaping (姚亞平), who are all Independent Third Parties, as to 33.34%, 33.33% and 33.33% and ultimately controlled by Yu Guangdong. Zhangjiang Technology is wholly owned by Shanghai Zhangjiang (Group) Co., Ltd. (上海張江(集團)有限公司), which is in turn wholly owned by State-owned Assets Administration Commission of the Shanghai Pudong New District (上海市浦東新區國有資產管理委員會).

Feidian No. 2 is an investment vehicle established in the PRC as a limited partnership on March 31, 2021. Feidian No. 2 is owned by Feidian Management as to 0.25% as its general partner and Shen Baiqing (沈百慶), Zaozhuang Yukun Equity Investment Partnership (Limited Partnership) (棗莊御坤股權投資合夥企業(有限合夥)) ("**Zaozhuang Yukun**") and three other individuals, who are all Independent Third Parties, as to 51.94%, 37.65% and 10.16%, respectively. The general partner of Zaozhuang Yukun is Chengyu (Shanghai) Asset Management Co., Ltd. (乘御(上海)資產管理有限公司), which is wholly owned by Shanghai Heyu Information Technology Co., Ltd. (上海和御信息科技有限公司), an Independent Third Party. The limited partners of Zaozhuang Yukun are seven individuals, who are all Independent Third Parties each holding less than one third of the limited partnership interest of Zaozhuang Yukun.

Hainan Feidian is an investment vehicle established in the PRC as a limited partnership on April 13, 2021. Hainan Feidian is owned by Feidian Management as to 0.21% as its general partner and Beijing Zero2IPO Hejia Phase II Investment Management Partnership (Limited Partnership) (北京清科和嘉二期投資管理合夥企業(有限合夥)) ("**Zero2IPO Hejia**") and Jiaxing Feidian as to 97.71% and 2.08% as its limited partners, which are all Independent Third Parties. Zero2IPO Hejia is owned by Shenzhen Zero2IPO Private Equity Venture Capital Fund Management Co., Ltd. (深圳清科私募創業投資基金管理有限公司) ("**Shenzhen Zero2IPO**") as to 1.13% as its general partner and other 12 limited partners, which are all Independent Third Parties each holding less than one third of the limited partnership interest of Zero2IPO Hejia. Shenzhen Zero2IPO is wholly owned by Beijing Zero2IPO Chuangfu Investment Management Co., Ltd. (北京清科創富投資管理有限公司), which is in turn wholly owned by Zero2IPO Management Consulting Group Co., Ltd. (清科管理顧問集團有限公司), which is owned by Ni Zhengdong (倪正東), an Independent Third Party, as to 54.93%, and other 48 shareholders, which are all Independent Third Parties each holding less than one third of its equity interest.

(f) Maoji (including Maoji No. 1 and Maoji No. 2)

Maoji No. 1 is an investment vehicle established in the PRC as a limited partnership on January 8, 2019. Maoji No. 1 is owned by Jinmao (Jiaxing) Investment Management Co., Ltd. (金茂(嘉興)投資管理有限公司) ("**Jinmao Jiaxing**") as to 5.19% as its general partner and Jinmao Zhicheng Equity Investment (Tianjin) Partnership (Limited Partnership) (金茂智城股權投資(天津)合夥企業(有限合夥)) ("**Jinmao Zhicheng**") and Ganzhou Qibang Investment Partnership (Limited Partnership) (贛州啟邦投資合夥企業(有限合夥)) as to 66.23% and 28.57%, respectively, as its limited partners, which are all Independent Third Parties. The general partner of Jinmao Zhicheng is Jinmao Chuanglong (Tianjin) Consulting Co., Ltd. (金茂創隆(天津)諮詢有限公司), a company wholly owned by Jinmao Chuangrui (Tianjin) Consulting Co., Ltd. (金茂創瑞(天津)諮詢有限公司), which is in turn owned by Tianjin Chuangqi Investment Co., Ltd. (天津創啟投資有限公司) ("**Tianjin Chuangqi**"), Tianjin Chuangyao Enterprise Management Consulting Partnership (Limited Partnership) (天津創耀企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Chuangyao**") and Tianjin Qizhi Shidai Enterprise Management Consulting Partnership (Limited Partnership) (天津啟智時代企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Qizhi**") as to 40%, 40% and 20%. Tianjin Chuangqi is ultimately controlled by China Jinmao Holdings Group Limited (中國金茂控股集團有限公司) (stock code: 0817.HK) ("**China Jinmao**"). The general partner of Tianjin Chuangyao is Tianjin Qizhi, which is owned by Tianjin Maomao Consulting Co., Ltd. (天津茂茂諮詢有限公司) ("**Tianjin Maomao**") as its general partner and Gao Yang (高陽) as its limited partner. Tianjin Maomao is owned by Wang Bin (王斌), Gao Yang (高陽) and Wang Jia (王嘉), each of whom is an Independent Third Party, as to 78.00%, 11.00% and 11.00%, respectively.

Maoji No. 2 is an investment vehicle established in the PRC as a limited partnership on January 8, 2019. Maoji No. 2 is owned by Jinmao Jiaxing as to 2.27% as its general partner and three limited partners, which are all Independent Third Parties each holding less than one third of the limited partnership interest of Maoji No. 2. Jinmao Jiaxing is wholly owned by Jinmao Investment Consulting (Shenzhen) Co., Ltd. (金茂投資諮詢(深圳)有限公司), which is in turn owned as to 50% by Hongyuan Huizhi Investment Co., Ltd. (宏源匯智投資有限公司), which is wholly owned by Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司) (stock code: 6806.HK, 000166.SZ), and as to 50% by Fengliang Limited (峰亮有限公司), which is ultimately controlled by China Jinmao.

(g) Lanting (including Lanting Shiling and Lanting Qiyue)

Lanting Shiling is an investment vehicle established in the PRC as a limited partnership on August 2, 2016. Lanting Shiling is owned by Shanghai Lanting Investment Management Co., Ltd. (上海瀾亭投資管理有限公司) ("**Lanting Investment Management**") as to 0.10% as its general partner, and Ou Yaqing (歐雅青), Weng Li Zhong (翁利中), Shi Qi (施琦) and Zhang Yujia (張玉佳) as to 59.90%, 34.00%, 3.00% and 3.00%, respectively as its limited partners. Each of Ou Yaqing, Weng Li Zhong, Shi Qi and Zhang Yujia is a private investor and an Independent Third Party.

Lanting Qiyue is an investment vehicle established in the PRC as a limited partnership on March 8, 2018. Lanting Qiyue is owned by Lanting Investment Management as to 20% as its general partner and Zhang Yujia as to 80.00% as its limited partner. Lanting Investment Management is owned by Shaoxing Shangyu Boshi Investment Management Co., Ltd. (紹興上虞博石投資管理有限公司) ("**Shaoxing Shangyu**") and Shanghai Lanting Enterprise Management Consulting Co., Ltd. (上海瀾亭企業管理諮詢有限公司) ("**Lanting Enterprise Management**") as to 50% and 50%, respectively. Shaoxing Shangyu is wholly owned by Ni Huizhen (倪慧珍). Lanting Enterprise Management is owned by Liu Jiong (劉炯) and Zhang Yujia as to 96.67% and 3.33%, respectively. Each of Ni Huizhen and Liu Jiong is a private investor and an Independent Third Party.

(h) Mr. Zhu Zigang (朱子剛)

Mr. Zhu Zigang is an individual investor and has extensive experience in equity investment. His investment targets include Qixingtian (Beijing) Consulting Co., Ltd. (七星天(北京)諮詢有限責任公司) and Beijing Tianjian Century Information Technology Co., Ltd. (北京天健世紀信息技術有限公司). He is the executive director and general manager of Beijing Cloudnet Unlimited Interest Technology Co., Ltd. (北京雲網無線網絡技術有限公司), and the chairman of the board of directors and general manager of Shenzhen Zhaoyuncai Technology Co., Ltd. (深圳市昭運彩科技有限公司). Mr. Zhu Zigang is also a director, manager, and shareholder holding 25% equity interest in Beijing Onion Investment Management Co., Ltd. (北京洋蔥投資管理有限公司), the general partner of Onion Investment, one of our former Shareholders. For details of the equity interest transfer between Mr. Zhu Zigang and Onion Investment, see "— [**REDACTED**] Investments — Overview."

(i) Ruiju Investment

Ruiju Investment is an investment vehicle established in the PRC as a limited partnership on November 8, 2021. The general partner of Ruiju Investment is Guangdong Ruizhu Venture Capital Investment Co., Ltd. (廣東睿住創業投資有限公司) ("**Ruizhu VC**"), holding approximately 0.05% partnership interest of Ruiju Investment. Ruizhu VC is held by Ningbo Meishan Bonded Port Area Ruihong Enterprise Management Consulting Co., Ltd. (寧波梅山保稅港區睿泓企業管理諮詢有限公司) ("**Ningbo Ruihong**") and Ningbo Meishan Bonded Port Area Huihong Investment Co., Ltd. (寧波梅山保稅港區薈弘投資有限公司) ("**Ningbo Huihong**") as to 90% and 10%, respectively. Ningbo Ruihong is held by Liu Yanjia (劉雁甲), an Independent Third Party, and Ningbo Huihong as to 85% and 15%, respectively.

Ruiju Investment has five limited partners who are private investors or institutional investors, all being Independent Third Parties, among whom Guangdong Ruizhu No. 1 Equity Investment Partnership (Limited Partnership) (廣東睿住壹號股權投資合夥企業(有限合夥)) ("**Ruizhu No. 1**") holds approximately 87.61% of the limited partnership interest of Ruiju Investment. Ruizhu No. 1 is held by Ruizhu VC as to 0.10% as its general partner and Ningbo Meishan Bonded Port Area Ruiling Enterprise Management Consulting Co., Ltd. (寧波梅山保稅港區睿瓴企業管理諮詢有限公司) ("**Ningbo Ruiling**") as to 99.90% as its limited partner. Ningbo Ruiling is held by Ningbo Meishan Bonded Port Area Yuechen Investment Management Co., Ltd. (寧波梅山保稅港區樾宸投資管理有限公司) ("**Ningbo Yuechen**") and

Foshan Shunde Huizhi Consulting Service Co., Ltd. (佛山市順德區匯致諮詢服務有限公司) as to 99% and 1%, respectively. Both Ningbo Huihong and Ningbo Yuechen are wholly owned by Midea Construction (Hong Kong) Limited (美的建業(香港)有限公司), which is indirectly controlled by Lu Deyan (盧德燕), an Independent Third Party.

(j) Taizhoudongnanwentou Fund

Taizhoudongnanwentou Fund is an investment vehicle established in the PRC as a limited partnership on January 8, 2020. Taizhoudongnanwentou Fund is held as to approximately 1.10% by Nanjing Huawen Fund Management Co., Ltd. (南京華文基金管理有限公司) ("**Nanjing Huawen**") as its general partner and its fund manager, and three limited partners, all of which are Independent Third Parties with each holding less than one third of the limited partnership interest of Taizhoudongnanwentou Fund. Nanjing Huawen is wholly owned by Jiangsu Wentou Capital Management Co., Ltd. (江蘇文投資本管理有限公司), which is wholly owned by Jiangsu Culture Investment Management Group Co., Ltd. (江蘇省文化投資管理集團有限公司), which is indirectly controlled by the Department of Finance, Jiangsu Province (江蘇省財政廳).

(k) TransLink

TransLink is a company incorporated in Hong Kong with limited liability on August 31, 2018. TransLink is wholly owned by China Mobility Fund, L.P., an exempted limited partnership incorporated in the Cayman Islands and owned by six limited partners, all of which are Independent Third Parties and institutional investors. The general partner of China Mobility Fund, L.P. is TransLink Management China Mobility LLC, which is managed by two Independent Third Parties.

Compliance with the [REDACTED] Investment Guidance

On the basis that (i) the considerations for the [**REDACTED**] Investments were irrevocably settled more than 28 clear days before the date of our first submission of the [**REDACTED**] application to the Stock Exchange; and (ii) all the special rights granted to the [**REDACTED**] Investors as set out herein have been terminated or will be terminated upon the [**REDACTED**], the Joint Sponsors confirm that the [**REDACTED**] Investments comply with the guidance in Chapter 4.2 ([**REDACTED**] Investments) of the Guide for New Listing Applicants.

PUBLIC FLOAT

Immediately upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised), our Company will have [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares, among which:

(i) [**REDACTED**] Unlisted Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]), including (a) [**REDACTED**] Shares held by Yunji Angel Management and (b) [**REDACTED**] Shares held by Anhui Artificial Intelligence Company, will not be considered as part of the public float as such Unlisted Shares will not be converted into H Shares;

(ii) among the [**REDACTED**] H Shares,

- [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]) to be converted from the Unlisted Shares, including (a) [**REDACTED**] Shares held by Ms. Zhi, (b) [**REDACTED**] Shares held by Yunji Angel Management, (c) [**REDACTED**] Shares subject to the Individual Voting Agreement held by the Individual Voting Grantors, and (d) [**REDACTED**] Shares subject to the Investor Voting Agreements held by the Investor Voting Grantors, the voting rights of which are all controlled by Ms. Zhi, the core connected person of our Company, will not be considered as part of the public float;

- [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]) to be converted from the Unlisted Shares, including (a) [**REDACTED**] Shares not subject to the Investor Voting Agreements held by the Investor Voting Grantors; and (b) [**REDACTED**] Shares held by the existing Shareholders other than Ms. Zhi, Yunji Angel Management, Investor Voting Grantors, Individual Voting Grantors and Anhui Artificial Intelligence Company, will be counted towards the public float as none of the aforesaid Shareholders (i) is a core connected person of our Company; (ii) has been financed directly or indirectly by a core connected person of our Company for the subscription of the Shares; or (iii) is accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it; and

- [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]) to be issued by our Company under the [**REDACTED**] to public Shareholders will be counted towards the public float.

In light of the above, upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, an aggregate of [**REDACTED**] H Shares or approximately [**REDACTED**]% of the total issued share capital of our Company (assuming the [**REDACTED**] is not exercised), which is more than 25% as required under Rule 8.08 of the Listing Rules, will be counted towards the public float upon the [**REDACTED**]. Therefore, our Company will be able to meet the minimum public float requirement under Rule 8.08 of the Listing Rules.

LOCK-UP AND FREE FLOAT

The table below sets out the list of persons who are, together with their respective close associates, subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules:

Name	Capacity	Number of Shares subject to disposal restrictions upon completion of the [REDACTED]	Percentage of shareholding subject to disposal restrictions upon completion of the [REDACTED][(1)]	Lock-up period
Key persons				
Ms. Zhi	Controlling Shareholder, co-founder, chairwoman of our Board, executive Director and president	6,016,193	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Mr. Hu Quan[(2)]	Co-founder, executive Director and general manager	4,512,147	[REDACTED]%	
Mr. Li Quanyin[(2)]	Co-founder, executive Director and chief executive officer	1,378,796	[REDACTED]%	
Mr. Wu Minghui[(2)]	Co-founder	2,464,882	[REDACTED]%	
Mr. Zhang Heguang[(2)]	Others	694,916	[REDACTED]%	

Name	Capacity	Number of Shares subject to disposal restrictions upon completion of the [REDACTED]	Percentage of shareholding subject to disposal restrictions upon completion of the [REDACTED][1]	Lock-up period
Yunji Angel Management[3]	Ms. Zhi's close associate	4,376,375	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Wenzhou Haiyin[4]	Others	565,935	[REDACTED]%	
Guangkong Zhongying[4]	Others	848,903	[REDACTED]%	
Maoji No. 2[4]	Others	1,194,756	[REDACTED]%	
Maoji No. 1[4]	Others	525,222	[REDACTED]%	
Pathfinder SIIs				
Hangzhou Haoyue	Pathfinder SII	1,818,182	[REDACTED]%	Commencing on the date of this document and ending on expiry of 6 months from the [REDACTED]
Lenovo Fund	Pathfinder SII	2,611,393	[REDACTED]%	
Linzhi Tencent	Pathfinder SII	5,621,036	[REDACTED]%	
QM165	Pathfinder SII	2,498,272	[REDACTED]%	
Shanghai Kehui	Pathfinder SII	1,660,077	[REDACTED]%	

Notes:

(1) On the basis that [**REDACTED**] Shares are to be in issue immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

(2) Pursuant to the Individual Voting Agreement entered into between Ms. Zhi and the Individual Voting Grantors, and as acknowledged by each of the Individual Voting Grantors, commencing from November 22, 2021, the voting rights attaching to all their Shares shall always be deferred to, and exercised in accordance with, the directions of Ms. Zhi in general meetings of our Company. For details, see "— Voting Arrangements."

(3) The voting rights attaching to the Shares directly held by Yunji Angel Management are controlled by Ms. Zhi through being its general partner.

The executive Directors, senior management members and key personnels responsible for our technical operations and our R&D of specialist technology products, who shall be subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules, all indirectly hold the Shares through Yunji Angel Management as detailed below:

Executive Directors and senior management members:

- Ms. Zhi, our chairwoman of the Board, an executive Director and the president;
- Mr. Hu Quan, an executive Director and the general manager;
- Mr. Li Quanyin, an executive Director and the chief executive officer;
- Mr. Zhou Chuanbo, the chief financial officer;
- Mr. Ying Fuchen, the chief technology officer;
- Mr. Zhao Yongbo, the chief marketing officer; and
- Ms. Liu Ying, the Board secretary, financial vice president;

Key personnels (excluding executive Directors and senior management):

- Mr. Gong Hanyue, the senior director on algorithm R&D;
- Mr. Zhao Boxue, the product director; and
- Mr. Rong Xiaofeng, the technology director.

(4) Pursuant to the Investor Voting Agreements entered into between Yunji Angel Management and the Investor Voting Grantors and as acknowledged by each of the Investor Voting Grantors, commencing from the date when they became the Shareholders, the voting rights attaching to the Granted Investor Shares shall always be deferred to, and exercised in accordance with, the directions of Yunji Angel Management, of which Ms. Zhi acts as the general partner, in general meetings of our Company. For details, see "— Voting Arrangements."

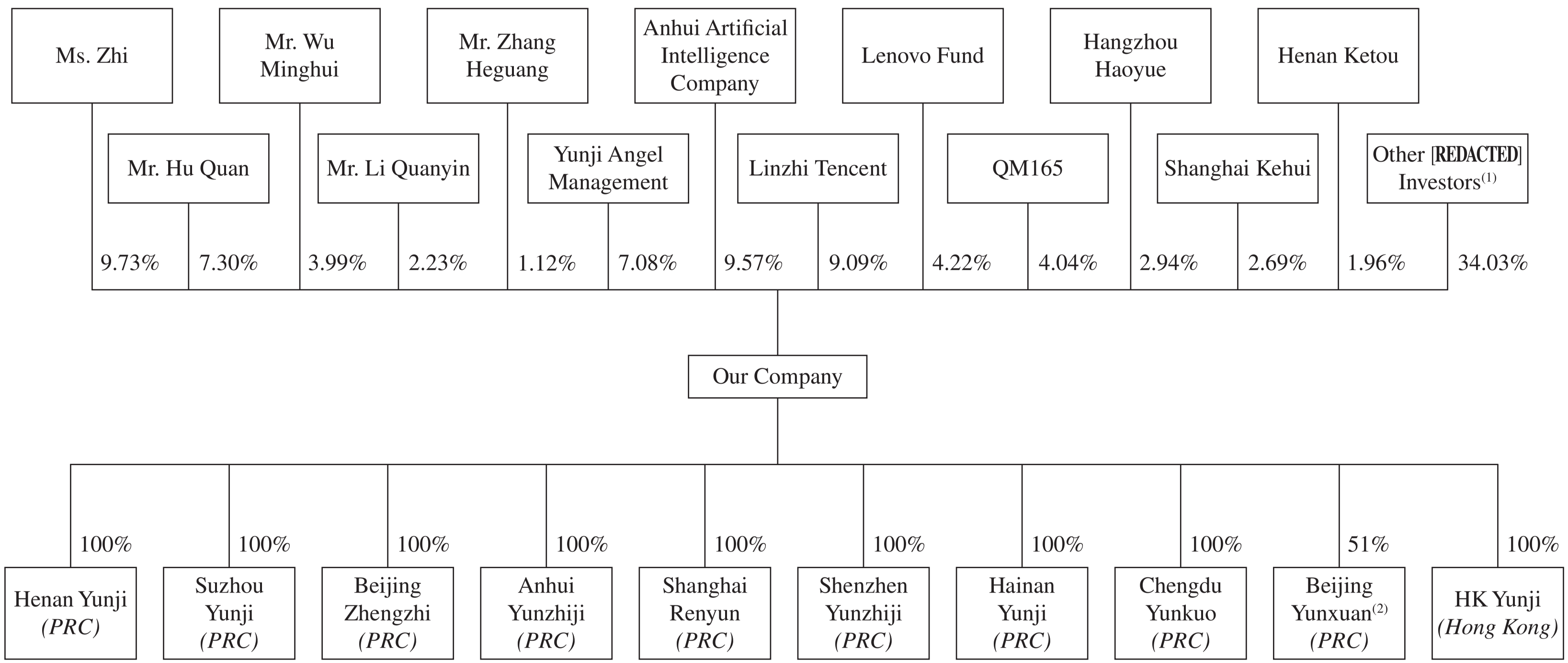
Under Rule 18C.10 of the Listing Rules, a Specialist Technology Company must ensure that a portion of the total number of its issued shares listed on the Stock Exchange with a market capitalization of at least HK$600,000,000 are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing.

It is expected that immediately following completion of the [**REDACTED**], a market capitalization of approximately HK$[**REDACTED**] of the H Shares [**REDACTED**] on the Stock Exchange are not subject to such disposal restrictions at the time of the [**REDACTED**] (based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range, and assuming the [**REDACTED**] is not exercised). Accordingly, our Company will be able to satisfy the requirements under Rule 18C.10 of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure immediately before the [REDACTED]

The following chart sets forth the simplified corporate structure of our Group immediately before the completion of the [**REDACTED**]:



Notes:

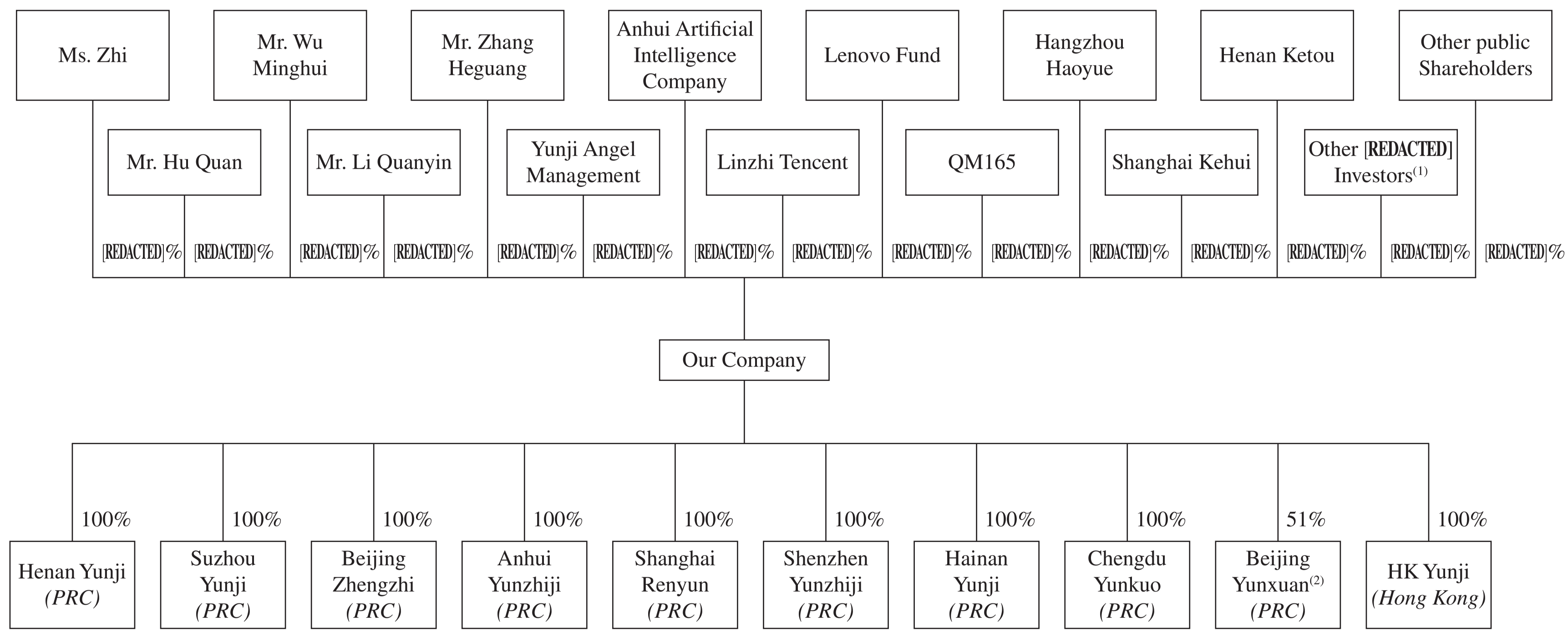
(1) Other [**REDACTED**] Investors include the follows:

[REDACTED] Investor	Percentage of shareholding immediately before the completion of the [REDACTED]	Percentage of shareholding immediately after completion of the [REDACTED] (assuming no exercise of the [REDACTED])	[REDACTED] Investor	Percentage of shareholding immediately before the completion of the [REDACTED]	Percentage of shareholding immediately after completion of the [REDACTED] (assuming no exercise of the [REDACTED])
Beijing Qiming	1.35%	[**REDACTED**]%	**Lanting**	**3.29%**	**[REDACTED]%**
CITIC Securities Investment	1.25%	[**REDACTED**]%	Lanting Qiyue	0.08%	[**REDACTED**]%
Feidian	**10.70%**	[**REDACTED**]%	Lanting Shiling	3.20%	[**REDACTED**]%
AlphaX	3.04%	[**REDACTED**]%	**Maoji**	**4.06%**	**[REDACTED]%**
Feidian No. 1	0.83%	[**REDACTED**]%	Maoji No. 1	1.23%	[**REDACTED**]%
Feidian No. 2	1.44%	[**REDACTED**]%	Maoji No. 2	2.83%	[**REDACTED**]%
Hainan Feidian	0.58%	[**REDACTED**]%	Mr. Zhu Zigang	2.07%	[**REDACTED**]%
Shanghai Feidian	1.23%	[**REDACTED**]%	Ruiju Investment	4.90%	[**REDACTED**]%
Shanghai Yushu	3.58%	[**REDACTED**]%	Taizhoudongnanwentou Fund	0.74%	[**REDACTED**]%
Guangkong Zhongying	2.01%	[**REDACTED**]%	TransLink	1.83%	[**REDACTED**]%
Haiyin	**1.83%**	**[REDACTED]%**			
Tianjin Haiyin	0.49%	[**REDACTED**]%			
Wenzhou Haiyin	1.34%	[**REDACTED**]%			

(2) The remaining 49% equity interest in Beijing Yunxuan was held by Ma Jun (馬駿), the operating manager of Beijing Yunxuan and an Independent Third Party.

Corporate Structure immediately following the [REDACTED]

The following chart sets forth the simplified corporate structure of our Group immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes:

(1)-(2) See the corresponding notes to the chart in "— Corporate Structure immediately before the [**REDACTED**]."

MISSION

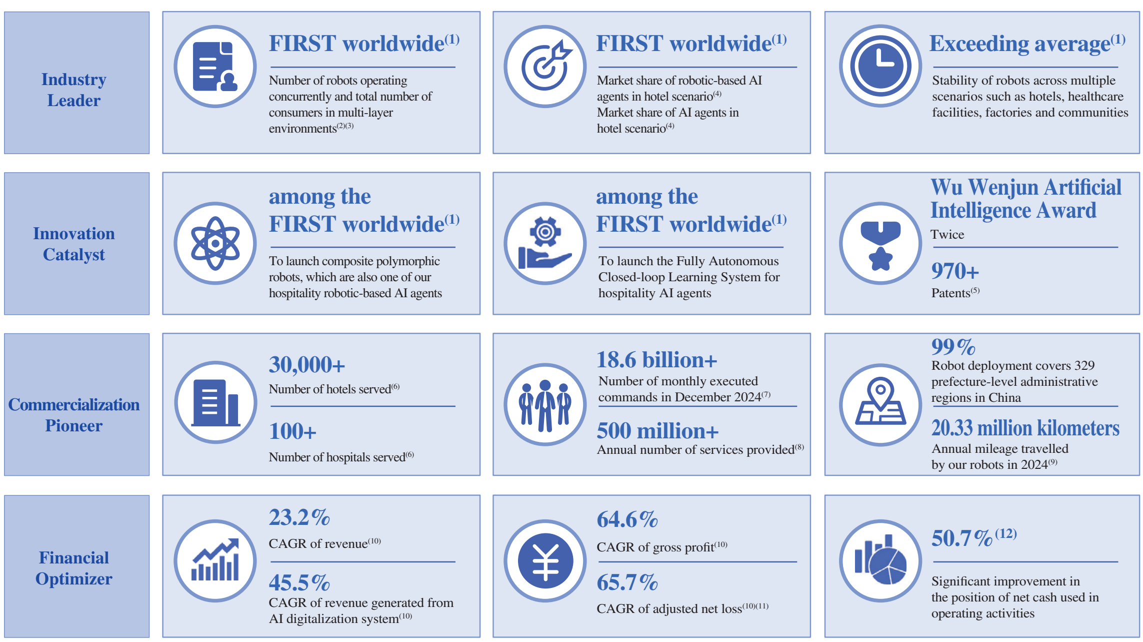
Reimagining robotics, enriching humanity — one billion smiles at a time.

VISION

Our vision is to build a world-leading hospitality AI agent ecosystem that caters to the diverse needs of billions of people.

OVERVIEW

We are a leading hospitality robotic-based AI agent company. Leveraging cutting-edge robotic and AI agent services, we empower corporate customers to optimize consumer experience. From robots that interact with the physical world to AI digitalization system that streamline decision-making, we harness the power of AI agents to deliver adaptive, scalable, consumer-centric and future-ready products and services. As one of the pioneers in the research, development and commercialization of hospitality robotic-based AI agents, our industry leadership is reflected in the following key achievements:



Notes:

(1) Source: Frost & Sullivan

(2) Among the players in the robotic-based AI agent market with robots adaptable to multi-layer environments, we ranked the first globally in terms of the daily average number of robots operating concurrently and in terms of the total number of consumers served in 2024.

(3) Multi-layer environments refer to the space that require robots to autonomously ride elevators and move horizontally.

(4) The market shares are calculated in terms of the relevant revenue in 2023.

(5) The number of patents includes all of our invention patents, utility patents and design patents as of the Latest Practicable Date.

(6) The numbers of hotels and hospitals served are calculated using aggregated data since our establishment and as of December 31, 2024.

(7) Commands are instructions exchanged between various IoT modules, such as robots and elevators, enabling real-time awareness of nearby devices and coordination between them.

(8) Representing the annual number of services provided by our robots in 2024.

(9) The annual mileage traveled is calculated using the aggregated mileage traveled by all our robots in 2024 and is equivalent to roughly 507 laps around the Earth's equator.

(10) CAGR represents compound annual growth rate of relevant financial data from 2022 to 2024.

(11) Adjusted net loss (non-IFRS measure) is defined as loss and total comprehensive income for the year attributable to our equity shareholders adjusted by adding back [**REDACTED**] expenses, share-based payment expenses and changes in the carrying amount of redemption liabilities. Our adjusted net loss (non-IFRS measure) decreased from RMB233.9 million in 2022 to RMB27.6 million in 2024, at a CAGR of 65.7%, which is calculated by dividing the number of adjusted net loss (non-IFRS measure) in 2024 by the same in 2022, raised to the power of one divided by two, and subtracting one from the subsequent result.

(12) Our net cash used in operating activities decreased from RMB170.4 million in 2022 to RMB41.5 million in 2024, at a CAGR of 50.7%.

- **Industry Leader**. Among the players in the robotic-based AI agent market with robots adaptable to multi-layer environments, we ranked the first globally in terms of the daily average number of robots operating concurrently and in terms of the total number of consumers served in 2024, according to Frost & Sullivan. The number of our robots in concurrent service reached over 36,000 units at their daily peak in 2024. We also ranked the first globally in the robotic-based AI agent market and AI agent market, both for hotel scenarios, in terms of our revenue generated from the same scenario in 2023, according to the same source. Other than hotels, our robots have been implemented in various scenarios to deliver hospitality services, such as commercial buildings, healthcare facilities, factories and communities, excelling in cross-scenario adaptability and stability.

- **Innovation Catalyst**. As a pioneer in commercializing composite polymorphic robots (複合多態機器人), we have secured first-mover advantages through the technological superiority of our UP Series, which leverages highly integrated systems with robust visual perception and sensor fusion, enabling multi-functional capabilities in a single unit by switching interchangeable YJ-Transformer modules. According to Frost & Sullivan, we were one of the first companies worldwide to introduce a Fully Autonomous Closed-loop Learning System (全自主閉環學習系統) for hospitality AI agents, which creates a closed-loop cycle of perception, cognition, decision, action and feedback, continuously evolving our AI capabilities. Our commitment to advancing AI technologies has earned us the "Wu Wenjun Artificial Intelligence Science and Technology Advancement Award" (吳文俊人工智能科技進步獎) in 2017 and "Wu Wenjun Artificial Intelligence Technology Award" (吳文俊人工智能科學技術獎) in 2019, both being prestigious awards for AI achievements in China. As of the Latest Practicable Date, we hold 389 invention patents, 335 utility patents and 255 design patents, underscoring our ongoing dedication to innovation. In recognition of our R&D capabilities and industry leadership, we have been invited to contribute to the development of 26 technical and industry standards as of the Latest Practicable Date.

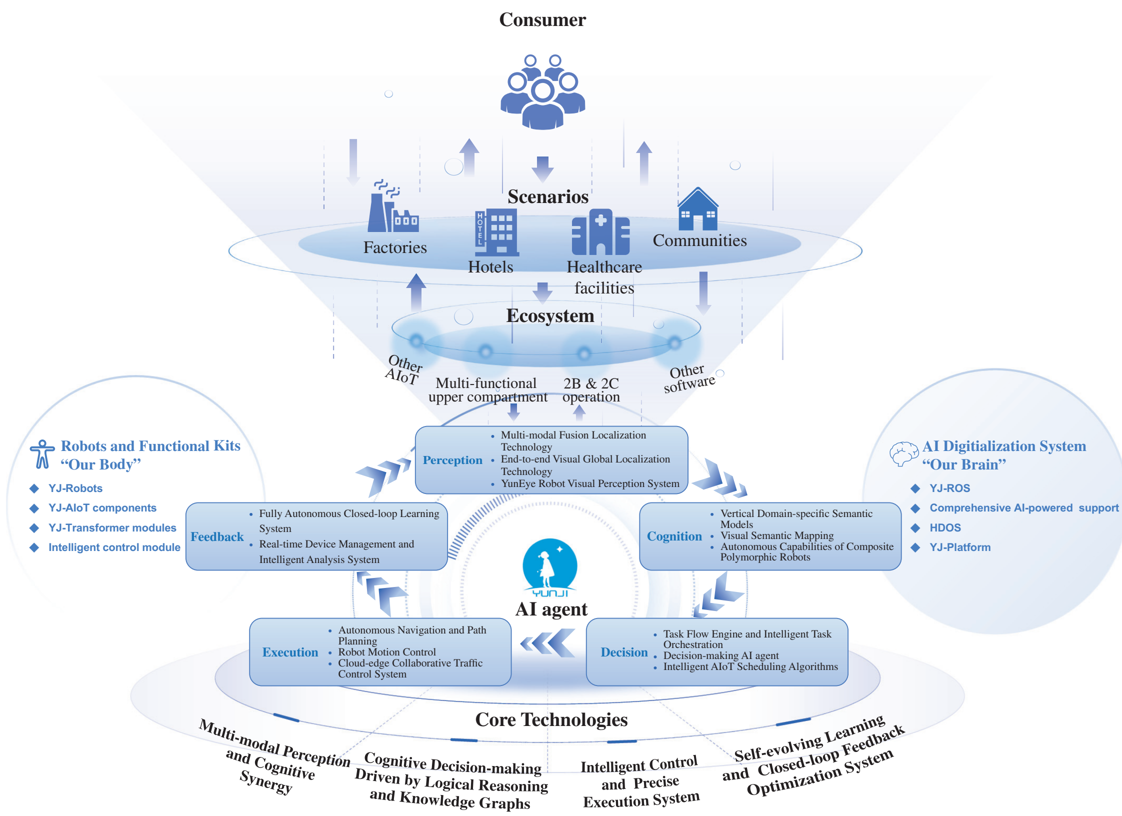
- **Commercialization Pioneer**. We believe the true value of AI lies in its real-world applications. Since our establishment, we have accumulated an extensive customer base consisting of over 34,000 corporate customers, including more than 30,000 hotels and 100 hospitals as of December 31, 2024. The number of services provided by our robots amounted to over 500 million in 2024, and the commands our robots executed reached over 18.6 billion in a single month in December 2024. Additionally, as of December 31, 2024, our robots have been deployed in 329 prefecture-level cities and autonomous prefectures across China, covering nearly every city at this level. Our robots' exceptional adaptability enables them to excel in various scenarios. For instance, during the Beijing Winter Olympics, our robots served as tour guides, handled deliveries, answered inquiries, and managed waste collection in the Olympic Village and media center.

- **Financial Optimizer**. We have demonstrated disciplined financial management during the Track Record Period. Our revenue increased from RMB161.3 million in 2022 to RMB244.8 million in 2024, representing a CAGR of 23.2%. In line with our strategy to strengthen the commercialization of AI digitalization system, our revenue from this business line achieved a CAGR of 45.5% during the Track Record Period. Our revenue growth outpaced the increase of our cost of sales, leading to an increase in our gross profit with a CAGR of 64.6% during the Track Record Period. Meanwhile, we reduced our net losses at a CAGR of 28.9%, with adjusted net losses (non-IFRS measure) narrowing at a CAGR of 65.7%. Additionally, our net cash used in operating activities decreased from RMB170.4 million in 2022 to RMB41.5 million in 2024, at a CAGR of 50.7% from 2022 to 2024.

An AI agent is an artificial intelligence that possesses autonomous perception, memory, reasoning analysis, decision-making and action execution capabilities, which can directly provide end-to-end and continuous iterative solutions tailored to specific tasks. As a hospitality AI agent company, we integrate both embodied and disembodied AI agents into a cohesive ecosystem. Our YJ-Robots and functional kits serve as the "limbs" of the AI agent, while our AI digitalization system functions as its "brain." Our core technologies are the foundation of our products and services. By leveraging (i) multi-modal perception and cognitive synergy (多模態感知與認知協同), (ii) cognitive decision-making driven by logical reasoning and knowledge graphs (邏輯推理與知識圖譜驅動的認知決策), (iii) intelligent control and precise execution system (智能控制與精準執行系統) and (iv) self-evolving learning and closed-loop feedback optimization system (自進化學習與閉環反饋優化系統), our hospitality AI agents perceive their environments, engage in cognitive reasoning, make autonomous decisions, execute tasks and provide insightful feedback.

Our hospitality AI agents are compatible with third-party AIoT devices and multi-functional upper compartments, seamlessly integrating with other software and our customers' existing workflows. They are adaptable to various scenarios, including hotels, healthcare facilities, factories and communities, delivering unparalleled service to consumers.

The diagram below demonstrates how our AI agents deliver closed-loop products and services.



OUR KEY TECHNOLOGICAL FEATURES

Our technology is built on a foundation of intelligence, autonomy and adaptability, empowering robots to navigate complex environments and perform a wide range of tasks. We deliver smart, self-evolving products and services that continuously learn and adapt through AI-driven decision-making, optimizing performance at every level. By combining advanced features such as multi-modal perception, autonomous operation, and dynamic adaptability, our systems integrate into diverse industries, ensuring efficiency, reliability, and long-term scalability.

- **Smart**. Our technology delivers intelligent products and services through multi-modal perception and AI-driven decision-making. Our Intelligent AIoT Scheduling Platform refines task allocation and path planning with autonomous learning, while its open API ecosystem enables third-party integration at scale. Our YunEye system equips robots with end-to-end visual perception, excelling in critical functions like object recognition and high-precision environmental mapping. HDOS continuously refines intent parsing and workflow orchestration through collaborative intelligence among its nine specialized AI agents, executing intent-driven actions with minimal human intervention.

- **Self-evolving**. Our products and services evolve through data-driven learning and open architecture. Our YunEye system leverages Fully Automated Closed-loop Learning System to boost accuracy. Specifically, by automating model training, evaluation and deployment, it processes over 500,000 visual samples each day to enhance recognition and decision-making capabilities. HDOS leverages intent-driven outcome data and employs reinforcement learning from human feedback to gradually adapt to diverse regions and cultures, thereby enhancing system accuracy. Additionally, our purely vision-based global localization system progressively improves scene understanding during the course of executing massive amount of tasks.

- **Autonomous**. Our technology empowers robots to autonomously operate in unstructured environments. The robot control module integrates data from multiple sensors and consolidates navigation, scheduling, and AI inference on a single chip, reducing reliance on external computing. We monitor the real-time status of IoT devices in the environment via Intelligent AIoT Scheduling Platform and, through sequential state monitoring and proactive wake-up operations, autonomously remove malfunctioning devices. Leveraging the autonomous collaboration of multiple robots, the system coordinates IoT operations, alleviates congestion, and dynamically optimizes trajectories.

- **Adaptivity**. Our products and services are designed to dynamically adapt to evolving environmental conditions and operational requirements. Our positioning technology integrates visual, inertial, and semantic data, thereby enhancing environmental adaptability, maintaining centimeter-grade accuracy even in scenarios where individual sensors encounter signal degradation. The motor drive system adjusts torque in real-time using fuzzy and sliding mode control to accommodate varying loads and ground conditions. Our Intelligent AIoT Scheduling Platform dynamically optimizes robots in real-time by leveraging crowd density analytics and device diagnostics. Simultaneously, HDOS reallocates resources during demand spikes through LLM-powered task orchestration, ensuring resilience across all layers, from hardware to workflow management.

OUR VALUE PROPOSITIONS

We have provided compelling value propositions for our corporate customers, individual consumers and the robot industry as whole.

We offer efficient and cost-effective solutions for our corporate customers, enabling them to streamline repetitive and labor-intensive tasks, such as cleaning and delivery services, thereby enhancing overall operational efficiency. In high-risk environments, our technology shields human employees from occupational hazards. A prime example is the deployment of our robots in nuclear medicine departments in hospitals, where they have significantly minimized staff exposure to radiation risks.

The success of our corporate customers is closely tied to the experiences they deliver to their consumers. Our AI agent applications are designed to identify the diverse needs of consumers, streamlining and optimizing service processes to deliver superior outcomes. We help corporate customers to understand consumer demand, offering consumers tailored services following standard operating procedures that enhance the overall consumer experience.

Our approach to deploying robotic technologies aims to increase their presence in public spaces, fostering a deeper understanding of the relationship between robots and society. Additionally, it provides valuable insights for developing practices to monitor and standardize robotic behavior, ensuring they align with evolving societal norms and expectations.

OUR MARKET OPPORTUNITIES

Hospitality services, when enhanced by AI, become scalable, adaptive, and capable of delivering personalized, efficient, and empathetic experiences in diverse scenarios. By delivering personalized services and prompt responses, hospitality robotic-based AI agents help to reduce negative reviews and boost customer satisfaction, generating positive feedback and attracting new customers.

The hospitality robotic-based AI agent market in China is experiencing remarkable growth. From 2019 to 2023, the size of the hospitality robotic-based AI agent market in China increased from RMB1.5 billion to RMB3.0 billion, with a CAGR of 18.7%, according to Frost & Sullivan. Projections indicate a substantial expansion, reaching RMB9.7 billion by 2028, reflecting a CAGR of 26.5% between 2023 and 2028, according to the same source.

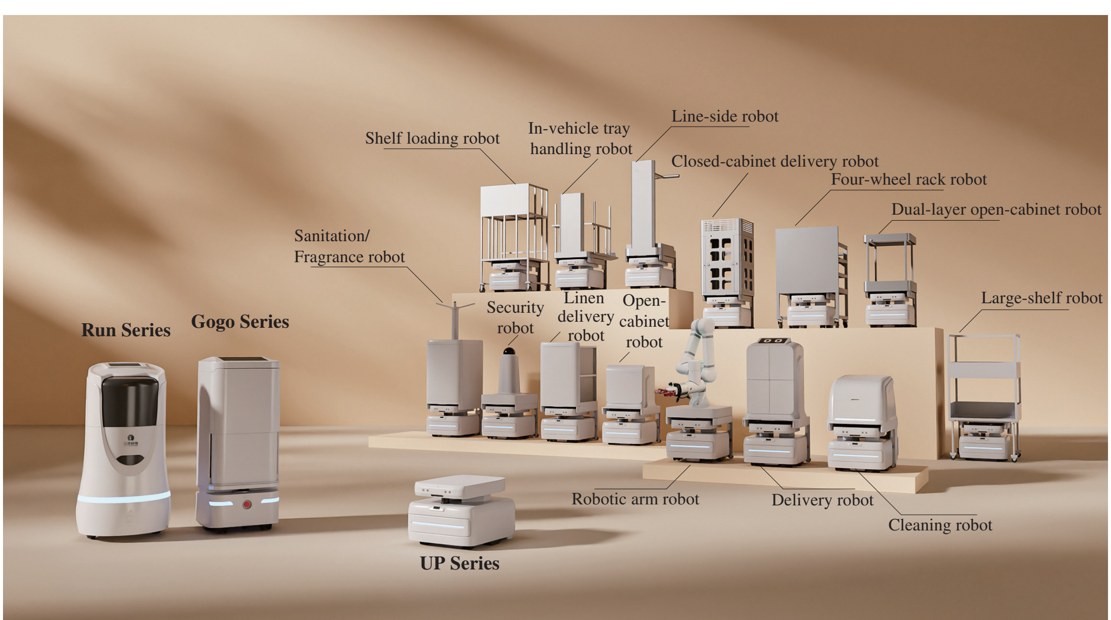
The hospitality robotic-based AI agent market is mainly driven by technological advancements, cost reductions, expanding applications and supportive government policies. The integration of LLMs and multimodal AI has enhanced robots' capabilities, enabling robots to process human-like text and interpret diverse data inputs, thereby facilitating complex tasks across various industry-specific scenarios, such as hotels, commercial buildings, healthcare facilities and factories, driven by their intelligent, adaptive, efficiency and safety service. Furthermore, China's proactive policies promote AI development, maintain safety standards, and support the AI industry, fostering innovation and ethical technology advancement. These factors contribute to the rapid expansion and commercialization of hospitality robotic-based AI agents. For details, please see "Industry Overview."

OUR PRODUCT-SERVICE MIX

Our product and service mix mainly consists of (i) robots and functional kits, the hardware and modular products that form the foundation of our hospitality robotic-based AI agents, including YJ-Robots, YJ-AIoT components, YJ-Transformer modules and intelligent control module, (ii) AI digitalization system, including AI-driven robotic fundamental services and AI agent applications. AI-driven robotic fundamental services include (a) the license of YJ-ROS, our proprietary AI-powered operating system designed to enable robots to achieve autonomous mobility, and (b) comprehensive AI-powered support for our robots and functional kits. AI agent applications encompass two main components: (a) HDOS, our hospitality disembodied AI agent, which serves as an intelligent virtual assistant, featuring capabilities such as AI concierge services, service order management, complaint alerts, and robust reporting and analytics tools, and (b) YJ-Platform, a platform that integrates HDOS into the existing workflows of our customers, including hotel chain groups and major food delivery companies, which is designed to streamline operations, optimize efficiency, and enhance overall service delivery. Except for comprehensive AI-powered support for our robots and functional kits, which are exclusively available to customers who purchased the relevant products, all other products and services can be purchased or subscribed to on a standalone basis.

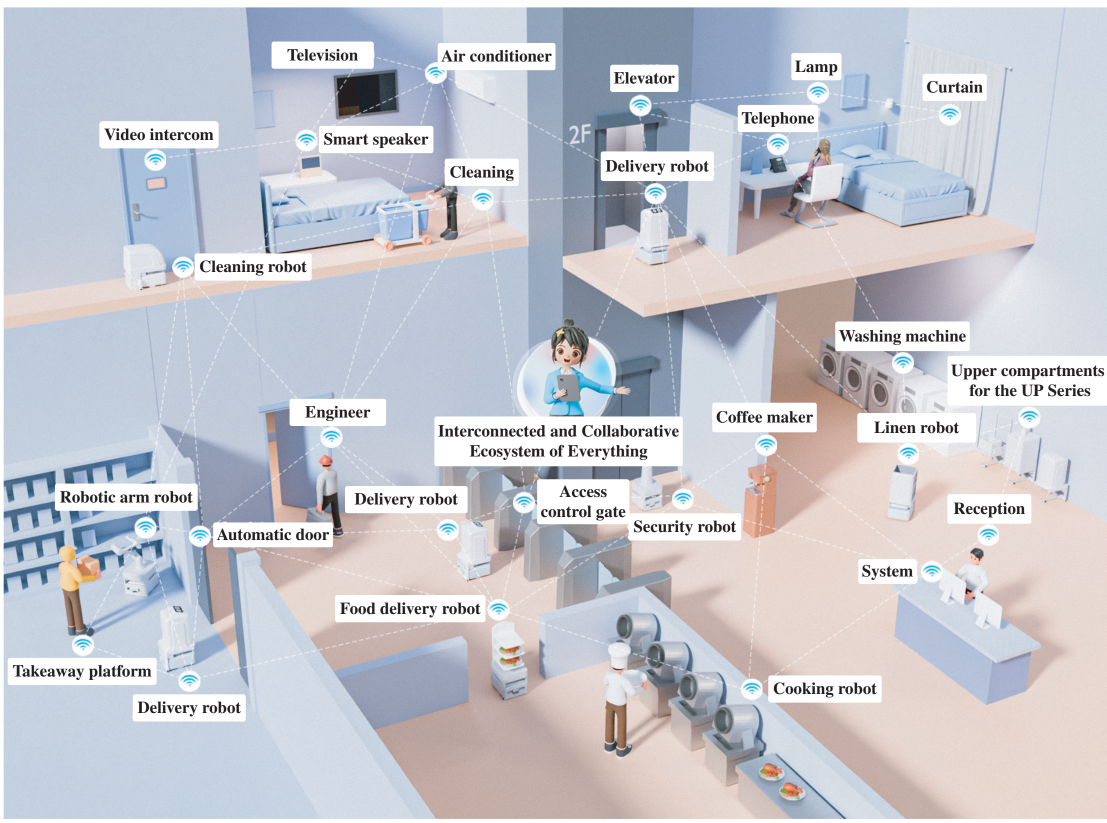
Robots and Functional Kits

We develop service robots that aim to alleviate the burden of repetitive and labor-intensive tasks, as well as assignments that may pose risks to human safety. Our YJ-Robots include (i) composite polymorphic robots, our latest development represented by the combination of our UP Series and YJ-Transformer modules, and (ii) integrated robots (整機機器人), mainly represented by our Run Series and Gogo Series. The picture below illustrates our robot portfolio:



Our functional kits include (i) YJ-AIoT components, (ii) YJ-Transformer modules and (iii) intelligent control module.

YJ-AIoT components serve as the smart connectivity backbone of our ecosystem, facilitating communication between robots, devices, and their environment. Functioning as a universal "nervous system," it gathers real-time status of devices, orchestrates workflows, and ensures interoperability across hardware, software, and human interactions. Our YJ-AIoT components include elevator component, telecommunication component and access control component. The picture below illustrates the connectivity of our YJ-AIoT components within the environments:



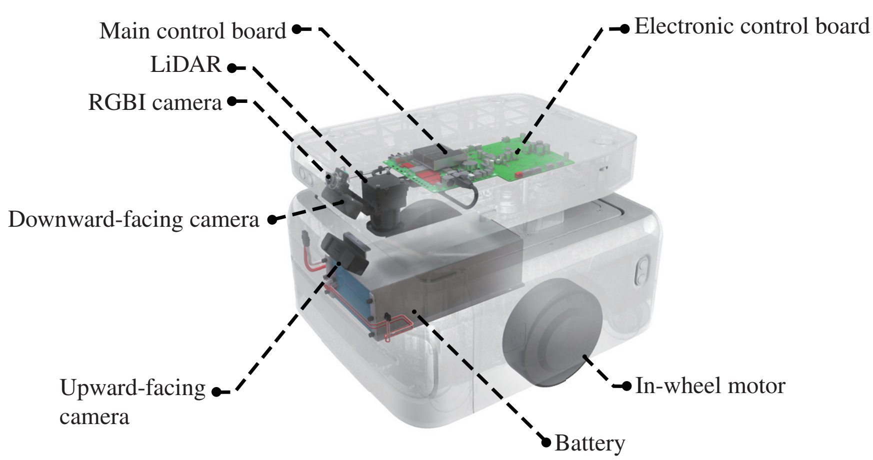
Note:

(1) The above picture merely illustrates our AIoT scheduling capabilities and the devices that our Intelligent AIoT Scheduling Platform is able to connect. During the Track Record Period, we only recorded revenue from our YJ-AIoT components, including elevator component, telecommunication component and access control component. See "— Our Products and Services — Robots and Functional Kits — Functional Kits — YJ-AIoT components."

YJ-Transformer modules include (i) modular upper compartments for our UP Series, and (ii) standalone smart vending machines, designed to be compatible with our robots. The modular upper compartments act as versatile service hubs, enabling UP Series to seamlessly convert between different functions by switching interchangeable upper compartments, such as delivering parcels or food takeouts to hotel rooms, and serving as on-site sanitization units. The smart vending machines store various items, such as amenities and snacks, autonomously process and interface with our robots to deliver orders placed by consumers via their personal devices.

By transforming robots into multi-purpose platforms, YJ-Transformer modules enhance operational flexibility, elevates service efficiency, and unlocks new possibilities across industry-specific scenarios, from hotels, commercial buildings, healthcare facilities, factories and beyond.

Our intelligent control module is a core component for robots, combining robust hardware and advanced sensors. By integrating YJ-ROS, our proprietary AI-powered operating system, the intelligent control module delivers reliable and scalable performance with over-the-air upgrades, enabling rapid deployment of robotic applications. The picture below illustrates our intelligent control module:



AI Digitalization System

Our AI digitalization system includes AI-driven robotic fundamental services and AI agent applications.

AI-driven Robotic Fundamental Services

Our AI-driven robotic fundamental services offer a comprehensive suite of services to ensure the smooth operation and optimal performance of robotic systems. Our services include the licensing of YJ-ROS, our proprietary AI-powered operating system incorporating algorithms that enables robots to achieve autonomous mobility, to other companies which engage in the development and production of robots. We also provide proactive comprehensive AI-powered support for our robots and functional kits, monitoring and examining robot status and providing 24/7 preventive maintenance by leveraging large model technology. Together, these services transform robots into intelligent and adaptive partners, reducing costs and enhancing operational efficiency.

AI Agent Applications

Our AI agent applications focus on providing tailored services to meet diverse business needs through HDOS, an AI agent application that helps businesses streamline operations and enhance service efficiency. Our standard HDOS is ready-to-deploy after inputting information of the standard operating procedures (SOPs) of our customers. For instance, for hotels, the information on SOPs may include their breakfast hour and Wi-Fi passwords. For customers with specific needs that require customized development of HDOS, we tailor HDOS and offer flexible configurations and features to suit unique operational requirements. Additionally, to facilitate the integration of HDOS into the existing workflow of our customers, such as hotels and courier service providers, we also launched YJ-Platform, which is designed to streamline operations, optimize efficiency, and enhance overall service delivery.

The table below summarizes the products/services, type of customers, revenue model and payment schedules of each of our business line:

Business line	Products/services	Type of customers	Revenue model	Customers' typical payment schedules
Robots and Functional Kits	YJ-Robots • UP Series • Gogo Series • Run Series	• Corporate customers across various scenarios which require the service of robots and functional kits, and our distributors	• Sale of product	• Payment in installments or upfront payment prior to the delivery of products
			• Lease-based transactions	• Upfront payment on annual, bi-annual or quarterly basis
	YJ-AIoT components	• Corporate customers across various scenarios which require the service of robots and functional kits, and our distributors	• Sale of product	• Payment in installments or upfront payment prior to the delivery of products
	YJ-Transformer modules	• Corporate customers across various scenarios which require the service of robots and functional kits, and our distributors	• Sale of product	• Payment in installments or upfront payment prior to the delivery of products
			• Lease-based transactions	• Upfront payment on annual, bi-annual or quarterly basis
	Intelligent control module	Corporate customers engaging in the development and production of robots	• Sale of product	• Payment in installments

Business line		Products/services	Type of customers	Revenue model	Customers' typical payment schedules
AI Digitalization System	AI-driven robotic fundamental services	YJ-ROS	Corporate customers engaging in the development and production of robots	• Subscription-based	• Upfront payment on annual basis
		Comprehensive AI-powered support for robots and functional kits	Corporate customers which purchased robots and functional kits	• Subscription-based, applicable to fixed-term support services	• Payment on an annual basis
				• Transaction-based, applicable to additional services outside agreed scope	• Upfront payment for additional services outside agreed scope
	AI agent applications	HDOS • Standard product • Customized products	Corporate customers providing hospitality services	• Subscription-based	• Upfront payment on an annual and bi-annual basis
				• Transaction-based & subscription-based	• Milestone payment for development services and upfront payment on a monthly basis for subsequent subscription

Business line	Products/services	Type of customers	Revenue model	Customers' typical payment schedules
	YJ-Platform	Both corporate customers and individual consumers	• Commission-based, applicable to cooperation with corporate customers • Transaction based, applicable to sales of merchandise to individual consumers through our smart vending machines[(1)]	• Daily, monthly or quarterly payment • Instant payment upon order

Note:

(1) During the Track Record Period, we have only recorded an negligible amount of revenue generated from sales of merchandise through our smart vending machines, amounting to RMB2.3 million, RMB0.6 million and RMB0.1 million in 2022, 2023 and 2024, respectively.

For details of our product and service portfolio, please see "— Our Products and Services."

OUR COMPETITIVE STRENGTHS

We believe that our sustainable growth can be propelled by the following competitive strengths:

A Leading Hospitality Robotic-based AI Agent Company

We are a leading player in the global hospitality robotic-based AI agent market. We are the largest player in the hospitality robotic-based AI agent market in the world for hotel scenario in terms of revenue generated from the scenario in 2023, according to Frost & Sullivan. Originally founded as a technology company specializing in the development of service robots and associated hardware, we have evolved by developing a profound understanding of the challenges our customers encounter. We realized the true value our customers seek goes beyond the robots themselves. Instead, they are looking for comprehensive and scalable services that can maximize operational efficiency. This observation led to the development and launch of HDOS, our hospitality disembodied AI agent, acting as a virtual assistant which can interpret, process, and respond to user demand, delivering personalized responses and recommendation and streamlining operational service flows.

The hospitality robotic-based AI agent products and services we provide are highly scalable and adaptable, catering to a wide range of scenarios, where we have accumulated valuable know-how. Among the players with robots adaptable to multi-layer environments, we ranked the first globally in terms of the daily average number of robots operating concurrently and in terms of the total number of consumers served in 2024, according to Frost & Sullivan. Our robots in concurrent service reached over 36,000 units at their daily peak in 2024. These frequent interactions between our robots and real-world environments expose our technologies to a variety of variables, including unpredictable human behavior and environmental factors, allowing us to continuously learn and provide feedback. This feedback drives the iteration and refinement of our products and services.

Solid Robotic and AI Technologies

Our technology leverages an efficient cloud-edge architecture that deeply integrates the cloud's powerful computing capabilities with robotic intelligence, enabling optimized task orchestration and collaborative operations. The cloud system delivers large-scale model computing and intelligent interaction support, while the edge system ensures real-time environmental perception and autonomous decision-making. Their synergy creates an efficient robotic-based AI agent ecosystem that enhances cognitive capabilities and response speeds.

For localization, we integrate semantic-enhanced visual-inertial mapping technology with end-to-end pure visual global positioning to meet diverse scenario requirements. The former combines multi-sensor data with geometric, semantic, and 3D features to maintain robustness in low-visibility environments, while the latter achieves stable global positioning without external dependencies through graph database-powered continuous learning. Our vertical positioning solution achieves centimeter-level precision in elevators and confined spaces.

For hardware-software integration, our robotic control modules employ heterogeneous computing for sensor fusion and algorithm optimization, ensuring efficient real-time inference with minimal computational load. Our motor control systems utilize low-power field-oriented control (FOC) enhanced by fuzzy and sliding mode control for superior adaptability and precision across complex terrains.

Our robots feature advanced perceptual decision-making intelligence powered by our proprietary YunEye system, which supports cross-platform integration. This enhances device reasoning efficiency, accelerates algorithm iteration, and provides robust platform-level support for cloud-edge-device computing across diverse real-world environments. Simultaneously, our cloud-based Fully Autonomous Closed-loop Learning System collects real-time perception and decision-making data from robots, automatically training and evaluating new models. This continuous learning process enhances the robots' environmental perception and decision-making capabilities over time.

For intelligent interaction, we deploy vertical LLMs based on HDOS and achieve industry-leading accuracy in multi-agent intent understanding, enabling natural language interaction and contextual task orchestration. Integrated with our LLM workflow engine, these models translate complex business processes into executable robotic operations, significantly enhancing automation capabilities.

As the backbone of our system, the real-time device management and intelligent analysis system achieves synchronization across massive IoT deployments. With unified device authentication, real-time monitoring, and predictive alerts, we have established a complete end-to-end architecture spanning environmental perception to distributed execution, ensuring both operational efficiency and system-wide stability.

Comprehensive Product-service Mix Built for Simplicity and Flexibility

We deliver products and services that are empowered by advanced AI agents with unparalleled ease of use. Our product-service mix, encompassing robots and functional kits and AI digitalization system, is designed to address operational challenges while unlocking new revenue streams for businesses. By prioritizing adaptability and user-centric design, we empower industries to thrive in an era of intelligent automation.

Intuitive hardware and software for seamless operations

Our UP series embodies human-centric design through deep hardware-software synergy, delivering intuitive and adaptable operation. On the hardware end, serving as a robotic chassis, the UP Series can integrate modular interchangeable upper compartments with our YJ-Transformer modules, enabling instant functional transformation between delivery, cleaning and other functions based on customer needs. On the software end, the WeChat mini program we designed for operating our robots simplifies complex operations into fingertip control, offering visualized task configuration and real-time status tracking. Users experience seamless "demand-to-action" service through single-tap activation. Every interaction follows our design philosophy: intelligent technology should be invisible yet instantaneous, where every command triggers precise implementation, and every need meets in-time resolution.

Hyper-personalized consumer experience

Underscored by our proprietary YJ-NLP (Natural Langue Processing) industry-specific semantic model, we decode and fulfill over 1,000 distinct consumer demands across five core categories: delivery, inquiry, service, changing hotel amenities and preliminary complaint. The YJ-NLP engine natively supports multilingual interactions in Chinese, English, Japanese and Korean, enabling guests to converse with AI in their preferred language. Whether requesting extra towels, seeking local attraction information, or adjusting room settings, our closed-loop system guarantees fulfillment of every request. From AI-powered demand recognition through robotic execution to real-time feedback, each interaction is designed to eliminate friction and ensure service fluidity. For instance, when guests inquire via voice about local attractions, our AI concierge under HDOS instantly provides personalized recommendations. Moreover, when guests request room amenities, such as bottled water, toiletries, or need room cleaning services, the AI concierge converts the delivery requests into automated tasks handled by robots, while room cleaning assignments are promptly directed to the appropriate hotel staff. This integration of linguistic capabilities, technology and hospitality services achieves not only elevated customer satisfaction but also cultivates loyalty through experiences that the consumers feel simultaneously intuitive and deeply considerate.

Closed-loop solutions driven by data

Beyond task automation, we empower businesses with actionable insights to refine their strategies. HDOS analyzes service bottlenecks, and equipment performance, generating reports that guide hotels to optimize staffing, inventory, and workflows. For instance, predictive analytics might reveal that delivery demand peaks at 8:00 p.m., prompting automated adjustments to robot schedules. This evolution from isolated tasks like handling individual guest requests to holistic solutions ensures closed-loop service delivery. By identifying trends such as seasonal demand shifts or recurring maintenance needs, we help corporate customers transition from reactive problem-solving to proactive operational excellence.

Continuing Cost Optimization and Sustainable Growth Drives Promising Commercial Prospects

Our ability to achieve end-to-end cost control distinguishes us in the hospitality robotic-based AI agent market. From supply chain logistics to post-sales efficiency, we ensure that every aspect of our operations is optimized to achieve maximum cost efficiency.

Supply chain efficiency

Our supply chain is continuously optimized to ensure cost efficiency while maintaining uncompromising quality standards. Through in-depth analysis of global supply networks, we have forged partnerships with top-tier suppliers, allowing us to secure premium materials at highly competitive prices.

In addition, we've enhanced our robot deployment and coordination capabilities leveraging our real-time device management and intelligent analysis system. This system reduces on-site survey time by approximately 70%, and elevates deployment efficiency by approximately 50%, substantially minimizing the reliance on manual intervention and accelerating the overall process. These innovations not only drive cost optimization but also elevate the overall customer experience by ensuring faster, more precise, and more efficient service delivery.

Post-sales service management

Our smart diagnostic system, dispatching system, and predictive alert system cover all the YJ-Robots in service. The system features a highly integrated, one-stop problem diagnosis and analysis tool, enabling after-sales personnel to quickly identify and resolve issues. Additionally, we have empowered our network of third-party service providers by training them to handle the repairs. This approach not only reduces in-house labor costs but also guarantees consistent repair quality across the board.

Sustainable growth

Our sustainable growth is anchored in a multi-dimensional revenue strategy that capitalizes on technological innovation and long-term partnerships. Enhanced product performance drives demand for hardware sales and lease. By continuously upgrading our robots and functional kits with cutting-edge features, such as AI-powered navigation and modular adaptability, we attract enterprises seeking scalable automation, boosting upfront hardware sales and recurring lease income.

Our comprehensive AI-driven robotic fundamental services provide a reliable stream of subscription income and post-sales revenue. For example, leveraging predictive diagnostics and AI-driven remote support, we enable after-sales personnel to quickly identify and resolve issues our robots and functional kits.

Our AI agent applications unlock recurring revenue streams. By providing integrated operational service, such as real-time analytics, demand forecasting, and AI-driven guest engagement, we monetize our services through subscription fees, performance-based commissions. For instance, we generate commissions from every robot-delivered purchase through YJ-Platform. Consumers can scan a QR code to access a WeChat mini-program, enabling them to browse and purchase items, triggering robots to autonomously retrieve products from our smart vending machines and complete doorstep delivery in 10 minutes. This fully automated process not only delivery efficiency but also motivates consumer spending. By transforming robots from operational tools into revenue drivers, we enable businesses to monetize efficiency, turning everyday interactions into profit opportunities.

Visionary Management Team and Corporate Culture that Fosters Innovation

Our Company's management team is comprised of seasoned R&D experts and entrepreneurs, whose extensive experience has been instrumental in guiding our Company to its current leading position in the hospitality robotic-based AI agent industry. Since our establishment in 2014, we have rapidly emerged as a frontrunner in China's hospitality robotic-based AI agent market, achieving remarkable success in just a decade. This achievement is a direct result of the management team's keen insights into industry trends and their profound understanding of cutting-edge technological applications.

Ms. ZHI Tao (支濤), our president and chairwoman of the Board, has extensive experience in China's automation and robotics industries. She was honored with multiple awards for her dedication in the development of AI and robotic technologies, including "2020 Outstanding Science and Technology Professional of the Chinese Association for Artificial Intelligence" (2020年度中國人工智能學會優秀科技工作者) and "Top 10 Innovative Entrepreneurs in China" (中國(行業)十大創新企業家). Mr. HU Quan (胡泉), our general manager, has extensive experience in corporate management, offering unique perspectives and strategic guidance on our Company's governance structure. Our R&D efforts are led by Mr. LI Quanyin (李全印), our chief executive officer. For detailed biographies of our management team, please see "Directors, Supervisors and Senior Management."

As of December 31, 2024, we had 58 R&D personnel dedicated to our core technologies, each making outstanding contributions based on their respective expertise, all of whom hold a bachelor's degree or above, underscoring our team's strong educational background and robust research capabilities. In recognition of our R&D efforts, we were selected for the "Leading Talent" list in the field of intelligent robotics and smart manufacturing (智能製造與機器人技術創新專項智能機器人領域「揭榜掛帥」榜單) by the Beijing Municipal Science and Technology Commission (北京市科學技術委員會) in 2022.

Our success has garnered broad recognition, attracting investments from prominent industry players such as Alibaba Group, Lenovo Group, Tencent, Trip.com, along with several professional institutional investors. These stakeholders have not only energized our ecosystem but have also contributed invaluable management expertise and resources, further accelerating our growth trajectory.

OUR STRATEGIES

We intend to implement the following strategies in pursuit of our vision.

Enhancing Commercialization Capabilities through Exploring Broader Use Cases and Creating a Vibrant Ecosystem

Expanding the reach of our products and services

Historically, we have strategically focused on the hotel scenario, which has contributed 83.0% of our total revenue in 2024. Building on this foundation, we will further deepen our expertise in hospitality services, advancing AI-driven products and services tailored to emerging guest needs and operational challenges, and ensuring our leadership in this core market. Moving forward, we aim to diversify and extend our presence across various scenarios such as commercial buildings, healthcare facilities and factories. For instance, we have collaborated with a well-established hospital in Beijing, where our robots assist with tasks like pharmaceutical delivery, patient monitoring, and medical waste management. This initiative reduces the exposure risks for healthcare professionals and improves operational efficiency. Additionally, we plan to collaborate with several leading smart manufacturing companies to streamline material handling and logistics processes and deploy operator-centric tools and systems, which will help improve productivity and lower operational costs.

Strengthening Ecosystem Partnerships

Our strategy includes deepening collaborations with ecosystem partners to unlock additional business opportunities. For example, we have worked with hotels to deploy smart vending machines that offer customized hotel guest amenities, improving both customer satisfaction and operational efficiency. We have also collaborated with major food delivery companies to integrate our robots into delivery systems, reducing labor reliance and speeding up last-stop deliveries. As we continue to strengthen these relationships, we believe there are many more untapped opportunities that will help drive our growth and expand our market footprint.

Tapping into the Consumer Market

According to Frost & Sullivan, there is significant unmet demand in the B2C market. Taking the hotel scenario as an example, in 2023, the operating revenue of national star-rated hotels reached RMB160.9 billion, marking a year-on-year increase of 36.6%. By targeting the B2C market, we can diversify our revenue sources, reach a wider audience, and enhance our growth potential in the years to come.

Optimizing Our Products and Services to Enhance their Adaptability across Various Industry Verticals

Enriching our product and service mix

We plan to continuously enhance and diversify our offerings to meet the varied demands of different industry scenarios. As part of this strategy, we will further enrich our product and service mix, such as offering context-aware dexterous manipulator modules, and B2B and B2C mini-programs. Diverse offering will allow us to cater to a broader spectrum of business needs and user environments, offering more tailored solutions.

Improving the adaptability of our products and services

We aim to improve the generality and adaptability of our products and services through continuous hardware and software upgrades. This will improve their scalability and the ability to be deployed across different use cases. On the hardware side, we are focusing on optimizing our UP series and will be launching new universal hardware products that offer greater flexibility. This ensures that our robots can serve multiple purposes while maintaining high performance in various environments, enhancing customer efficiency. On the software front, our proprietary HDOS platform will be expanded to seamlessly integrate with a wider range of AIoT devices and third-party software systems, enabling us to reduce the marginal cost of expansion while ensuring efficient interoperability across different devices and platforms.

Diversifying business and revenue model

We plan to offer a wider variety of modularized, subscription-based, and integrated products and services, which will allow us to provide flexible and scalable services to our clients. These business models are designed to suit the evolving needs of businesses, whether they require one-time purchase or ongoing operational support. By offering these flexible options, we can better support our customers' long-term growth and operational success.

Enhancing service capabilities

We intend to enhance our service capabilities, including providing superior maintenance, support, and after-sales services. By continuously improving the quality and efficiency of our service offerings, we aim to ensure that our customers experience maximum productivity, thereby strengthening customer loyalty and fostering long-term relationships.

Improving Our Technological Capabilities

As a leader in robotics innovation, our Company is committed to driving transformative advancements across hardware, software, and intelligent systems. By integrating cutting-edge technologies and fostering collaboration, we aim to deliver versatile, high-performance products and services that address the evolving needs of industries worldwide.

Hardware Capability Enhancement and Innovation

We plan to improve the functionality of our composite polymorphic robots by enhancing their operational capabilities. We will build enhanced multi-task closed-loop execution systems that enable basic grasping to precision manipulation. Simultaneously, our modular architecture enables multi-compartments scalability and functional reconfiguration, empowering robots with unprecedented adaptability to address diverse operational scenarios.

In parallel, we also intend to enhance hardware performance and versatility to meet the demands of diverse applications. We are optimizing our composite polymorphic robots by enhancing their mobility. Though refining navigation algorithms and enhancing sensor configurations, we will improve robots' mobility in complex terrains and outdoor environments. This enables deployment in healthcare, manufacturing and courier service scenarios. Additionally, we are adopting modular designs to support rapid hardware reconfiguration, ensuring adaptability across dynamic operational needs.

Software Capability Intelligentization

We are embedding intelligence at the core of our software systems, which are integrated into our robots, to enable autonomous decision-making and adaptability. Our multimodal intelligent decision-making framework will integrate multimodal LLMs to empower robots with context-aware task execution. This allows robots to autonomously adjust workflows in unstructured environments using real-time visual-language reasoning.

To enhance cross-scenario adaptability, we are optimizing transfer learning techniques, enabling agents to rapidly adapt to new environments, such as transitioning from factories to hospitals, with minimal retraining. We are also optimizing iteration mechanism, where real-time analysis and feedback form a closed-loop system to continuously refine agent performance. This ensures steady improvements in accuracy and decision-making speed.

HDOS System Optimization

We are enhancing the compatibility and interconnectivity of HDOS to support integration with diverse AIoT devices, such as smart sensors and smart home devices, as well as software platforms. This creates a unified ecosystem for IoT-driven automation.

To foster collaboration and innovation, we are expanding standardized APIs, simplifying third-party development and reducing integration barriers for partners. This accelerates the deployment of scenario-specific agents. Additionally, we are developing a human-like interactive assistant that combines natural language processing, task planning, and autonomous decision-making. This assistant mimics human reasoning to streamline workflows, such as interpreting ambiguous user commands, and elevates user experiences in hotels, healthcare, manufacturing, courier services, and beyond.

Expanding Our Global Presence

As part of our long-term growth strategy, we intend to increase our investment in expanding into international markets, with a particular focus on developed regions and emerging markets. Our goal is to enhance the global penetration of our products and services, and leverage our existing advantages to drive market leadership outside of China. During the Track Record Period, YJ-Robots had been deployed in more than 20 countries and regions.

We have identified Japan as a priority market for expansion, as it represents advanced technological ecosystems with high demand for automation and robotic products and services. According to Frost & Sullivan, in Japan, the rapidly aging population and labor shortages create a strong need for robotics in healthcare, manufacturing and courier services in particular. Our strategy will involve tailored marketing efforts, partnerships with local players, and localization of our products to meet the specific needs and regulatory requirements of these markets.

In addition to developed markets, we are also exploring emerging markets in Southeast Asia, where rapid urbanization, growing industries, and high technological adoption present promising opportunities for our products and services. Southeast Asia is witnessing significant infrastructure development and industrial growth, particularly in sectors like healthcare, manufacturing and courier services, where our robotic technologies can provide immediate value. Southeast Asia's burgeoning e-commerce market aligns with our strategies, offering a strong platform for us to introduce our robotics and AI technologies to new customers. Our approach to these markets will involve building local partnerships, understanding regional dynamics, and creating scalable, cost-effective products and services that meet the unique demands of these growing economies.

BUSINESS MODEL

We have developed a diverse portfolio of products and services to meet the needs of our customers. During the Track Record Period, our revenue was primarily generated from (i) robots and functional kits, for which we received either payment from sales of products or recurring rental payments when customers choose to lease the products, (ii) AI digitalization system, which includes (a) AI-driven robotic fundamental services, through which we license YJ-ROS and provide comprehensive AI-powered support for our robots and functional kits in exchange for subscription fees or one-off service fees, and (b) AI agent applications, encompassing the license of HDOS, our hospitality disembodied AI agent, and the provision of integrated solutions via YJ-Platform. For a summary of our business and revenue model, see "— Our Product-service Mix."

The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robots and functional kits	**134,896**	**83.6**	**119,683**	**82.4**	**188,894**	**77.2**
Product sales	134,750	83.5	119,230	82.1	186,605	76.3
Rental income	146	0.1	453	0.3	2,289	0.9
AI digitalization system	**26,384**	**16.4**	**25,470**	**17.6**	**55,881**	**22.8**
AI-driven robotic fundamental services	20,158	12.5	22,298	15.4	44,364	18.1
AI agent applications	6,226	3.9	3,172	2.2	11,517	4.7
Total	**161,280**	**100.0**	**145,153**	**100.0**	**244,775**	**100.0**

Our customer base predominantly consists of corporate customers in B2B scenarios, which contributed the vast majority of our revenue during the Track Record Period. To a much lesser extent, we also serve individual customers through a B2C model, where we engaged in the smart retail business through our smart vending machines. For details, please see "Our Products and Services — AI Digitalization System — AI Agent Applications — YJ-Platform."

Our sales and marketing strategies include both direct sales and a distribution model. During the Track Record Period, we continued to explore the potential of a distribution model and began to build a nationwide distribution network in March 2024 to expand our customer base, particularly in tier-3 and tier-4 cities. As of December 31, 2024, we partnered with 113 distributors. For details, please see "— Sales and Marketing."

Our suppliers primarily consist of (i) suppliers of raw materials and components for our robots and functional kits; and (ii) OEM suppliers, which we engage to manufacture our products on an OEM basis. For details, please see "— Our Suppliers."

OUR PRODUCTS AND SERVICES

Robots and Functional Kits

By harnessing indoor positioning, navigation, robotic mobility, and AI technologies, our robots deliver efficient and consistent performance while completing a variety of locomotion and operational tasks. They can be widely deployed across scenarios, including hotels, commercial buildings, healthcare and factories, offering intelligent and convenient services to diverse industries.

We also develop various robot-related functional kits that either incorporate key technologies or extend the functionality of our robots.

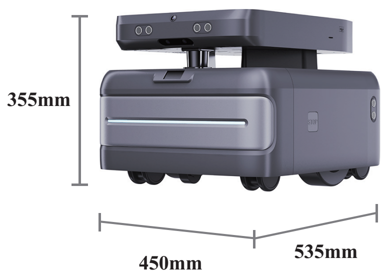
Robots

We have primarily launched three generations of robots. The first generation, the Run Series, is designed primarily for tour guiding and delivery. The second generation, the Gogo Series, succeeded the Run Series, retaining the same functions while introducing advancements in service efficiency, adaptability, interaction capabilities, and security. In 2023, we launched the third generation, the UP Series, which differs from both the Run Series and Gogo Series. Unlike these integrated robots we previously launched, including the Run Series and Gogo Series, the UP Series is a robotic chassis that can be assembled with various upper compartments, which we separately develop and commercialize as YJ-Transformer modules. The combination of our UP Series robots and YJ-Transformer modules forms composite polymorphic robots. This modular structure of the UP Series enables it to support a wide range of functionalities and applications based on our customers' requirements.

UP Series

The UP Series is a robotic chassis with autonomous mobility and advanced adaptability. We started mass production of the UP Series in October 2023. By integrating various upper compartments, which we separately develop and commercialize as YJ-Transformer modules, the UP Series can achieve "multi-compartment" compatibility (一機多倉) and smooth transition between different functions, such as delivery, cleaning, or environmental monitoring across diverse settings, such as hotels, commercial buildings, healthcare facilities and factories. The UP Series also features "multi-function" (一機多能) versatility, whereby it utilizes automated compartment swapping technology and autonomously switches between different upper compartments based on real-time demands. Customers can purchase standard upper compartments from us, or customized upper compartments designed by us or other companies, as long as those upper compartments are compatible with our UP Series robots. For details of the upper compartments we offer, please see "— Functional Kits — YJ-Transformer Modules."

The following picture illustrates the key parameters of our UP Series:



Parameters	
Dimensions	535mm*450mm*355mm (length * width * height)
Weight	60kg
Payload capacity	50kg
Climbing	12°
Battery life	The battery life depends on the ground conditions. For hard surfaces, the battery life is over 12 hours while the battery life for thick carpets is more than 6 hours

Our UP Series robots offer the following features while also preserving the core functionalities of our previous generation of robots described separately as below:

- *Cost-effective scalability*. Our UP Series robots exemplify cost-effective scalability through an innovative modular design and versatile multi-scenario adaptability. They supports various functional upper compartments, bypassing the need for separate integrated robots for distinct tasks thereby significantly reducing hardware costs and maximizing utilization. For instance, by switching between delivery compartments and cleaning compartments, a single UP Series chassis can alternate between delivering room-service orders and performing floor-cleaning tasks, adapting to time-specific needs without human intervention.

- *Environmental adaptability*. Our UP Series robots demonstrate exceptional environmental adaptability through advanced vision systems. Integrating LiDAR, ultrasonic sensors, depth cameras, and wide field of view (FOV) vision, enabling precise localization and obstacle avoidance even in crowded or unfamiliar spaces like long hotel corridors or hospital wards. Their multi-modal feature mapping system enables real-time environmental perception and dynamic path planning, ensuring reliable performance even in unfamiliar spaces. Our UP Series robots exhibit scalable adaptability to outdoor scenarios, with components tested to withstand temperature fluctuations, humidity, and minor physical impacts, all of which are key for outdoor applications such as in hotel courtyards.

- *Usability*. Our UP Series robots are designed for stable, reliable and autonomous operation. They are equipped with an advanced self-diagnosis system that continuously monitors critical components, such as sensors, motors, and power systems, in real-time. This system not only detects anomalies but also initiates corrective protocols, such as re-routing or automatic reboot sequences. Additionally, the hardware components feature redundant safety designs to guarantee stable operation even in extreme or unexpected conditions, while also allows for cost-efficient customization.

Gogo Series

We launched our second-generation robots, the Gogo Series robots in 2021 to offer our customers a premium alternative to the Run Series, our first-generation robots. To cater to diverse customer needs, we offer three different configurations of the Gogo Series, primarily differing in the availability of in-compartment disinfection and sterilization functions to ensure that each customer can select the perfect product tailored to their specific requirements. The following table illustrates the key parameters of our Gogo Series:

Parameters	
Dimensions	**490mm*420mm*(975/1000)mm (length * width * height)**
Weight	**≤63kg**
Payload capacity	**15kg**
Climbing	**13°**
Battery life	**6-8 hours**

Our Gogo Series robots exhibit the features below which are presented as comparison to the features of our Run Series:

- *Enhanced delivery efficiency*. Our Gogo Series robots elevate delivery efficiency with their innovative dual-compartment design. In contrast to the single-compartment design of the Run Series, the Gogo Series utilizes both top and bottom compartments to transport more items simultaneously, greatly improving operational efficiency. Additionally, the compartments hatches on the Gogo Series open vertically without encroaching on the interior space, whereas the hatch on the Run Series open horizontally and occupy part of the compartment when open.

- *Improved environmental adaptability*. Our Gogo Series robots are designed to excel in dynamic and complex environments. With a slimmer width of 42 cm compared to the Run Series, the Gogo Series can navigate through tight spaces with a minimum width of 55 cm, such as narrow hotel corridors or crowded areas, ensuring smooth service delivery without compromising mobility. Equipped with upgraded visual sensors and AI-powered algorithms compared to the Run Series, the Gogo Series robots demonstrate heightened sensitivity in detecting and circumventing obstacles, enabling precise path planning in dynamic and crowded settings. Additionally, they surpass the Run Series robots in climbing performance, effortlessly navigating slopes of up to 13°, in contrast to the Run Series' limit of 8°. This enhanced capability makes it particularly well-suited for indoor environments with inclines. Additionally, our Gogo Series robots adapt well to uneven surfaces, featuring a curb clearance of 1.5 cm to ensure reliable performance across diverse terrains.

- *Smarter interaction capabilities*. Our Gogo Series robots outperform the Run Series with their advanced voice recognition system. With six microphones placed in the robot, our Gogo Series offers more accurate voice recognition, ensuring a smoother and more intuitive user experience. Furthermore, our Gogo Series robots can integrate with our customers' dedicated voice library, enabling highly personalized interactions tailored to users' specific needs.

- *Superior security and digitalization*. Our Gogo Series takes a step ahead with its fingerprint recognition feature. Unlike the Run Series, which relies on traditional password unlocking, our Gogo Series offers a higher level of security through biometric authentication. Additionally, our Gogo Series provides traceable and quantifiable tasks, making it easier for our customers to manage daily operations and ensure quality control. This capability supports a more digitized approach to service, allowing for greater oversight and more efficient resource management.

Run Series

The Run Series, as our first-generation robots, was launched in 2015. At the time, the Run Series' functionalities gave us a competitive edge in the market. However, with the launch of the Gogo Series and UP Series, the Run Series has been gradually phased out. Currently, its supply is limited to remaining inventory. The following table illustrates the key parameters of our Run Series:

Parameters	
Dimensions	**550mm*970mm (diameter * height)**
Weight	**45kg**
Payload capacity	**10kg**
Climbing	**8°**
Battery life	**6-8 hours**

Our Run Series offer the following features:

- *Autonomous mobility and smart navigation*: The Run Series features a proprietary mobile chassis with high integration and low coupling. Utilizing multi-sensor fusion and SLAM technology, it delivers precise three-dimensional positioning, real-time map building, and centimeter level indoor positioning accuracy. Advanced sensor fusion and optimized algorithms ensure effective obstacle avoidance and safe navigation in dynamic environments.

- *Advanced AIoT technologies*. Working together with YJ-AIoT components, our Run Series robots can interact with elevators, enabling them to autonomously summon the elevator, detect floor levels, and navigate smoothly inside the elevator. Intelligent decision-making allows the robots to wait for the next lift when space is insufficient, while advanced communication technologies facilitate smooth interaction with users' smartphones and the hotel's internal systems.

- *Intelligent interaction*. The Run Series supports voice control for tasks such as room deliveries or directions, enhancing convenience and showcasing advanced technology.

- *Reliable and visible performance*. Continuous optimization and proven technology ensure exceptional reliability and high performance, even in complex environments. A user-friendly design simplifies operation and maintenance, reducing costs and management complexity. Real-time task status visualization via PC and mobile apps enables customers to monitor performance and task progress, supporting analysis and informed decision-making.

Historically, aside from the UP Series, Gogo Series and Run Series, we have also developed other series of robots with functionalities tailored to different scenarios. However, with the launch of the Gogo Series and the UP Series, we shifted our product philosophy to focus on the research, development and commercialization of composite polymorphic robots. Consequently, we gradually phased out our other product lines.

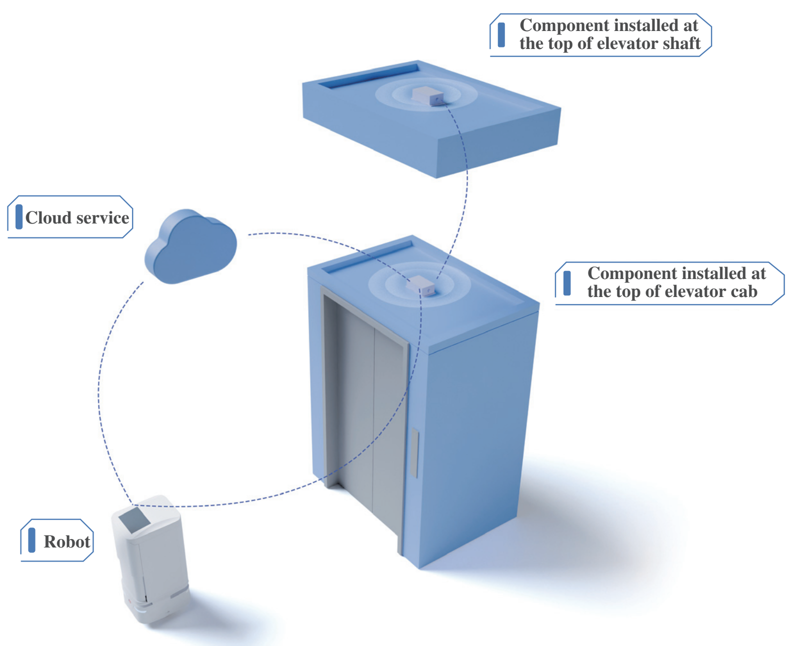
Functional kits

The functional kits we offer include (i) YJ-AIoT components, which enables intelligent connectivity between robots and their operational environment, (ii) YJ-Transformer modules, which mainly extends the functionality of our UP Series robots, and (iii) intelligent control module, which provides robots intelligent mobility.

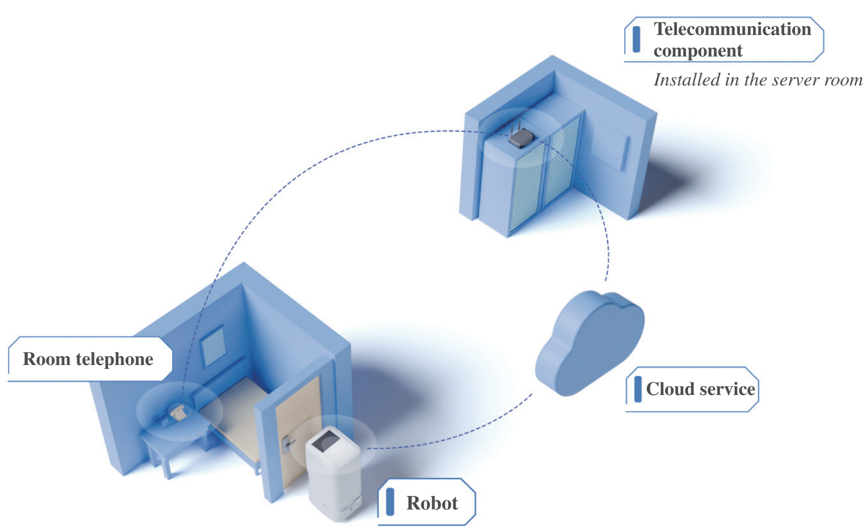
YJ-AIoT components

YJ-AIoT components include components designed for integration into elevator, telecommunication and access control systems. Once installed, the YJ-AIoT components enable robots to interact with elevators, telephones and access control devices. Moreover, our YJ-AIoT components are compatible not only with our own robots but also with those manufactured by other companies. As such, these components are available as standalone products, independent of our robots, offering flexibility and broader applicability.

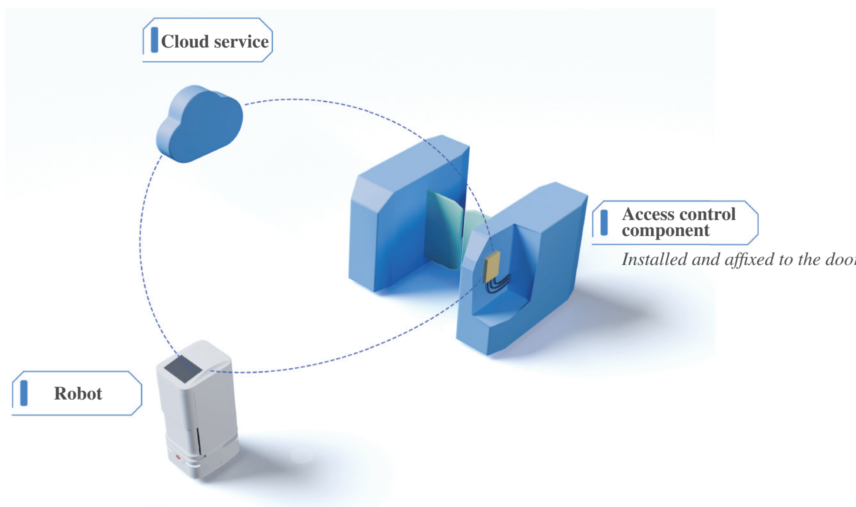
Our elevator control component is a crucial component that enables robots to autonomously use elevators and provides accurate floor detection and real-time monitoring of door statuses. Designed to interfacing with robots, the component swiftly relays elevator status updates and receives control commands with precision, ensuring seamless interaction between the robot and the elevator. The installation of our elevator control component is straightforward, requiring no modifications to the elevator's system, thereby maintaining the elevator's performance and safety. As such, this component has been already widely used in hotels, commercial buildings, and various other environments. The component supports dual-link communication for real-time elevator status monitoring and employs encryption to safeguard data transmission. Additionally, it features capabilities such as multi-robot coordination, smart fault diagnostics and reporting, and automatic power-off notifications. It also offers strong scalability, supporting access to elevators which require IC card authorization. With reusable logic, the component ensures a high success rate and reliable, efficient execution of elevator riding by robots, contributing to stable and smooth operations across various scenarios. The following picture illustrates the operation of our elevator control component:



Our telecommunication component is a voice gateway that works with our robots. It connects to the stored program control (SPC) telephone exchange of our customers to autonomously deliver targeted voice notifications, such as guest reminders or office meeting alerts, improving communication efficiency and reducing labor costs. The system is highly customizable, allowing users to easily change voice messages as needed. It supports built-in line fault detection to ensure reliable communication. With solid cloud-based platform integration, users can remotely monitor and manage the device, while its 4G and wired network auto-switching capabilities ensure continuous connectivity. This component also features an alert system that notifies designated personnel in case of power failure. It is compatible with both analog and digital telephones, making it suitable for a wide range of applications. Additionally, it incorporates remote upgrades and troubleshooting capabilities which help streamline maintenance and lower operational costs. The following picture illustrates the operation of our telecommunication component:

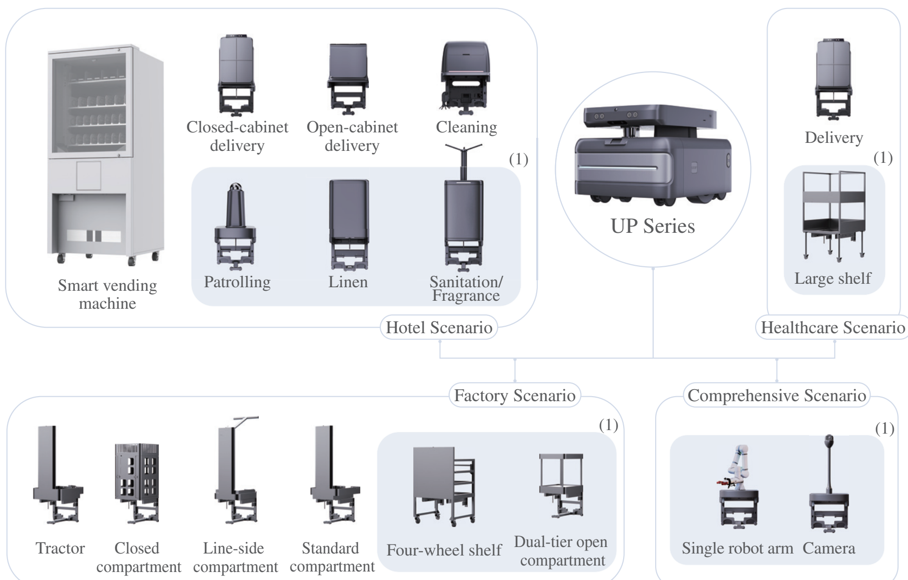


Our access control component integrates with robotic door operation commands, enabling automated access for robots through turnstiles, glass doors, fire-rated barriers, and similar entry systems. It features a non-intrusive installation process by connecting in parallel with existing control circuits through a simple switching integration, preserving the integrity of the original security system. With 4G long-range interactive protocol and short-range interactive protocol, the component offers versatile deployment across diverse environments. Additionally, its built-in bluetooth connectivity allows for easy post-installation configuration and diagnostics via dedicated mobile testing tools, ensuring efficient commissioning and maintenance. This component maintains full compatibility with conventional access control architectures while enhancing intelligent access capabilities. The following picture illustrates the operation our access control component:



YJ-Transformer modules

Our YJ-Transformer modules mainly comprise the upper compartments designed for our UP Series. We also developed and sold a small number of standalone smart vending machines during the Track Record Period, which can collaborate with our robots to provide consumers with seamless and smooth unmanned purchase experience. As such, customers which purchased our robots may also purchase these YJ-Transformer modules. The following picture illustrates the YJ-Transformer modules adaptable to our UP Series:



Note:

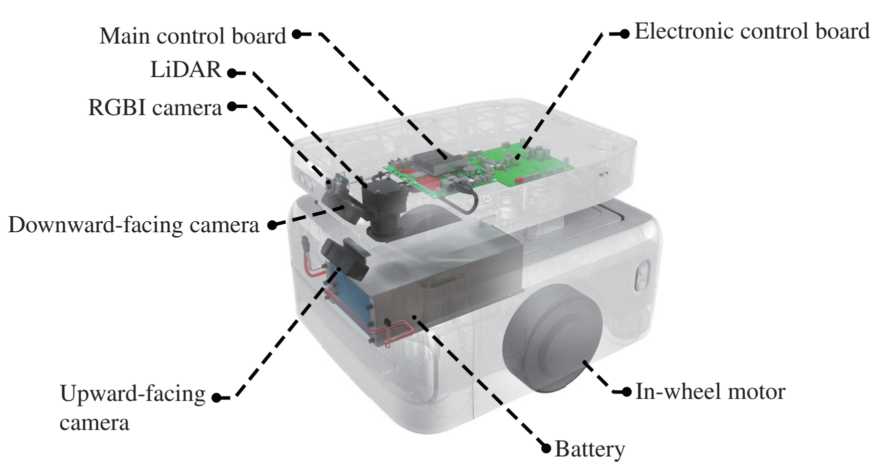
(1) These eight upper compartments have been manufactured but have not yet been commercialized.

The upper compartments for our UP Series enable robots to dynamically adapt their functionalities in response to real-time requirements. These compartments serve as multi-functional platforms for tasks such as cleaning, delivery and on-site sanitization. We sell these upper compartments to customers who purchased our UP Series. We currently offer three standard upper compartments, including a closed-cabinet delivery compartment, an open-cabinet delivery compartment, and a compartment designed for cleaning. Additionally, we can customize upper compartments to meet the specific requirements of our customers.

Our smart vending machines sync with our robots, feature real-time restocking and sales monitoring, and redefine in-room shopping experiences by combining QR-code scanning, robotic delivery, and a comprehensive online marketplace. Consumers can scan QR codes to browse and purchase items such as hotel-branded merchandise, sleep essentials, or holiday gifts. Upon confirmation, the smart vending machine automatically pushes the selected products directly into the dedicated compartments of nearby robots, which then autonomously deliver the items to the consumer's room. The smart vending machines also allow consumers to pick up purchased items in person. We generate revenue not only from the sales of smart vending machines to our customers, but also our services delivered through them. For details, please "— AI Digitalization System — AI Agent Applications — YJ-Platform."

Intelligent control module

Our intelligent control module is a highly integrated core component for robots, combining a high-performance system consisting of a motor, controller and battery and advanced sensor arrays. By integrating YJ-ROS, our proprietary AI-powered operating system, the intelligent control module provides robots the ability for perception, decision-making, control, and intelligent connectivity. It offers high reliability, safety, ease of use and scalability, while supporting over-the-air upgrades and flexible algorithm strategy configuration. This module enables customers to rapidly build and deploy robotic applications, meeting the needs of various scenarios including industrial automation, logistics and warehousing, service robots, and specialized operations, thereby delivering leading-edge products in robotic intelligent control and connectivity. All of our YJ-Robots are embedded with the intelligent control module. In 2024, we sold our intelligent control module on standalone basis to customers which engage in the development and manufacturing of robots. The following picture illustrates our intelligent control module:



Key Operating Data of the Robots and Functional Kits

The table below sets forth certain key operating data of YJ-Robots and functional kits for the years indicated, as applicable:

	Year ended December 31,																	
	2022						2023						2024					
	YJ-Robots[1]						YJ-Robots[1]						YJ-Robots[1]					
	UP Series	Gogo Series	Run Series	YJ-AIoT components	YJ-Transformer modules	Intelligent control module	UP Series	Gogo Series	Run Series	YJ-AIoT components	YJ-Transformer modules	Intelligent control module	UP Series	Gogo Series	Run Series	YJ-AIoT components	YJ-Transformer modules	Intelligent control module
Sales volume *(in unit)*	nil	1,326	2,881	684	355	nil	17	3,777	1,829	987	747	nil	672	6,358	1,255	3,569	1,720	220
Average selling price[2] *(RMB in thousand)*	N/A	26.8	23.2	2.1	14.1	N/A	54.2	24.9	20.6	2.3	12.0	N/A	22.3	20.9	13.1	2.2	9.6	4.8

Notes:

(1) Historically, we also developed other types of robots, which we discontinued production or only offer at a limited scale.

(2) The average selling price is calculated by dividing the total sales amount of a product by its total sales volume during the relevant year.

YJ-Robots

We started the mass production of our UP Series robots in October 2023, resulting in the sale of 17 units that year. Attributing to our enhanced marketing efforts and the UP Series' cost-effective scalability and advanced environmental adaptability, the sales volume increased to 672 units in 2024. As the average selling price of the UP Series robots in 2023 was based on limited sales volume at early stage, it does not provide a meaningful basis for comparison with that in 2024.

The sales volume of the Gogo Series robots increased by 184.8% from 1,326 units in 2022 to 3,777 units in 2023, and further increased by 68.3% to 6,358 units in 2024. Launched in 2021 as a premium alternative to the Run Series, the rapid increases in the sales volume of the Gogo Series robots are attributable to (i) the enhanced delivery efficiency and superior performance of the Gogo Series robots compared to the Run Series, and (ii) our strategic shift toward commercializing the Gogo Series while phasing out the Run Series. Meanwhile, the average selling price of the Gogo Series robots dropped by 7.1% from RMB26.8 thousand in 2022 to RMB24.9 thousand in 2023, and further decreased by 16.0% to RMB20.9 thousand in 2024. Such reductions in the average selling price reflect our voluntary downward price adjustment evidencing our commitment to passing on the benefits of reduced raw material and component costs, as well as improvements in cost efficiency, to our customers.

The sales volume of the Run Series robots dropped by 36.5% from 2,881 units in 2022 to 1,829 units in 2023, and further decreased by 31.4% to 1,255 units in 2024. During this period, we gradually phased out the Run Series as we introduced the Gogo and UP Series. The average selling price decreased by 11.1% from RMB23.2 thousand in 2022 to RMB20.6 thousand in 2023, and further decreased by 36.2% to RMB13.1 thousand in 2024, which reflected market preferences of the Gogo Series and UP Series over the Run Series. In addition to the same reasons mentioned above for the downward price adjustment of the Gogo Series, the price reduction of the Run Series also reflects our price adjustment for previous-generation robots.

YJ-AIoT components

Our YJ-AIoT components interface with both YJ-Robots and robots manufactured by other companies. The sales volume of YJ-AIoT components increased by 44.3% from 684 units in 2022 to 987 units in 2023, and further increased by 261.6% to 3,569 units in 2024. The rapid increases in the sales volume of YJ-AIoT components were driven by (i) increased sales volume of YJ-Robots, which benefit from the connectivity provided by YJ-AIoT, and (ii) our strengthened marketing efforts and improved brand awareness. The average selling price of YJ-AIoT components remained relatively stable at RMB2.1 thousand, RMB2.3 thousand and RMB2.2 thousand in 2022, 2023 and 2024, respectively.

YJ-Transformer modules

The YJ-Transformer modules include modular upper compartments for our UP Series and smart vending machines. The sales volume of YJ-Transformer modules increased significantly by 110.4% from 355 units in 2022 to 747 units in 2023, mainly driven by the increase in the sales volume of our smart vending machines resulting from growing market recognition of this product. The sales volume further increased by 130.3% from 747 units in 2023 to 1,720 units in 2024, mainly due to (i) the continued growing demand of our smart vending machines, and (ii) the mass production of the UP Series starting in October 2023, which led to a surge in demand for upper compartments that are designed for the UP Series in 2024. The average selling price decreased by 14.9% from RMB14.1 thousand in 2022 to RMB12.0 thousand in 2023 due to our voluntary downward price adjustment evidencing our commitment to passing on the benefits of reduced raw material and component costs, as well as improvements in cost efficiency, to our customers. The average selling price further decreased by 20.0% from RMB12.0 thousand in 2023 to RMB9.6 thousand in 2024 mainly attributable to the increased sales volume of the modular upper compartments, which have a lower price range compared to smart vending machines.

Intelligent control module

We started to sell the intelligent control module to corporate customers which engage in the development and production of robots. In 2024, we sold 220 units at an average selling price of RMB4.8 thousand.

We operate in a increasingly competitive market, which may subject us to increasing price pressures to maintain our competitiveness. To mitigate the potential adverse effects of such pressures, we will focus on improving cost-efficiency across our operations and expenses. Additionally, we will proactively develop and commercialize products and services with higher profit margins to strengthen our financial resilience.

In addition to generating revenue from one-time product sales, we have adopted a lease-based model for our robots and functional kits to provide customers with flexibility in exploring the capabilities of robots. During the Track Record Period, the monthly rental of our robots and functional kits typically ranged from RMB699 to RMB2,500 per unit. Our rental income from robots and functional kits were RMB0.1 million, RMB0.5 million and RMB2.3 million in 2022, 2023 and 2024, respectively, accounting for 0.1%, 0.3% and 0.9% of our total revenue for the same years.

AI Digitalization System

AI-driven Robotic Fundamental Services

AI-driven robotic fundamental services include (i) the license of YJ-ROS, and (ii) comprehensive AI-powered support for our robots and functional kits.

License of YJ-ROS

YJ-ROS is our proprietary AI-powered operating system designed for intelligent mobility, offering advanced positioning, mapping, navigation, and environmental perception capabilities. It is compatible with a wide range of third-party interfaces to support extensive applications. YJ-ROS is essential to the functionality of all our YJ-Robots, and we started to license our YJ-ROS on a standalone basis in 2024 to other companies which engage in the development and production of robots. In 2024, we licensed 220 sets of YJ-ROS to a customer at RMB500 per set.

Comprehensive AI-powered support

We also offer comprehensive AI-powered support to customers who purchased our robots and functional kits in order to optimize customers' robotic and AIoT ecosystems, encompassing software upgrades for map updates and AI-driven performance enhancements, real-time scheduling with secure cloud storage for operational analytics, and 24/7 multi-device remote monitoring featuring intelligent diagnostics via Intelligent AIoT Scheduling Platform. Our comprehensive AI-powered support further ensures uninterrupted connectivity through SIM card management, generates detailed usage reports for performance insights, and provides flexible API integration with standardized documentation and technical support for seamless third-party customization. Additionally, tailored voice command packages can be developed to align operational requirements. The number of customers (on an individual entity basis) which utilized our comprehensive AI-powered support services amounted to 9,200, 13,309 and 16,675 in 2022, 2023 and 2024, respectively.

Customers can submit their service requests via multiple channels, including phone, email, and online platforms. Once we receive the requests, we begin with remote diagnostics, attempting to resolve simple software or configuration issues through remote access. If the problem cannot be resolved remotely, the customer service team will arrange on-site maintenance or return-to-factory services based on the customer's specific needs. A professional repair engineer will typically be dispatched to the customer's location with the necessary tools and spare parts to resolve the problem in time. When on-site repairs are not feasible given the complexity of the problems, customers can send the robot to our repair center for inspection and repair. During the process, we will closely monitor progress, maintaining regular communication with the customer to provide updates on the status and results of the repair. We also provide backup devices to customers when needed. Set forth below is a summary of the key terms of our comprehensive AI-powered support service agreements.

- *Term.* We typically enter into comprehensive AI-powered support service agreements with our customers with a term of 12 months.

- *Pricing*. We typically charge our customers an annual upfront payment ranging from RMB1,280 to RMB3,980 per product, primarily depending on the type of product. For any services requested beyond the defined scope, we charge separately based on the specific services provided. Pricing is customized according to the nature and complexity of the additional work required.

- *Payment and credit terms*. Customers are typically required to settle payment on an annual basis after signing the service agreements.

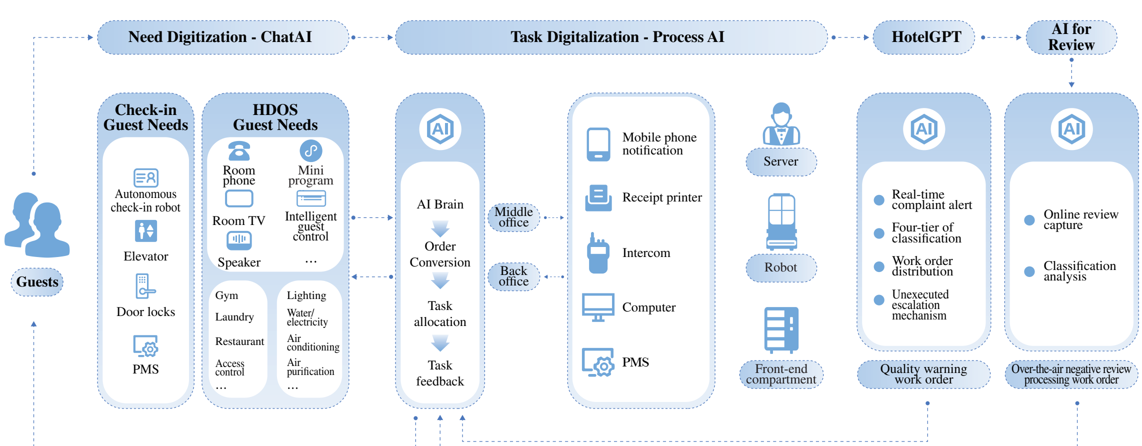
- *Confidentiality*. Both parties to the service agreements shall treat all trade and technological secrets made known to it by the other party in confidence during and after the agreement terms.

AI Agent Applications

AI agent applications encompass two main components, namely HDOS and YJ-Platform. We apply HDOS, our hospitality disembodied AI agent, to real-world hospitality scenarios. Hospitality encompasses a wide range of services that cater to human needs, where AI agents can be deployed across various scenarios. HDOS intelligently recognizes users' intent, managing service process and providing recommendations based on parameters gathered during users' operations, delivering responsive and considerate hospitality experience. YJ-Platform integrates HDOS into the existing workflows of our customers, allowing us to provide them with integrated solutions based on HDOS.

HDOS

HDOS serves as an intelligent virtual assistant, featuring capabilities such as AI concierge services, service order management, complaint alerts, and robust reporting and analytics tools. We also included "Yuni", the digital staff that serves as the intermediary and achieves smooth interaction between HDOS and its users.



For our customers, HDOS realizes the following functions:

- *AI concierge.* Our AI concierge operates 24/7, handling interactions in four languages to serve international guests. It automatically answers calls, directs inquiries to the appropriate departments, and generates service orders for staff or devices. Additionally, it systematically logs guest complaints, feedback, and suggestions for prompt follow-up and analysis.

- *Service order management system.* This system manages service orders through transparent workflows, ensuring accountability at every step. If tasks exceed their allotted timeframes, it automatically notifies staff to take necessary action, thereby upholding high service quality and responsiveness.

- *Complaint alert system.* Guest complaints trigger immediate alerts within several seconds, activating a four-tier escalation protocol to address unresolved issues swiftly. This mechanism ensures that critical concerns are prioritized and resolved before escalating further.

- *Reporting and analysis.* Comprehensive analytics tools categorize guest demand patterns, track key service efficiency metrics such as response times, and monitor consumable usage trends. They also identify frequently malfunctioning equipment, enabling proactive maintenance to reduce operational downtime.

For individual users, HDOS offers the following functionalities:

- *Request submission.* Users can easily submit their requests through various channels, including a mobile app, phone call, or by visiting the service desk in person. This flexibility allows users to choose the most convenient method that best suits their needs.

- *Real-time response.* The AI-powered customer service system is designed to provide instant responses to inquiries, quickly resolving questions or processing requests. This real-time feedback ensures guests to receive immediate attention and efficient service.

- *Closed-loop service.* Once a user places an order for an item, HDOS automatically assigns the task to the most suitable staff or robot. The requested item is delivered swiftly, ensuring users receive their requested items within a short period, enhancing their overall experience by prioritizing convenience.

- *Feedback and evaluation.* After the service is completed, users can provide feedback and rate their experience. This allows our customers to gather valuable insights, continually refine their services, and ensure that future guest interactions are even more efficient and personalized.

We primarily offer standard HDOS, featuring the above functionalities. To a much lesser extent, we also provide HDOS catering to our customers' specific requirements. Set forth below is a summary of the key terms of our service agreements with customers who subscribed to HDOS.

- *Term*. We typically enter into service agreements with our customers with a term of 12 to 36 months.

- *Pricing*. For standard HDOS, we typically charge customers' monthly subscription fees ranging from RMB500 to RMB1,200. For customized HDOS, in addition to the monthly subscription fee, we also charge customers fixed service fees for our development services.

- *Payment and credit terms*. Customers are typically required to pay upfront subscription fee on an annual or bi-annual basis after signing the service agreements. For customized HDOS, in addition to subscription fees, we typically require customers to settle fixed fees for our development services in accordance with development milestones.

- *Intellectual Property*. We retain all our intellectual property rights with respect to our HDOS.

- *Termination*. We typically do not agree to early termination prior to expiration of our service agreements unless the termination is due to *force majeure* events.

- *Confidentiality*. Both parties to the service agreements shall treat all trade and technological secrets made known to them by the other party in confidence during and after the agreement terms.

Case study

The case study below illustrates how we deliver services to Hotel Chain A.

What we observed

Hotel Chain A is a prominent hotel chain in China that faces several operational challenges. First, the absence of standardized front-end systems across its hotels results in complex operational procedures and inefficiencies. Additionally, information silos between departments disrupt smooth data flow and hinder overall operational performance. Furthermore, the limited adoption of paperless operations further reduces efficiency. To better address these challenges in its daily operations, Hotel Chain A has decided to leverage AI technology to transform its service management system, aiming to create an intelligent hotel ecosystem powered by HDOS.

What we offered

Our HDOS integrates a range of advanced modules designed to optimize hotel operations, enhance guest experiences, and streamline workflow efficiency. Set out below is an overview of the key modules and their functionalities:

Module	Function	Improvement
Robot	Automates item retrieval and delivery Cleaning	Enhancing logistics efficiency and reducing manual operations
Digital concierge	Real-time responses to guest inquiries and service needs Provides smart in-room services Offers convenient shopping through the hotel's online store	Enhancing guest experience and elevating guest satisfaction
Procedure management expert	Real-time monitoring and management of service process to ensure accuracy and timeliness Simplifies and automates various service processes	Improving work efficiency and reducing human error
Operation assistant	Provides comprehensive operational reports Real-time monitoring of guest complaints, with timely response	Improving customer satisfaction through operational decision-making
Office assistant	Provides real-time translation services Intelligent document output such as welcome letters	Increasing work efficiency and reducing employee workload

Module	Function	Improvement
AIoT assistant	Achieves interconnectivity between hotel operational systems through IoT technology Provides intelligent room control systems Uses smart devices to increase automation in hotel operations	Breaking down information silos and improving operational efficiency

What we achieved

We empowered Hotel A to achieve the following:

- *Cost reduction and efficiency gains*. By optimizing operational processes, each hotel has successfully reduced repetitive work and elevating employee satisfaction. Additionally, the use of robots has boosted efficiency, with each robot capable of handling up 120 orders per day. The implementation of AI-driven call interception has also played a key role, with over 80% of calls now being filtered automatically, reducing the pressure on human customer service agents and lowering associated costs.

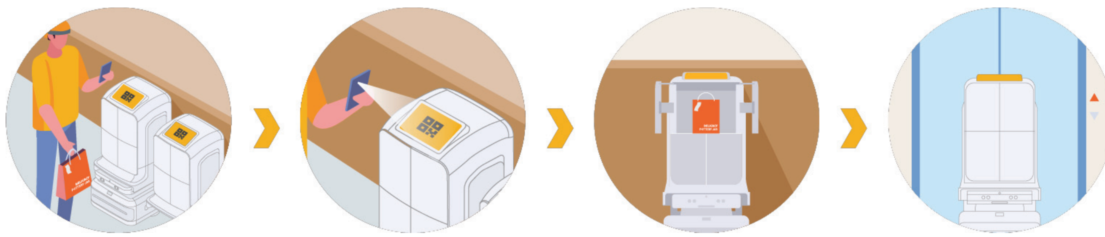
- *Improved customer satisfaction.* The implementation of a comprehensive in-stay guest complaint management system has significantly improved response times and issue resolution efficiently, which has directly contributed to higher customer satisfaction rate. Furthermore, the use of intelligent customer service systems and smart room controls has enabled the hotel to offer more personalized and efficient services, enhancing the overall guest experience.

- *Optimized business processes and enhanced employee satisfaction.* The adoption of intelligent operational systems has streamlined workflows, significantly improving employee productivity. In addition, the transition to paperless operations, coupled with the use of automation tools, has alleviated employee workload, leading to increased job satisfaction and a more efficient working environment.

YJ-Platform

YJ-Platform integrates HDOS into the existing workflows of our customers, such as hotels and courier service providers, and is designed to streamline their operations, optimize efficiency, and enhance overall service delivery.

We started to offer integrated solutions based on HDOS to our corporate customers in 2024 to fully unleash the potential of our robots. We have identified delivery services in commercial and residential buildings as a starting point for us to explore and develop such business model. We work with well-established food delivery and courier companies, deploying robots to handle "last-stop" deliveries, so that delivery workers can avoid lengthy waiting time for elevators. The following chart illustrates our service process.



We have created a "relay delivery" process by integrating our robots with our customers' delivery systems. Once the delivery rider arrives at the designated address with an item (whether a parcel or a take-out meal), they simply scan the robot's QR code using the delivery company's app and easily place the item into the robot's storage compartment. The robot then autonomously navigates to the consumer's room, efficiently completing the final indoor delivery task. Set forth below is a summary of the key terms of our service agreements.

- *Term*. We typically enter into service agreements with our customers with a term of 12 months.

- *Pricing*. We charge our customers a fixed percentage of the service fees they receive for their deliveries.

- *Payment and credit terms*. We settle our service fees with our customers on a quarterly basis, and customers are typically required to settle payment within 15 days after receiving invoices for our quarterly service fees.

- *Termination*. Customers can terminate the service agreements upon 30-day's prior notice.

- *Confidentiality*. Both parties to the service agreements shall treat all trade and technological secrets made known to it by the other party in confidence during and after the agreement terms.

We also offer services to customers aiming to implement smart retail. HDOS gives individual customers access to the smart vending machines we sold to our corporate customers. For each sale completed through HDOS, we charge our corporate customers a single-digit percentage of the sales amount. We also operate a small number of smart vending machines on our own. In this case, we record the sales amount paid by individual customers as revenue.

COMMERCIALIZATION

We are a specialist technology company seeking to [**REDACTED**] on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules. We are primarily engaged in the design, development and commercialization of robotic and AI technologies. All of our products and services are designated Specialist Technology Products as defined under Chapter 18C of the Listing Rules. Our Directors are of the view that our products and services fall within an acceptable sector of a Specialist Technology Industry as defined under Chapter 18C, as advised by Frost & Sullivan. The following table sets forth a summary of how all of our products and services fall within an acceptable sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules.

Specialty Technology Product/Services	Relevant Specialist Technology Industry Sector	Function Analysis	Major Customer and Customer Demand Driver
Robots and functional kits	Robotics and automation	Our robots and functional kits include YJ-Robots, YJ-AIoT components, YJ-Transformer modules and intelligent control module. • YJ-Robots: Our Run Series and Gogo Series operate independently to provide autonomous delivery and tour guide services. When integrated with YJ-Transformer modules, our UP Series can extend its capabilities and be adapted to a variety of scenarios. These robots are designed to relieve the burden of repetitive, labor-intensive work and handle assignments that could pose risks to human safety. • Functional kits: Our functional kits include (i) YJ-AIoT components, enabling intelligent connectivity between robots and devices in their operating environments, including elevators, telephones and access control systems, (ii) YJ-Transformer modules, (a) extending and providing flexibility in the functionalities of our UP Series and (b) working in tandem with our robots to deliver smart retail services and (iii) intelligent control module, providing third party's robots with advanced mobility capabilities.	Major customers: • Corporate customers which require the service of robots and robot-related functional kits. • Corporate customers engaging in the development and production of robots. • Distributors Customer demand driver: • The deficiencies in traditional manual delivery with potential safety and healthcare risks. • The need for upgrade in the provision of hospitality services, with a focus on offering on-demand delivery for guests and ensuring cost-effective and 24/7 intelligent customer support. • The need for user-friendly and more efficient management between robots and other devices in their operating environments.

Specialty Technology	Product/Services	Relevant Specialist Technology Industry Sector	Function Analysis	Major Customer and Customer Demand Driver
AI Digitalization System	AI-driven robotic fundamental services	Artificial intelligence	AI-driven robotic fundamental services include (i) the license of YJ-ROS, our proprietary AI-powered operating system designed for intelligent mobility, and (ii) comprehensive AI-powered support for our robots and functional kits. This business line fits both the sector of artificial intelligence and robotics and automation. • The algorithms of YJ-ROS enable intelligent positioning, mapping, navigation, and environmental perception capabilities. • Our comprehensive AI-powered support for our robots and functional kits includes remote monitoring featuring intelligent diagnostics.	Major customer: • Corporate customers engaging in the development and production of robots • Customers who have purchased robots and functional kits from our Company Customer demand driver: • Customers' need to develop robots without investing heavily in the R&D of algorithms • Our ability to maintain and upgrade the robots and functional kits for improved performance of tasks and automation processes • The need of corporate customers to improve consumer satisfaction with refined robots and functional kits
		Robotics and automation	• The algorithms of YJ-ROS provide robots with autonomous mobility, which is the core capability of robots designed to execute delivery and tour guide services. • Our comprehensive AI-powered support enables after-sales personnel to quickly identify and resolve issues, extends the hardware lifespan and enhances performance of our robots and functional kits.	
	AI agent applications	Artificial intelligence	AI agent applications include HDOS and YJ-Platform. • HDOS, our hospitality disembodied AI agent, acting as an intelligent virtual assistant, featuring capabilities such as AI concierge services, service order management, complaint alerts, and robust reporting and analytics tools. • YJ-Platform integrates HDOS into the existing workflows of our customers, such as hotels and courier service providers, which is designed to streamline operations, optimize efficiency, and enhance overall service delivery.	Major customer: • Corporate customers providing hospitality services Customer demand driver: • Our ability to fulfill more versatile needs of corporate customers • Our customers' need for easier and more efficient management between the robots and their operating environments • Our corporate customers' need to better understand consumer preferences to improve consumer satisfaction

According to the Guide for New Listing Applicants published by the Stock Exchange, the sector "Robotics and Automation" refers to the development of robots, automated systems, and enabling technologies including robot technology, internet of things technology, smart home applications and smart product designs. The sector "Artificial Intelligence (AI)" refers to the development of AI technology, including technology and infrastructure enabling AI, AI-empowered algorithm programming and AI services. Our industry consultant, Frost & Sullivan, confirms each of the products and services fall within the Robotics and Automation sector and Artificial Intelligence sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules.

OUR CORE TECHNOLOGIES

Leveraging our core technologies, we have established the essential building blocks for advanced AI agent capabilities. Our integrated approach spans multi-modal perception, enabling a profound and nuanced understanding of complex environments, as well as logical reasoning and knowledge graphs that facilitate intelligent decision-making. This robust foundation empowers our AI agents to execute tasks with precision while continuously enhancing performance through real-time feedback and iterative optimization.

Multi-modal Perception and Cognitive Synergy (多模態感知與認知協同)

Our multi-modal perception and cognitive synergy marks a significant leap forward in autonomous systems, integrating technologies to enhance perception, decision-making, and operational capabilities. By leveraging diverse sensor modalities and sophisticated data fusion techniques, this system enables our robots to interpret complex environments with accuracy and adaptability. This comprehensive approach not only improves situational awareness but also facilitates more informed and efficient decision-making, thereby optimizing overall system performance.

Multi-modal Fusion Localization Technology (多模態融合定位技術)

Heterogeneous architecture-based multimodal fusion localization (採用異構處理架構設計多模態融合的定位) technology integrates multi-modal sensors to achieve cross-sensor data fusion and task-specific computing optimization. Specifically, a vision-inertial-semantic joint optimization framework is implemented to significantly enhance positioning accuracy and robustness. Designed for exceptional adaptability, this technology excels in complex environments, such as textureless scenes, highly dynamic settings, large-scale open spaces (e.g., warehouses or outdoor fields), and challenging conditions with high-reflectivity surfaces.

Fusion of Multi-feature Primitives and Multi-dimensional Information (多特徵基元和多維度信息融合)

The system employs a multi-feature fusion architecture that integrates point clouds, line features, planar features, edge features and high-dimensional geometric primitives, combined with multi-dimensional data streams including geometric information, semantic labels, 3D physical properties, and deep learning inference outputs. Leveraging factor graph optimization, it precisely calibrates sensor motion estimation, ensuring robust pose estimation and tracking even in feature-deprived environments lacking structural priors. This methodology demonstrates enhanced operational stability and environmental adaptability in unstructured settings or sensor-compromised scenarios where conventional systems typically degrade.

End-to-end Visual Global Localization Technology (端對端純視覺全局定位技術)

The system employs adaptive learning protocols that allow its positioning algorithms to dynamically adjust to specialized sub-environments, complete with real-time feature recognition and classification. By continuously analyzing environmental semantics, it can achieve precise global pose estimation. This end-to-end visual localization solution operates independently of conventional SLAM architectures, adding a redundant safety layer. For indoor navigation, this technology provides spatial awareness comparable to GPS-level positioning in outdoor environments, ensuring accurate and robust localization for autonomous mobility.

Autonomous Capabilities of Composite Polymorphic Robots (複合多態機器人的自主能力)

Robots equipped with semantic mapping capabilities can navigate and plan paths effectively within complex environments. The autonomous capabilities of composite polymorphic robots are particularly evident in human-centric settings. With advanced navigation algorithms, collaborative control systems, and AI processing engines onboard, the robots benefit from powerful computational abilities and flexible mobility, allowing them to perceive, comprehend, and distribute tasks autonomously.

Cognitive Decision-making Driven by Logical Reasoning and Knowledge Graphs (邏輯推理與知識圖譜驅動的認知決策)

Our cognitive decision-making technologies driven by logical reasoning and knowledge graphs focuses on integrating logical reasoning with structured knowledge representations to enhance decision-making processes. By leveraging domain-specific semantic models, AI agent technologies, and intelligent scheduling systems, this initiative aims to address the limitations of traditional LLM approaches, such as high latency and lack of industry-specific expertise. This comprehensive approach not only improves operational efficiency but also facilitates more informed and accurate decision-making, thereby optimizing overall system performance.

Vertical Domain-specific Semantic Models (垂直領域特定語義模型)

We have developed a series of domain-specific semantic models tailored to meet the unique requirements of various industries and mainly apply such models to HDOS. These models are optimized for high accuracy, low latency, low cost, easy deployment, and self-iteration. They address the limitations of general-purpose language models, such as slow response times, high costs, and lack of domain expertise. Examples of these models in providing hospitality services include:

- *Consumer demand recognition*. This model accurately detects over 1,000 consumer demand from conversation context during their stay, including information inquiries, item deliveries, room service, maintenance requests, and complaints. This ensures precise intent analysis and smooth interactions for in-house intelligent customer service. It also identifies consumer demand in external communication, such as order inquiries, cancellations, membership queries, local information, arrival details, special requests, stay extensions, and reviews. This enables seamless interactions for outbound customer service.

- *Employee intent recognition*. This model accurately identifies various intents in staff communications with the AI assistant, including queries about standard operating procedures (SOPs) and knowledge base, drafting work documents, real-time translation, creating and processing work orders, and updating shift statuses.

- *Smart complaint detection*. This model accurately analyzes guest emotions, issues, and risks from voice recordings and text conversations with both intelligent customer service and human staff. The issues we identify include five major categories: service, environment, equipment and facilities, incidents or abnormal events, and general suggestions, with 30 subcategories. The risks we detect include emergency risk, high-level negative review risk, low-level negative review risk, and general complaints. Our overall accuracy rate for detecting and analyzing guest complaints can reach over 96%.

- *Know-how extraction.* This model supports the automatic extraction of information from diverse types of files. It efficiently constructs structured, semi-structured, and unstructured domain knowledge, enabling information integration and insightful analysis. By simplifying the process of managing and accessing essential information, it enhances operational efficiency and supports informed decision-making.

- *Autonomous learning.* This model supports dynamic learning of new knowledge from tasks during daily operations in providing hospitality services. This enables continuous updates to industry information and knowledge, ensuring the system stays current and relevant. By adapting to real-time interactions, this model enhances the accuracy and responsiveness of daily operations, contributing to improved service quality and efficiency.

- *Human-agent Collaboration.* This model enables real-time analysis and decision-making for service tasks and resource statuses. It intelligently allocates tasks and optimizes collaboration among staff, robots, and facilities, ensuring efficient scheduling and streamlined service delivery. This enhances operational efficiency and improves the overall guest experience.

- *Smart Data Interaction.* This model accurately interprets users' intentions from the context of conversations, enabling natural language-based information queries and interactions for hotel management. This allows staff to retrieve and manage information more intuitively.

AI Agent Technologies (智能體技術)

AI technologies are undergoing a fundamental shift from knowledge acquisition to task completion, with AI Agents exemplifying this transformation. In line with this trend, we have developed the Hospitality Digital Operation System (HDOS) based on AI agent technology.

At its core, the system integrates a perception agent, which enables demand sensing and user interaction across multiple channels, a cognitive agent, which deeply analyzes user needs and continuously updates user information, and a decision agent, which leverages recognition results and user information to deliver a range of precise decision outputs.

Complementing these are other specialized agents that ensure smooth operations in providing hospitality services. The customer service agent provides accurate information and smooth interactions, while the complaint management agent promptly addresses issues to enhance the guest experience. The collaboration agent handles room service requests, executing and tracking operational tasks, and the scheduling agent manages the coordination of robots and IoT devices. Additionally, the feedback agent delivers personalized recommendations and supports system optimization, and the big data agent generates automated reports and actionable insights. Through the collaboration of these agents, HDOS empowers the delivery of hospitality services to provide smarter, more efficient, and fully integrated service experiences.

Intelligent Scheduling for Robot Fleets (機器人集群的智能排程)

Leveraging the visual perception capability of our robots, high-precision localization/mapping, and semantic map segmentation, the system endows robots with advanced environmental comprehension, enabling autonomous perception and recognition of scene affordances. Robots proactively identify and utilize available tools (e.g., cleaning equipment, transport devices, grippers) while assessing navigational affordances, namely distinguishing safe pathways, interactable objects, and reachable zones. Through abstracted environmental modeling, robotic clusters intelligently parse workspaces to enhance collaborative efficiency. In dynamic, unpredictable, or emergent scenarios, the system optimizes swarm scheduling strategies to ensure flexible yet robust task allocation. Real-time scheduling, adaptive task prioritization, anomaly detection, and failover task migration mechanisms collectively sustain high operational efficiency in complex environments, mitigate scheduling risks, and guarantee stability across multi-robot collaborative operations.

Intelligent Control and Precise Execution System (智能控制與精準執行系統)

Our intelligent control and precise execution system integrates advanced technologies to enhance operational efficiency and precision across various scenarios. By combining task flow optimization, intelligent scheduling, and cloud-edge collaborative architectures, this system streamlines complex processes and ensures coordination among various devices and resources. This comprehensive approach not only improves task execution accuracy but also facilitates adaptive responses to dynamic operational environments.

Task Flow Engine Technology (任務流引擎技術)

Our task flow engine technology is mainly applied in HDOS and leverages advanced large models to streamline and optimize robot task management. The system automatically records task execution logs, which, subject to necessary measures ensuring anonymization (if applicable), are then used as training data to continually enhance the task orchestration capabilities of the model. Additionally, users can issue commands in natural language, allowing the model to autonomously generate a complete task flow and direct the robot to execute it.

Intelligent AIoT Scheduling Platform (智能AIoT調度平台)

Our Intelligent AIoT Scheduling Platform provides scheduling for over 100,000 robots and IoT devices. It incorporates intelligent scheduling algorithms tailored to specific business needs, optimizing resource allocation and load balancing while efficiently coordinating robots, vending machines, and human resources to handle complex guest service requests.

The platform features a smart decision engine that processes real-time analysis results and issues control commands based on intelligent algorithms. It continuously refines and iterates its algorithm models through feedback from operational performance, enhancing scheduling precision and efficiency over time. The platform also offers a user-friendly interface, enabling device management, monitoring, alerts, and scheduling strategy configuration. Its API support allows integration with third-party systems or services, boosting scalability and interoperability.

Cloud-edge Collaborative Traffic Control System (雲-端協同交通控制系統)

The cloud-edge collaborative architecture mainly applies to YJ-AIoT components. It automatically generates a context-aware robotic traffic control system following environmental surveying and IoT deployment. This framework constructs 2D/3D maps enriched with semantic annotations for locations and operational zones, delivering precise task guidance to composite polymorphic robots. Leveraging this infrastructure, the system dynamically assigns priority levels, interaction protocols, and navigation policies, ensuring efficient collaboration.

Self-evolving Learning and Closed-loop Feedback Optimization System (自進化學習與閉環反饋優化系統)

Our self-evolving learning and closed-loop feedback optimization system emphasizes continuous learning and adaptation through integrated feedback mechanisms. By combining autonomous data processing, proprietary training frameworks, real-time device management and intelligent analysis system, this system enables real-time synchronization and optimization across a vast network of devices. This approach not only enhances operational efficiency but also ensures that our products and services dynamically adapt to evolving environments and user needs.

Fully Autonomous Closed-loop Learning System (全自主閉環學習系統)

We apply this technology to our robots, and also to our YJ-ROS and YunEye systems. This fully autonomous closed-loop learning framework enables continuous performance enhancement of the AI models of our robots by leveraging real-world operational data through a self-sustaining workflow. Key components include adaptive training data generation with hyperparameter optimization, model training/evaluation, and deployment pipelines. By minimizing human intervention across these stages, the framework ensures persistent algorithmic evolution while significantly reducing operational costs, allowing robots to adapt dynamically to complex environments.

Proprietary Training Framework (專屬訓練框架)

By building our own machine learning training framework from the ground up, we offer distinct advantages over open-source solutions:

- *Customization and flexibility*. Our framework is tailored to meet our specific needs and scenarios, providing a deep level of customization to address business challenges and market demands more swiftly.

- *Performance optimization.* Our framework allows optimizations on hardware and environment-specific situations, enhancing the efficiency and performance of algorithms. These optimizations can be geared towards processor architecture, memory management parallel computing capabilities.

- *Security and reliability*. Our framework ensures greater control over code quality and security, minimizing potential risks and allowing for quicker, more effective fixes and updates in response to security issues.

- *Integration and compatibility*. Our framework integrates with other systems and services, supporting the creation of sophisticated robotic systems and automation solutions.

Real-time Device Management and Intelligent Analysis System (實時設備管理與智能分析系統)

Our real-time device management and intelligent analysis system provides real-time synchronization and processing of a massive number of devices and is mainly applied to YJ-AIoT components. Devices transmit live data such as operational status, battery levels, location, and environmental information through established connections. The system can synchronize high-frequency updates within seconds. The cloud-based data processing system handles complex event processing, time-window analysis, and other advanced functions.

Additionally, the platform offers comprehensive monitoring and alerting capabilities, continuously tracking the operational status of all critical devices, including online status, motion anomalies, and data processing delays. It allows for the configuration of various alerts based on business requirements, such as device offline status or data anomalies, ensuring proactive management and issue resolution.

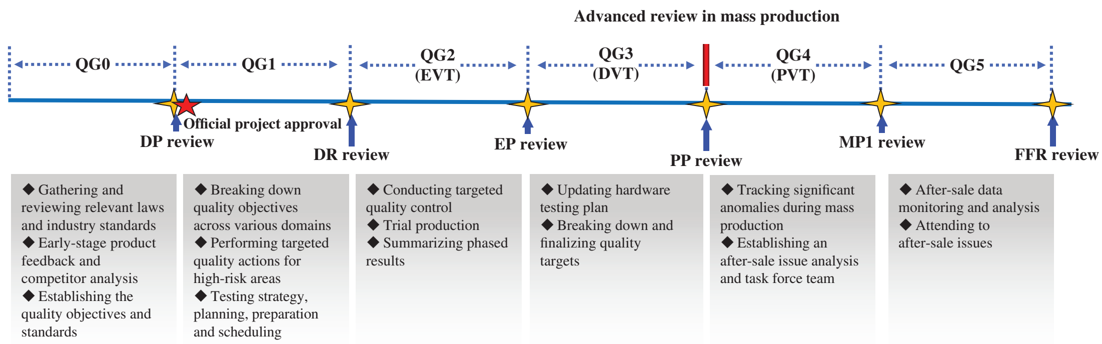
RESEARCH AND DEVELOPMENT

Our Research and Development Efforts

We have developed strong interdisciplinary R&D capabilities that integrate expertise from various fields, including artificial intelligence, mechanical engineering, computer science, control systems, human-agent interaction, microelectronics, and sensor technology. Our in-house R&D team works to expand the functionalities and application scenarios of our products and services, tailoring them to meet the specific needs of different industries. During the Track Record Period, our research and development expenses were RMB67.8 million, RMB69.4 million and RMB57.4 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 42.0%, 47.8% and 23.4% of our total revenue for the same years, respectively. During the Track Record Period, there was no legal claim or proceeding that may have an influence on the R&D of our Specialist Technology Products.

Our Research and Development Process

Our R&D process follows a structured framework that takes into account key factors such as customer demand, feasibility analysis, technological advancements, and use cases. The diagram below outlines the principal steps that guide our R&D process.



Our R&D process follows a structured, phase-gated approach comprising conceptual (including research and design), project initiation, engineering validation (EVT), design validation (DVT), production validation (PVT), and customer field failure rate (FFR) review prior to mass production release. Each phase undergoes meticulous execution and review processes, including tracked KPIs such as identified risk closure rates, critical issue resolution/closure rates, phase test pass rates, and documentation delivery compliance. This ensures successful product development-to-market transition.

- *Conceptual Phase*. During the conceptual phase, we initiate the process by gathering and reviewing pertinent laws and regulations, as well as industry standards, to ensure the project complies with legal and industry requirements. We then conduct thorough analysis of user feedback from earlier products and perform competitive analysis to assess market demand and the competitive landscape. In addition, we integrate insights from after-sales failure analysis to identify potential risks and challenges. Based on analyses, we establish the quality objectives and standards for the project. Upon completion, a design plan review is conducted, and upon approval, the project is officially initiated, ensuring that future product iterations maintain a clear design trajectory and implement aligned testing and validation protocols that adhere to product specifications.

- *Design Phase*. As we enter the design phase, we break down product quality objectives across various domains to ensure alignment with overall project goals. A detailed quality plan is formulated to enforce strict quality control throughout each stage of this phase. A key focus during this phase is updating the "new, unusual, difficult and different" (NUDD) evaluation framework, ensuring that each design decision embodies innovation and distinctiveness. Additionally, we prioritize high-risk areas and carry out specialized quality activities to proactively identify, and mitigate potential risks. A comprehensive testing strategy and plan are developed and deployed to ensure rigorous validation of every aspect of the design. Deliverables at each phase undergo thorough review and evaluation through structured design review to confirm that design quality meets or exceeds the required standards.

- *EVT Phase*. Our primary objective at this phase is to validate the feasibility of the product design and its core functionalities. We produce limited prototypes or samples, conducting fundamental functional and performance testing to identify potential design flaws such as structural weaknesses or suboptimal material selections. This phase confirms theoretical viability and verifies compliance with baseline operational requirements. Following EVT completion, we refine quality planning and design strategies through targeted quality initiatives, ensuring comprehensive mitigation of critical risks. Updated functional and performance test protocols are rigorously tracked, with swift resolution of any issues identified during testing. By institutionalizing lessons learned and feedback loops, we secure measurable improvements that enable seamless transition to subsequent phases and sustained quality enhancement. Subject to phase review approval and confirmed fulfillment of all EVT requirements, the design progresses to DVT phase.

- *DVT Phase*. In the DVT phase, our primary focus is to validate the design's performance and reliability across diverse operating conditions. We conduct rigorous validation through comprehensive testing protocols to ensure operational integrity across real-world scenarios. This involves executing environmental stress tests, endurance trials, interoperability assessments, and other scenario-based evaluations to confirm compliance with performance specifications under all anticipated use cases. We continue to update the quality planning to accommodate the evolving needs of the design validation process. We track the implementation of reliability and hardware testing plans, resolving any issues identified during testing. Material sample confirmation is conducted to verify the stability of the production process. Issues identified during pilot production are tracked and promptly addressed. Quality objectives are further broke down and firmly established, ensuring the comprehensive execution of design validation tests. Phase-based experience summarization further enhances design and production processes. Deliverable reviews and assessments are conducted at this phase, and after confirming the feasibility of small-scale production, a pilot production review is carried out. Subject to phase review approval and confirmed fulfillment of all DVT requirements, the product design progresses to PVT phase.

- *PVT Phase*. In the PVT phase, our primary objective is to validate the product design's performance and quality under real-world manufacturing conditions. This involves producing quantities approximating mass production volumes within simulated production environments. Comprehensive quality inspections are executed, encompassing functional, performance, and environmental testing protocols. Concurrently, the stability and efficiency of the manufacturing process are evaluated to verify production line viability and operational effectiveness. We focus on addressing significant anomalies that arise during mass production, ensuring timely resolution and preventing delays in production schedules. An operational readiness test (ORT) plan is developed and monitored to ensure that all preparation work for production is completed according to standards. We establish an after-sales issue analysis and troubleshooting team to handle any potential after-sales issues during production, ensuring early detection and resolution of problems.

- *After-sales Review Phase*. In the after-sales review phase, we continuously monitor and analyze after-sales status to promptly identify and resolve any after-sales issues. We conduct in-depth analysis of returned products, addressing any issues that arise during after-sales service. Prior to mass production, a customer field failure rate review is conducted to assess the product's functional performance throughout its entire lifecycle, ensuring the product demonstrates full compliance with all specified performance and quality standards prior to market launch, while being fully prepared for mass production and commercial deployment.

After the completion of the above-mentioned R&D process, we conduct a comprehensive assessment through a series of key performance indicators (KPIs) to ensure that the outcomes of each phase meet the expected goals and quality standards. These KPIs cover several key areas, including KPIs under the NUDD evaluation framework, which evaluates the product's performance in terms of innovation, uniqueness, and distinctiveness, ensuring that each design phase achieves breakthrough progress. At the same time, the identification miss rate of the NUDD evaluation framework measures any potential oversights in recognizing novel and unique designs, further optimizing the process of discovering creative and innovative ideas. For critical issues during the R&D process, the critical issue closure rate assesses whether these problems have been fully resolved and closed. Additionally, the phase acceptance testing pass rate is used to verify whether deliverables from each phase meet quality standards and design requirements, ensuring that each step progresses according to plan. The deliverable completion rate measures the timeliness and completeness of deliverables, ensuring no important elements are overlooked. Finally, the average field failure rate value for six months post-PVT focuses on product performance after mass production, assessing the stability and continued competitiveness of the product in the market, ensuring that every product we deliver meets customer expectations and maintains a long-term market advantage. Through the precise evaluation of these KPIs, we are able to conduct a thorough assessment of the R&D process, driving continuous improvements in product quality and team efficiency, ultimately supporting our Company's long-term growth and leadership in innovation.

Our Research and Development Team

As of December 31, 2024, we had a R&D team of 66 industry experts and senior engineers in the robotics industry, accounting for approximately 27.6% of our workforce. The following table sets forth the details of our core R&D members:

Core R&D member	Profile
Mr. Li Quanyin (李全印)	Our co-founder, executive Director and chief executive officer. Mr. Li has approximately 20 years of experience in internet technology and over 10 years of experience in robotic project management. For details of his biography, please see "Directors, Supervisors and Senior Management."
Mr. Ying Fuchen (應甫臣) . . .	Our chief technology officer. Mr. Ying has over 20 years of extensive experience in software engineering and large-scale platform architecture. For details of his biography, please see "Directors, Supervisors and Senior Management."

Core R&D member	Profile
Mr. Gong Hanyue (龔漢越) . .	Our senior director on algorithm R&D. Mr. Gong has over ten years of full-stack experience ranging from low-level driver development to algorithm architecture design, and has led the innovation of multiple core patents. He is primarily responsible for the development of robotic algorithms of our Group, with a particular focus on technologies such as autonomous mobile robot localization and navigation, sensor fusion, simulation technology, scene recognition, and multi-robot coordination and scheduling.
Mr. Zhao Boxue (趙博學) . . .	Our product director. Mr. Zhao has a solid foundation in mechanical manufacturing and automation, specializing in the full lifecycle management and product development of intelligent hardware, with expertise in overseeing the entire process from product design to mass production. Since joining the Company in 2017, he has held several key positions, including project development, project management, and product manager. He now primarily leads the full life cycle management of our robots and functional kits.
Mr. Rong Xiaofeng (戎小鋒) .	Our technology director. Mr. Rong has been deeply involved in electronic technology research and IoT technology management for over a decade. With expertise in IoT system architecture and audio-video transmission and processing, he has conducted industry-leading technical research and accumulated extensive experience in hardware circuit design, software development, and system integration. Currently, he is primarily responsible for the electronic system architecture and development research of service robots of our Group, as well as overseeing the system architecture and solution implementation for IoT products.

We maintain the stability of key management and technical teams through a diversified compensation incentive system and comprehensive welfare protection mechanisms. In addition to cash remuneration and performance bonuses, we have specifically established a [**REDACTED**] ESOP and offer personalized benefit packages including supplemental medical insurance and flexible work arrangements. Furthermore, we have developed a structured talent program, regularly providing professional trainings, while supporting our R&D personnel participating in industry summits to stay at the forefront of technological advancement. Our backbone R&D personnel for our core business line remained stable during the Track Record Period. In the event of termination of employment requested by a key staff, we plan to closely communicate with the staff for the reason of departure and feedback for us. The salient terms of agreements with management and technical staff are set out below:

- *Confidentiality:* During the term of employment, unless required to discharge their responsibilities, the employee shall not, without our prior written consent, privately store, modify, copy, transfer, or otherwise disclose or use any confidential information, such as technical and business secrets. This confidentiality obligation shall remain effective even after the termination of employment.

- *Invention Arrangement:* Any intellectual property (including, among others, copyrights, patents, trademarks and trade secrets) developed by the employee (i) during the course of employment with us or within one year after the termination of employment, and for the purposes of undertaking their duties and responsibilities, and (ii) utilizing our resources, shall belong to our Company.

- *Non-competition:* During the course of employment with our Company and for a period of 24 months (or a shorter period as determined by us) after the termination of the employment, the employee shall be subject to non-competition obligation and shall not engage in any activities which compete with the business of our Company.

- *Non-solicitation:* During the course of employment with our Company and for a period of 12 months after the termination of the employment, the employee shall not directly or indirectly solicit or attempt to solicit our employees to leave their employment, or solicit or otherwise influence our relationships with business partners.

Our R&D Outsourcing Arrangements

We engage third-party R&D service providers to conduct certain of our R&D activities from time to time. In line with the industry norm according to Frost & Sullivan, we generally outsource relatively standard and administrative R&D-related activities, such as the design of basic hardware components, to third parties so that we are able to focus our R&D resources on our core technologies and improve our R&D efficiency. We typically assign our employees as project representatives to participate in the project implementation, and to oversee and coordinate the working process to ensure quality. We entered into service agreements with third-party R&D service providers, typically with a term of less than one year. We retain full ownership of all intellectual property rights developed by third-party R&D service providers. These providers are obligated to maintain strict confidentiality regarding all information we disclose and will be held accountable for any breach of confidentiality. We generally pay by milestones as defined in the agreement. The agreements can be terminated by mutual agreement, or by other means as set forth in the agreements. The service fees charged for outsourcing certain R&D activities to third-party service providers were RMB3.7 million, RMB7.2 million and RMB2.2 million in 2022, 2023 and 2024, respectively.

PRODUCTION

Our Production Method

We operate under an asset-light approach and engage independent factories to manufacture our products on an OEM basis. This approach allows us to focus our resources on maintaining and developing our key competitive strengths, such as developing innovative robotic technologies and AI-powered services, instead of investing significantly in production sites and equipment. The OEM production model also enables us to gain flexibility to adapt quickly to market trends and cater to consumers' evolving needs.

We select our OEM suppliers based on stringent standards to ensure the highest quality and reliability of our products, as well as the efficiency of our production processes. During the Track Record Period, we collaborated with three OEM suppliers, all of which are located in China. Our selection criteria for OEM suppliers include, among others, proven manufacturing expertise in service robots, comprehensive quality control systems, price and the capacity to scale operations to align with our production demands. We enter into framework agreements with our OEM suppliers and place purchase orders with such suppliers from time to time under the framework agreements. Our Directors confirm that during the Track Record Period, we did not encounter any material dispute with our OEM suppliers, material breach of contract on the part of our OEM suppliers or delay in delivery of components, products or services from our orders with our OEM suppliers which caused material adverse effects on our customers. Despite engaging with only three suppliers, our diversified and flexible approach ensures access to alternative options if any OEM supplier can no longer meet our standards. If needed, we can quickly switch to new OEM suppliers, ensuring uninterrupted production and the continued delivery of high-quality products to our customers. This approach ensures operational resilience and safeguards our ability to respond effectively to changing market demands.

For the years ended December 31, 2022, 2023 and 2024, we incurred costs relating to our OEM suppliers of RMB19.8 million, RMB18.5 million and RMB24.0 million, respectively.

Key Terms with Our OEM Suppliers

The salient terms of our framework agreements with our OEM suppliers include:

- *Product specifications*: The production will be carried out based on our purchase orders strictly in accordance with the detailed specifications as outlined in the agreement such as product type, the version of bill of materials and quantity.

- *Materials requirement*: We work with OEM suppliers either on a toll manufacturing basis, where we provide all necessary materials required for production, or on a turnkey manufacturing basis, where we provide the bill of materials and the OEM suppliers are responsible for both sourcing and production specifying detailed information such as material code and quantity.

- *Product delivery*: OEM suppliers shall deliver the finished products following our delivery instructions, including the specified time and location.

- *Quality control*: We have the rights to inspect the products before the final packaging. Should any product fail to meet our inspection standards, the OEM suppliers will bear the costs associated with retesting.

- *Payment terms*: We typically pay our OEM suppliers an advance payment equivalent to 30% to 50% of the total purchase amount with the remaining balance to be settled within 30 days via bank transfer or bills following the receipt of invoices.

- *Confidentiality*: Our OEM suppliers are obligated to adhere to the confidentiality requirements and fulfill the specified obligations to safeguard the integrity of our proprietary rights, including to the protection of our trademark, molds, and product and packaging designs.

- *Term, renewal and termination*: The agreements typically have a term of 24 months, which can be renewed for another 12 months upon mutual written consent from both parties. The agreements can be terminated upon mutual consent or the occurrence of certain events as specified in the agreement, such as material delayed delivery with no proper cause, or the bankruptcy or business suspension of either party.

- *Warranty*: Our OEM suppliers typically provide a 12-month warranty commencing from the date of our acceptance. This warranty covers quality-related issues and obliges our OEM suppliers to perform necessary repairs or provide replacements as needed.

We had not been subject to any material liabilities during the Track Record Period, nor is it subject to any pending material liabilities, due to issues attributable to the fault of our OEM suppliers.

OUR CUSTOMERS

Customers

Our major customers include (i) corporate customers which purchase our robots and functional kits; and (ii) corporate customers which subscribe to our services under AI digitalization system. To a lesser extent, we also sell merchandise through our smart vending machines to individual consumers. Our customers also include distributors, who resell our products to corporate customers. See "Sales and marketing — Our sales networks — Distributors" below for further details.

We do not have substantial reliance on any single customer. The following tables set forth the details of our five largest customers (on a grouped basis) in each year during the Track Record Period:

Year Ended December 31, 2024

Customer	Major products/ services provided by us	Credit terms and payment method	Revenue contribution	As a percentage of our total revenue	Length of business relationship with us
			(RMB'000)	*(%)*	
Customer A[(1)] . . .	Robots and functional kits and comprehensive AI-powered support	60 days; wire transfer	10,424	4.3	Since 2020
Customer B[(2)] . . .	Robots and functional kits and HDOS	120 days; wire transfer	8,763	3.6	Since 2024
Customer C[(3)] . . .	Robots and functional kits, HDOS, YJ-Platform and comprehensive AI-powered support	180 days; wire transfer	7,390	3.0	Since 2023
Customer D[(4)] . . .	Robots and functional kits, HDOS and comprehensive AI-powered support	180 days; wire transfer	3,898	1.6	Since 2023
Customer E[(5)] . . .	Robots and functional kits and comprehensive AI-powered support	180 days; wire transfer	3,836	1.6	Since 2019
			34,311	**14.1**	

Year Ended December 31, 2023

Customer	Major products/ services provided by us	Credit terms and payment method	Revenue contribution	As a percentage of our total revenue	Length of business relationship with us
			(RMB'000)	*(%)*	
Customer A[1] . . .	Robots and functional kits and comprehensive AI-powered support	60 days; wire transfer	4,991	3.4	Since 2020
Customer F[6] . . .	Robots and functional kits and comprehensive AI-powered support	30 days; wire transfer	4,162	2.9	Since 2019
Customer G[7] . . .	Robots and functional kits, HDOS and comprehensive AI-powered support	180 days; wire transfer	2,757	1.9	Since 2020
Customer H[8] . . .	Robots and functional kits and comprehensive AI-powered support	N/A; wire transfer	2,717	1.9	Since 2017
Customer I[9] . . .	Robots and functional kits and HDOS	60 days; wire transfer	1,168	0.8	Since 2023
			15,795	**10.9**	

Year Ended December 31, 2022

Customer	Major products/ services provided by us	Credit terms and payment method	Revenue contribution	As a percentage of our total revenue	Length of business relationship with us
			(RMB'000)	*(%)*	
Customer J[10] . . .	Robots and functional kits	N/A; wire transfer	8,319	5.2	Since 2021
Customer K[11] . .	Robots and functional kits and HDOS	N/A; wire transfer	8,165	5.1	Since 2021
Customer G[7] . . .	Robots and functional kits, HDOS and comprehensive AI-powered support	180 days; wire transfer	7,567	4.7	Since 2020
Customer L[12] . .	Robots and functional kits, HDOS and comprehensive AI-powered support	90 days; wire transfer	7,183	4.5	Since 2021
Customer M[13] . .	Robots and functional kits and comprehensive AI-powered support	360 days; wire transfer	6,982	4.3	Since 2020
			38,216	**23.8**	

Notes:

(1) Founded in 2019 and headquartered in Shanghai, China, Customer A primarily operates in the hotel industry with a registered capital of RMB1.0 million, and is a subsidiary of a company listed on NASDAQ.

(2) Founded in 2023 and headquartered in Jiangsu Province, China, Customer B primarily engages in the development of robotic products and has a registered capital of RMB10.0 million.

(3) Founded in 2023 and headquartered in Beijing, China, Customer C primarily engages in the development of robotic products and has a registered capital of RMB3.0 million.

(4) Founded in 2018 and headquartered in Shanghai, China, Customer D primarily operates in the sale of robotic products, computer hardware and software, and auxiliary equipment and has a registered capital of RMB2.0 million.

(5) Founded in 2013 and headquartered in Guangdong Province, China, Customer E primarily engages in the sale and development of robotic products, and the sale of medical devices and has a registered capital of RMB1.0 million.

(6) Founded in 2015 and headquartered in Shanghai, China, Customer F primarily engages in travel services with a registered capital of RMB5.0 million, and is a subsidiary of a company listed on the Stock Exchange and NASDAQ.

(7) Founded in 2018 and headquartered in Shanghai, China, Customer G mainly provides intelligent hotel solutions and has a registered capital of RMB0.4 million.

(8) Founded in 2015 and headquartered in Jiangsu Province, China, Customer H primarily engages in the development of robotic products and has a registered capital of RMB5.4 million.

(9) Founded in 2016 and headquartered in Hebei province, China, Customer I primarily specializes in cloud computing with a registered capital of RMB5.0 billion, and is backed by a leading Chinese internet giant.

(10) Founded in 2016 and headquartered in Tianjin, China, Customer J primarily operates in chain convenience stores and has a registered capital of US$1.0 billion.

(11) Founded in 2018 and headquartered in Beijing, China, Customer K primarily engages in the development, construction and operational preparation of convention centers and has a registered capital of RMB3.9 billion.

(12) Founded in 2010 and headquartered in Shandong Province, China, Customer L primarily engages in the development of robotic products and has a registered capital of RMB67.1 million.

(13) Founded in 2020 and headquartered in Guangdong Province, China, Customer M primarily engages in the development of robotic products and has a registered capital of RMB10.1 million.

As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Product Return and Exchange

The right to return and exchange products is generally agreed upon in the written agreement between our customers and us and depends on factors including, but not limited to, (i) quality and conformity with agreed specifications of the relevant robot and functional kits, (ii) bargaining power and market position of the relevant customer, (iii) availability of comparable products in the market, and (iv) whether the relevant robot and functional kits are standardized or customized. We generally allow customers to return and exchange hardware products with defects within a certain period in accordance with the agreements. For our robots and functional kits, we typically offer a 12-month warranty commencing from the date of delivery to or inspection by the customers of such products, depending on the category of the products. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no material product recalls, product returns, product liability claims, warranty expenses or customer complaints that adversely affected our business.

Customer Service

We believe that high quality customer services, in particular after-sale services, constitute an essential factor that determines our success as it extends the value chain of our products and services while also promoting customer and consumer satisfaction. We have been developing and optimizing our customer services since our establishment.

We prioritize delivering a professional, efficient, and seamless customer experience, recognizing that real-time feedback is essential to building strong customer loyalty and satisfaction. To gather timely feedback, we actively engage with our customers throughout the entire service lifecycle, ensuring their needs and concerns are consistently addressed.

Given the nature of our business, customer complaints occasionally arise, typically involving issues such as unexpected delays in robot deployment or perceived software malfunctions. To address these concerns effectively and promptly, we have implemented a comprehensive internal supervision mechanism and SOPs. A dedicated team monitors complaint resolution to ensure timely and satisfactory outcomes. Additionally, we maintain integrated feedback channels such as a hotline and WeChat mini program, allowing customers to report concerns effortlessly.

Our system automatically flags communications that may indicate customer dissatisfaction utilizing AI technologies, enabling our teams to take proactive steps. For technical complaints, our sales, support, and technical staff collaborate closely to identify and address root causes quickly. Our customer service team regularly reviews these interactions to guarantee proper resolution. We aim to resolve all customer complaints well before the end of their service agreements, minimizing the risk of dissatisfaction and optimizing customer retention. Where necessary, resolutions may include clarifications, technical adjustments, or compensation. All customer complaints and resolutions are meticulously documented, and we regularly hold review sessions to improve our processes further and deliver superior service.

Third-party Payment

Background and Reasons for Third-party Payment

During the Track Record Period, certain of our customers (the "**Relevant Customers**") engaged third-party payors (the "**Third-party Payors**") to settle their payments with us (the "**Third-party Payment Arrangements**"). For the years ended December 31, 2022, 2023 and 2024, there were 1,304, 848 and 722 Relevant Customers, primarily including (i) customers in the form of sole proprietorships or small and medium-sized enterprises, and (ii) franchise companies and subsidiaries of our KA clients. Third-party Payors involved primarily comprised (i) persons affiliated with the Relevant Customers, such as legal representatives, business operators, shareholders, spouses, other relatives, employees, or affiliated entities of the Relevant Customers; and (ii) the designated entities of certain of our KA clients responsible for settling payment.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount settled under the Third-party Payment Arrangements (the "**Relevant Settlement**") was RMB17.2 million, RMB12.7 million and RMB13.4 million, respectively, which accounted for 9.6%, 6.7% and 5.9% of the total payments we received from all customers, respectively, in the same years. All of the Relevant Settlement took place in China and substantially all of the Relevant Customers and Third-party Payors are located in China. According to Frost & Sullivan, it is a common commercial practice for customers, particularly those providing hospitality services in China, to settle payments with service robot providers through third-party payors. Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the main reasons for the Relevant Customers adopting Third-party Payment Arrangements are as follows:

- some Relevant Customers, whether sole proprietorships or small and medium-sized enterprises, use the accounts of certain affiliated persons for convenience purposes; and

- according to Frost & Sullivan, it is in line with industry norms for certain KA clients to utilize designated entities to settle payment with suppliers on behalf of their subsidiaries and franchise companies, thereby enhancing financial management. Our framework cooperation agreements with these KA clients specify that the designated entities will be responsible for settling payments on behalf of the Relevant Customers. The identities of these designated payment entities are outlined in the orders placed by the Relevant Customers. To the best knowledge and belief of the Company, during the Track Record Period, each of the Relevant Customers and their respective designated entities either belonged to the same corporate group or operated under the same hotel chain, and the adoption of the Third-Party Payment Arrangement by these entities was mainly due to their internal operational management practices.

During the Track Record Period and up to the Latest Practicable Date, other than acceptance of third-party payments, (i) we had not proactively initiated any Third-party Payment Arrangements or participated in other forms in any of such arrangements, (ii) nor had we offered any discounts, commissions, rebates or other benefits to any of the Relevant Customers or the Third-party Payors to facilitate or incentivize any Third-party Payment Arrangements, and (iii) the pricing and payment terms we provided to the Relevant Customers were in line with those offered to customers not involved in the Third-Party Payment Arrangements.

None of the Relevant Customers had ranked among our five largest customers or had individually made material contributions to our revenue during the Track Record Period. All of the Relevant Customers and the Third-party Payors are Independent Third Parties.

Analyses of Third-party Payment Arrangements

Management measures

- Know-Your-Customer ("**KYC**") procedures

  To safeguard our interest against third-party payment-related risks, we have implemented KYC procedures, ensuring that we only serve customers with trustworthy reputations, proven track records and solid financial position. Specifically, our sales and marketing department conducts a comprehensive internal review on background and qualification of our prospective customers.

- Third-party payment note (第三方付款説明)

  We require a third-party payment note countersigned by such customer and its designated third-party payor to be issued to us, which shall set out the identity of the payor and its relationship with the customer, the customer's express delegation of its payment obligations under the terms of its original agreements with us to the payor, and other information in respect of the proposed third-party payment arrangement.

Compliance analyses

Pursuant to the laws and regulations of the PRC, there is no explicit restriction on the adoption of Third-party Payment Arrangements. A Third-party Payment Arrangement is valid so long as it does not fall within those grounds of invalidation specified under the Civil Code of the PRC (中華人民共和國民法典), including, among others, where the arrangement is in violation of public order or harms one's legal rights through malicious collusion. During the Track Record Period and up to the Latest Practicable Date, we had not been requested to return any third-party payments received by us. To the best knowledge of our Directors, (i) we are not involved in any actual or threatened disputes or disagreements arising from or as a result of any Third-party Payment Arrangements, (ii) we are not subject to any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements.

As advised by our PRC Legal Advisors, according to Article 191 of the *Criminal Law of the PRC* (《中華人民共和國刑法》), the crime of money laundering is committed only if we (i) clearly know that the funds for the third-party payments are proceeds and/or gains derived from drug-related crimes, crimes committed by criminal organizations, crimes of terrorism, smuggling, bribery and corruption, crimes undermining the financial order of society and financial fraud; and (ii) commit certain acts as referred to under Article 191 of the *Criminal Law of the PRC* for the purpose of covering up or concealing the source and nature of the aforementioned proceeds and/or gains. With our KYC measures in place and as confirmed by the third-party payment note issued to us, we have no grounds to believe that (i) the Relevant Customers are involved in the aforementioned crimes, or (ii) the third-party payments received by us involve proceeds and/or gains derived from such crimes. Further, we have never committed any acts for the purpose of covering up or concealing any source and nature of any proceeds and/or gains derived from such crimes. Based on legal analyses, our confirmation and compliance certificate issued by the relevant government authorities, our PRC Legal Advisors have advised us that the risk of committing money laundering crime by us for receiving third-party payments from the Third-party Payors during the ordinary course of business is remote.

As advised by our PRC Legal Advisors, (i) during the Track Record Period and up to the Latest Practicable Date, the Third-party Payment Arrangement by itself does not contravene or circumvent the applicable laws and regulations in PRC (including the anti-money laundering laws) in all material aspects, provided that the receipt of payment was performed solely as settlement of sale of products or services and not related to any criminal or illegal proceeds or gains, (ii) taking into account the management measures undertaken by the Company, the risk that we may be obligated to return the funds received under the Third-Party Payment Arrangements is remote.

Taking into account the measures adopted by us to manage the Third-party Payment Arrangements, the provisions of applicable PRC laws and regulations and the compliance letters issued by competent government authorities, our Directors are of the view that the Third-party Payment Arrangements were legal and valid, and did not contravene or circumvent anti-money laundering, taxation or other applicable PRC laws or regulations during the Track Record Period and up to the Latest Practicable Date. Additionally, our Directors believe that all transactions settled through the Third-party Payment Arrangements have been completely and accurately recorded in our historical financial information.

Enhanced Measures Adopted and Internal Control Measures

In March 2025, we launched a new feature in our WeChat mini-program "YJ-Robot Assistant" to standardize contract signing, order placement, and payment processes. As of the date of this document, save as the KA clients which will continue settling payments with us through their designated entities, we had required that customers who intend to settle payment with us through third-party payment arrangement to register as users of and settle payments via the "YJ-Robot Assistant" WeChat mini-program. Set out below the service flow of such feature in the "YJ-Robot Assistant" WeChat mini-program:

- *Registration*. Customers can register with the "YJ-Robot Assistant" WeChat mini-program by submitting their mobile phone number and inputting a verification code sent to their mobile phone.

- *Certification*. After logging into the "YJ-Robot Assistant" WeChat mini-program, customers are required to submit their business license along with essential details such as company name, taxpayer identification number, point of contact, and contact details. Subsequently, customers can review and confirm the standardized user registration agreement via the "YJ-Robot Assistant" WeChat mini-program. After signing this agreement, they shall upload the signed version to the "YJ-Robot Assistant" WeChat mini-program for our verification. According to the agreement, (i) logging in with the registered account and password constitutes authorization, empowering the person who logs in the account as the designated representative to sign legal documents, process payments, and submit invoice requests on behalf of the customer, and (ii) prior to making any payment, the payor confirms that his/her payment through the "YJ-Robot Assistant" WeChat mini-program is not associated with commercial bribery, tax evasion, or fraudulent activities, and that the funds used are neither derived from, nor connected with, any illegal or money-laundering activities or their proceeds, nor do they represent proceeds from unjust enrichment. Should the account holder violate these terms, demand a refund of any paid funds, or cause any loss to us, we shall be entitled to seek compensation and take necessary legal actions.

- *Order Placement and Payment.* Once the verification process is complete, customers can place orders and make payments directly through the "YJ-Robot Assistant" WeChat mini-program. Prior to making any payments, designated users of the customers' accounts must check an option on the payment interface. By doing so, these authorized payors confirm that they will not subsequently claim back any amount on the grounds of unjust enrichment, nor will the transaction involve any illicit activities such as commercial bribery, tax evasion or fraud.

As advised by our PRC Legal Advisors, the standardized user registration agreement, once duly signed, constitute valid and binding agreements with the customers.

We have also adopted the following enhanced internal control measures to mitigate third-party payment related risks:

- we have significantly enhanced our KYC procedures. These strengthened procedures provide a more thorough understanding of both our customers and any Third-party Payors involved in their payment arrangements. We have instituted a due diligence process that includes regular updates of customer records, as well as detailed verification of third-party payment details. Our finance team cross-references payment information against our internal records to ensure that all transactions align with contractual agreements. Any discrepancies or inconsistencies identified are immediately addressed through direct communication with the relevant parties to confirm payment accuracy and prevent errors or fraudulent activity. Going forward, we will not permit any overseas customers to make payments under any third-party arrangement; and

- we have instituted an ongoing training program to ensure that all relevant personnel are well-versed in the latest fraud detection techniques, anti-money laundering regulations, and best practices for third-party payment processing. This training includes mandatory annual sessions focused on identifying potential red flags, responding to suspicious activities, and understanding the latest regulatory requirements. Additionally, scenario-based workshops are regularly conducted to simulate real-world situations, allowing employees to develop practical skills in recognizing and mitigating payment-related risks. By fostering a culture of awareness and continuous learning, we ensure that our staff is always prepared to handle emerging challenges and safeguard the organization against potential threats.

Our finance department and internal audit department supervises and monitors the implementation of the aforementioned enhanced internal control measures, which our Directors believe to be effective and adequate in preventing third-party payments and their associated risks.

The internal control consultant has reviewed the aforementioned enhanced internal control measures in respect of third-party payments with no material deficiencies identified.

Our Directors are of the view that the enhanced internal control measures in preventing any risks associated with third-party payment arrangements are effective and adequate.

Our Cooperation with a Leading Travel Service Provider

During the Track Record Period, we collaborated with a leading travel service provider (the "**Travel Service Provider**"), which is also our second largest customer in 2023. The Travel Service Provider operates an online market platform, where hotel operators can purchase a variety of merchandise, including our robots and functional kits.

According to our agreements with the Travel Service Provider, our collaboration with this Travel Service Provider includes two business models, namely (i) a bilateral cooperation model, where we sell our robots and functional kits to the Travel Service Provider, which acts as our distributor, and (ii) a tripartite cooperation model, through which we sell robots to these customers while the Travel Service Provider settle the payment with us on behalf of those hotel operators.

Bilateral Cooperation Model

Under the bilateral cooperation model, we sell our robots and functional kits to the Travel Service Provider, which later distributes these products to hotel operators through the online market platform operated by the Travel Service Provider.

Tripartite Cooperation Model

Under the tripartite cooperation model, we sell robots to these customers through the online market platform operated by the Travel Service Provider, which settle the payment with us on behalf of those hotel operators as illustrated below:

Travel Service Provider's role	Arrangement details	Amounts paid to us	Commission paid to the Travel Service Provider
Acting as a platform	• The Travel Service Provider operates an online market platform that provides comprehensive travel services and collects prepayments from consumers on behalf of the hotel operators when consumers make room bookings. • We sell robots to hotel operators and hotel operators authorize the Travel Service Provider to settle the payment with us using the fund in their account with the Travel Service Provider.	Full sales amount of our service robots less the amount directly settled by the customers.	We pay a commission fee at a single digit percentage of the aggregate amount settled through the Travel Service Provider.

Travel Service Provider's role	Arrangement details	Amounts paid to us	Commission paid to the Travel Service Provider
Acting as an agent	• We sell robots to hotel operators, who agree to offset the payment by providing an agreed number of room nights. The number of room nights is determined based on (i) the selling price of our robots, and (ii) the average selling price of the room nights in a given 365-day period. • The Travel Service Provider facilitates the sale of these room nights through its online market platform on behalf of the hotel operators within a specified period. • Subsequently, the Travel Service Provider settles payments with us using the proceeds collected from consumers.	Equal to 80% of the aggregate sales proceeds of the room nights. We neither refund any excess to hotel operators if the amount received exceeds the selling price of our robots, nor do we charge for any shortfall if the amount is less than the selling price of our robots.	We pay a commission fee at 20% of aggregate sell price of the room nights.

Under the tripartite cooperation model, we enter into tripartite agreements with the Travel Service Provider and our customer, which set out particulars of the proposed payment arrangement, including, among others, (i) the identity of the payor, which is a designated subsidiary of the Travel Service Provider; (ii) the customer's express delegation of its payment obligations under the terms of its original agreements with us to the payor; and (iii) the payor's express acknowledgement and undertaking that it will make direct payment to us in accordance with the specified payment amount and schedule. Therefore, the abovementioned collaboration does not constitute a third party payment arrangement.

Our cooperation with the Travel Service Provider offers significant benefits for our business. It serves as a strong endorsement from a reputable company, enhancing our market credibility, while also alleviating the cash flow burden on our customers. With the Travel Service Provider managing the payment process, customers are relieved from the pressure of making large upfront payments, thereby stimulating their purchasing intent. This arrangement not only accelerates product adoption but also reinforces our competitive position in the market.

OUR SUPPLIERS

Our Procurement

Our suppliers mainly include (i) suppliers of raw materials and components for our robots and functional kits; and (ii) OEM suppliers, which we engage to manufacture our products on OEM basis, details of which are set out in "— Production." Our raw materials and components are primarily sourced within China.

Suppliers

We enter into a 24-month framework agreement with our OEM suppliers, which are renewable for another 12 months with the mutual written consent of both parties. For details of the key terms with our OEM suppliers, please see "— Production — Key Terms with Our OEM Suppliers" above. We generally do not enter into long-term supply agreements with other suppliers. We select suppliers based on a number of factors, including but not limited to our operational needs and standards, suppliers' qualifications and certificates, historical performance, technical capabilities, prices, service quality and reputation in the industry. We regularly review and assess the terms of agreements with our existing suppliers. In cases where suppliers fail to meet our standards or operational requirements, we engage in constructive communication to address the issues. We maintain a diversified supplier base and are confident in our ability to identify and engage alternative suppliers as necessary, ensuring no dependency on any single supplier.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers, nor did we experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or shortage or delay in delivery of supplies from our suppliers. We do not have a substantial reliance on any single supplier. The following table sets forth details of our five largest suppliers (on a grouped basis) in each year of the Track Record Period:

Year Ended December 31, 2024

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
Supplier A[(1)]	OEM services, raw materials and components	30 days; bank acceptance bill	26,178	18.9	Since 2021
Supplier B[(2)]	OEM services, raw materials and components	30 days; bank acceptance bill	18,042	13.1	Since 2023

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
Supplier C[3]	OEM services, raw materials and components	30 days; wire transfer	6,614	4.8	Since 2022
Supplier D[4]	Raw materials and components	30 days; bank acceptance bill	6,376	4.6	Since 2023
Supplier E[5]	Raw materials and components	30 days; bank acceptance bill	3,915	2.8	Since 2021
			61,125	**44.2**	

Year Ended December 31, 2023

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
Supplier A[1]	OEM services, raw materials and components	30 days; bank acceptance bill	17,123	17.2	Since 2021
Supplier F[6]	OEM services, raw materials and components	30 days; bank acceptance bill	3,322	3.3	Since 2019
Supplier G[7]	OEM services, components and raw materials	N/A; bank acceptance bill	3,312	3.3	Since 2021
Supplier H[8]	Logistics and transportation services	30 days; bank acceptance bill	2,819	2.8	Since 2018
Supplier I[9].	OEM services, components and raw materials	30 days; bank acceptance bill	2,769	2.8	Since 2022
			29,345	**29.4**	

Year Ended December 31, 2022

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
Supplier F(6)	OEM services, components and raw materials	30 days; bank acceptance bill	5,565	6.4	Since 2019
Supplier H(8)	Logistics and transportation services	30 days; bank acceptance bill	5,213	6.0	Since 2018
Supplier A(1)	OEM services, components and raw materials	30 days; bank acceptance bill	4,232	4.9	Since 2021
Supplier J(10)	Components and raw materials	N/A; bank acceptance bill	3,266	3.8	Since 2021
Supplier K(11)	Components and raw materials	N/A; bank acceptance bill	3,233	3.7	Since 2019
			21,509	**24.8**	

Notes:

(1) Founded in 2004 and headquartered in Guangdong Province, China, Supplier A is a company listed on the Shenzhen Stock Exchange, providing intelligent manufacturing solutions with total assets of RMB162.0 billion as of December 31, 2023.

(2) Founded in 2021 and headquartered in Jiangsu Province, China, Supplier B primarily engages in the manufacturing of IoT products and has a registered capital of RMB50.0 million.

(3) Founded in 2019 and headquartered in Guangdong Province, China, Supplier C primarily engages in the R&D and manufacturing of smart terminal products with a registered capital of RMB6.0 million, and is a subsidiary of a company listed on the Shanghai Stock Exchange.

(4) Founded in 2011 and headquartered in Guangdong Province, China, Supplier D is a company listed on the Shenzhen Stock Exchange, engaging in the development of industrial IoT, smart terminals and other electronic devices with total assets of RMB3.2 billion as of December 31, 2023.

(5) Founded in 2004 and headquartered in Guangdong Province, China, Supplier E is a company listed on the Shenzhen Stock Exchange, engaging in the R&D and manufacturing of LCD displays and touch products with total assets of RMB1.7 billion as of December 31, 2023.

(6) Founded in 2009 and headquartered in Guangdong Province, China, Supplier F primarily engages in the R&D and manufacturing of intelligent products and has a registered capital of RMB5.0 million.

(7) Founded in 2014 and headquartered in Hunan Province, China, Supplier G primarily engages in the production and customization of vending machine and has a registered capital of RMB93.3 million.

(8) Founded in 2015 and headquartered in Jiangsu Province, China, Supplier H primarily provides logistics and transportation services and has a registered capital of RMB50.0 million.

(9) Founded in 2007 and headquartered in Guangdong Province, China, Supplier I primarily engages in the R&D, production and sales of intelligent controllers and smart products with total assets of RMB745.6 million as of December 31, 2023.

(10) Founded in 2009 and headquartered in Guangdong Province, China, Supplier J primarily engages in the R&D and production of mainboard and has a registered capital of RMB15.0 million.

(11) Founded in 2000 and headquartered in Beijing, China, Supplier K primarily engages in the R&D and production of motors and has a registered capital of RMB10.0 million.

As of the Latest Practicable Date, none of our Directors, Supervisors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year of the Track Record Period also acted as our suppliers, or vice versa, including:

- Customer F, as one of our distributors and the second largest customer in 2023, to which we also paid commissions under our triparite collaboration agreements. See "— Our Customers — Our Cooperation with a Leading Travel Service Provider" for details;

- Customer H is one of our distributors and the fourth largest customer in 2023. We collaborate with Customer H to offer smart retail services to consumers at hotels designated by Customer H and we paid commission-based service fees to Customer H for the sale of merchandise through those smart vending machines. Going forward, we do not expect to engage in similar transactions with customer H. We also paid one-off referral fees to customer H, as in rare cases, certain corporate customers prefer to directly enter into transactions with us instead of transacting with our distributors, which will refer such corporate customers to us for referral fees;

- Customer M, our fifth largest customer in 2022, which purchased our robots and functional kits, also provided OEM services for us. As a company engaged in the development and production of robots, Customer M purchased our robotic chassis for the development of its own robotic products;

- Supplier B, our second largest supplier in 2024, which provided OEM services for us, also purchased a small number of composite polymorphic robots from us in 2024 for its own use alongside its production lines.

According to Frost & Sullivan, such arrangements are common in the hospitality robotic-based AI agent market. Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirm that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

The following table sets forth the breakdown of our revenue generated from and purchase amount paid to our overlapping customers and suppliers, which was among either our five largest customers or suppliers during the Track Record Period, for the years indicated:

	Transaction nature		Year ended December 31,					
			2022		2023		2024	
	As customer	As supplier	Revenue	Purchases	Revenue	Purchases	Revenue	Purchases
					RMB'000			
Customer F . . .	Purchase of our robots and functional kits as a distributor	Acting as an agent or a platform under our triparite collaboration in exchange for commissions	1,328	601	4,162	327	2,923	63
Customer H . . .	Purchase of our robots and functional kits as a distributor	Collaboration for smart retail services, and corporate customer referral	958	96	2,717	8	1,992	–
Customer M . . .	Purchase of our robots and functional kits	Provision of OEM services	6,982	1,481	–	–	–	–
Supplier B	Purchase of our robots and functional kits	Provision of OEM services	–	–	–	2,046	44	18,042

QUALITY CONTROL

We understand that exceptional quality control is the cornerstone of sustained growth and customer trust in the ever-evolving technology industry. To maintain excellence across all stages of our operations, from design to delivery, we have implemented a comprehensive quality control system. This framework is rooted in SOPs and incorporates structured processes to manage and document changes effectively, ensuring consistently high standards across project management, supply chain operations, production processes, and after-sales services.

Project Quality Management

From the outset of each project, we establish a rigorous quality management system based on SOPs. This system incorporates detailed quality plans that outline specific goals, control points, inspection criteria, and clear responsibilities for all stakeholders. Regular project reviews are conducted to ensure ongoing alignment with quality objectives. Any changes arising during the project are meticulously evaluated, approved, and documented to minimize potential risks to quality. This structured approach ensures that every aspect of the project meets our rigorous standards.

Supply Chain Management

In supply chain management, we implement a stringent supplier evaluation and selection process to ensure that our suppliers consistently meet our quality expectations. We maintain long-term relationships with reliable suppliers and regularly assess their performance through audits and evaluations. All incoming materials and components are subject to comprehensive inspections to verify their compliance with design specifications and quality requirements prior to being approved for production. This process guarantees the stability and reliability of our supply chain.

Production Process

We partner with trusted OEM suppliers to ensure the highest quality standards are maintained throughout the production process. Our OEM suppliers are carefully selected through rigorous evaluation processes, including assessments of their production capabilities, technological expertise, and adherence to quality management systems.

To maintain consistent quality, we establish clear SOPs and detailed production guidelines for our OEM suppliers, specifying all procedures, quality checkpoints, and inspection standards. We also conduct periodic site visits and audits to monitor their operations and ensure compliance with our requirements. Additionally, we collaborate closely with them to oversee the quality of raw materials, components, and assembly processes. This proactive approach ensures that the products delivered by our OEM suppliers meet our stringent standards and the expectations of our customers.

After-sales Management

We recognize that outstanding after-sales service is integral to customer satisfaction and loyalty. Our comprehensive after-sales management system includes mechanisms for collecting customer feedback, analyzing reported issues, and providing timely repair and support services. Customer satisfaction surveys are conducted regularly to assess service performance. Feedback received during the after-sales phase is incorporated into our continuous improvement processes, enabling us to enhance product quality and refine our services.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents, software copyrights and other intellectual property rights and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties.

As of the Latest Practicable Date, we owned 979 registered patents and 487 patent applications in China. As of the same date, we had 167 software copyrights in China. The intellectual properties for each of our Specialist Technology Products are all self-developed by our R&D department. We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-owned or co-share arrangements of our patents and patent applications with third parties.

The table below lists the portfolio of our material patents in relation to our Specialist Technology Products as of the Latest Practicable Date:

No.	Intellectual Property	Type	Registered Owner	Place of Registration	Specialist Technology Product[1]	Importance to our Specialist Technology	Date of Application	Expiry Date
1. . .	Automatic dialing system, method, vehicle and robot (自動撥打電話的系統及方法以及車輛和機器人)	Invention	Our Company	PRC	YJ-AIoT components, YJ-Robots	A system and method for automatically dialing calls by robots to complete the notification feedback loop of service processes	May 25, 2016	May 25, 2036
2. . .	An intelligent robot automatic charging method (一種智能機器人自動充電的方法)	Invention	Our Company	PRC	YJ-Robots	A method for automatically charging intelligent robots, which also adapts to handle and adjust various abnormal states	April 1, 2016	April 1, 2036
3. . .	External elevator interaction system and method (外置式電梯交互系統及方法)	Invention	Our Company	PRC	YJ-AIoT components	A method for converting voice signals and/or remote control signals into corresponding key control signals to perform automatic key actions on the elevator button panel	May 31, 2016	May 31, 2036
4. . .	Remote monitoring system (遠程監控系統)	Invention	Our Company	PRC	YJ-Robots, comprehensive AI-powered support for our robots and functional kits	A method for real-time monitoring of robot or intelligent vehicle status information on remote terminals	August 2, 2016	August 2, 2036

No.	Intellectual Property	Type	Registered Owner	Place of Registration	Specialist Technology Product[1]	Importance to our Specialist Technology	Date of Application	Expiry Date
5. . .	Automatic elevator access system and method (自動進出電梯的系統及方法)	Invention	Our Company	PRC	YJ-AIoT components, YJ-Robots	A system and method for allowing robots or intelligent vehicles to enter and exit elevators	May 31, 2016	May 31, 2036
6. . .	Multi-information hybrid metric mapping method and device (多信息的混雜度量地圖建圖方法和裝置)	Invention	Our Company	PRC	YJ-Robots	A method for efficiently constructing maps containing various environmental information	May 31, 2016	May 31, 2036
7. . .	A multi-elevator transfer method and device (一種多電梯換乘方法及裝置)	Invention	Our Company	PRC	YJ-AIoT components, YJ-Robots	A method for multi-elevator cross-floor transfers, ensuring the shortest transfer path	July 20, 2020	July 20, 2040
8. . .	Multi-robot collision avoidance scheduling method, device and server (用於多機器人相互避讓的調度方法、裝置及服務器)	Invention	Our Company	PRC	YJ-Robots, HDOS	A method for effectively unifying local avoidance and global scheduling strategies to ensure the safety and passability of multiple robots operating in the same scenario	August 21, 2018	August 21, 2038
9. . .	Robot archival management method and device (機器人的檔案管理方法及裝置)	Invention	Our Company	PRC	YJ-Robots, comprehensive AI-powered support for our robots and functional kits	A technology for establishing robot profiles and effectively managing robot files	April 30, 2019	April 30, 2039

No.	Intellectual Property	Type	Registered Owner	Place of Registration	Specialist Technology Product[(1)]	Importance to our Specialist Technology	Date of Application	Expiry Date
10. .	Faulty robot rescue method and device (故障機器人救助方法及裝置)	Invention	Our Company	PRC	Comprehensive AI-powered support for our robots and functional kits	A system and method for remotely receiving and processing abnormal states of robots in different locations	August 23, 2018	August 23, 2038
11. .	A question answering method, device and electronic equipment (一種問題回答方法、裝置和電子設備)	Invention	Our Company	PRC	HDOS	A method for improving the user experience of intelligent question-answering systems	December 21, 2021	December 21, 2041
12. .	Service robot system and network malfunction diagnosis method and device (服務機器人系統及其網絡故障的診斷方法和診斷裝置)	Invention	Our Company	PRC	Comprehensive AI-powered support for our robots and functional kits	A method for reducing the network failure maintenance costs of service robots	April 7, 2021	April 7, 2041
13. .	Robot scheduling method and device (機器人調度方法和裝置)	Invention	Our Company	PRC	HDOS, YJ-Robots	A method for improving the efficiency of item delivery by delivery robots	March 26, 2021	March 26, 2041

No.	Intellectual Property	Type	Registered Owner	Place of Registration	Specialist Technology Product[1]	Importance to our Specialist Technology	Date of Application	Expiry Date
14. .	An indoor localization method, device, electronic equipment and storage medium (一種室內定位方法、裝置、電子設備和存儲介質)	Invention	Our Company	PRC	YJ-Robots	A method for improving the accuracy of robot positioning information and enhancing navigation accuracy	December 6, 2021	December 6, 2041
15. .	Camera dynamic calibration method, device, electronic equipment and storage medium (相機動態標定方法、裝置、電子設備及存儲介質)	Invention	Our Company	PRC	YJ-Robots, intelligent control module	A method for avoiding data anomalies caused by changes in the camera installation position of mobile robots due to various reasons	June 18, 2021	June 18, 2041
16. .	A split-body robotic vacuum cleaner (一種分體式掃地機器人)	Invention	Our Company	PRC	YJ-Transformer modules, YJ-Robots	A method for YJ-Transformer modules to recognize ground conditions and perform corresponding cleaning based on the ground conditions	December 15, 2021	December 15, 2041
17. .	A data annotation method, device, and medium for a large language model (一種大語言模型數據標註方法、設備和介質)	Invention	Our Company	PRC	HDOS	An efficient annotation method for vertical scene intent understanding with large language models YJ-NLP, serving HDOS	January 9, 2025	N/A[2]

No.	Intellectual Property	Type	Registered Owner	Place of Registration	Specialist Technology Product[1]	Importance to our Specialist Technology	Date of Application	Expiry Date
18. .	A customer complaint early warning method, electronic device, and storage medium (客訴預警方法、電子設備及存儲介質)	Invention	Our Company	PRC	HDOS	A method for detecting customer complaints automatically from text and audio with AI intelligent agents, serving HDOS	February 14, 2025	N/A[2]
19. .	A dialogue interaction method and device (對話交互方法及裝置)	Invention	Our Company	PRC	HDOS	A method for implementing multi-language interaction with customers via AI call center agents, serving HDOS	January 15, 2025	N/A[2]
20. .	An upper warehouse depth point cloud recognition method, device, electronic device, and medium (一種上倉深度點雲識別方法、裝置、電子設備和介質)	Invention	Our Company	PRC	YJ-Transformer modules, YJ-Robots	A method for robots to more robustly recognize the pose of YJ-Transformer modules in various situations	July 12, 2023	N/A[2]
21. .	An upper warehouse robot visual recognition method, device, electronic device, and medium (一種機器人上倉視覺識別方法、裝置、電子設備和介質)	Invention	Our Company	PRC	YJ-Transformer modules, YJ-Robots	A method for improving the accuracy of robot pose recognition for YJ-Transformer modules	July 12, 2023	N/A[2]

Notes:

(1) Represents areas that we have applied our material intellectual property rights to and/or that we expect to apply our material intellectual property rights to.

(2) We have applied for these intellectual property rights and our applications are still pending as of the Latest Practicable Date.

In accordance with the Patent Law of the People's Republic of China (中華人民共和國專利法), an invention patent registered in China is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in China is valid for a term of 10 years from the date of filing of the application for the patent, and since June 1, 2021, a design patent registered in China is valid for a term of 15 years from the date of filing of the application for the patent. According to the *Copyright Law of the PRC* (《中華人民共和國著作權法》), the term of protection for software copyrights is 50 years.

Regarding the payment obligations in relation to our intellectual properties: (i) for issued invention patents, we are mainly required to pay the annual patent fee to competent authorities; and (ii) for pending patents, we are mainly required to pay the application fee, the substantive examination fee and the re-examination fee, depending on the examination progress, and we made the payment as required by the competent authorities as of the Latest Practicable Date. As the intellectual properties for each of our Specialist Technology Products are all self-developed, and have not been licensed or transferred from third parties, so there are no corresponding license or transfer fees that we are obligated to pay.

Despite our precautions, however, third parties may obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors — Risks Relating to Our Research and Development and Intellectual Property Rights." Our Directors confirm that we had not been involved in any material proceedings in respect of intellectual property right infringement claims against us or initiated by us during the Track Record Period and up to the Latest Practicable Date.

INVENTORY MANAGEMENT

Inventory

Our inventories consist of (i) finished goods, mainly including our robots and functional kits; (ii) work in progress, representing hardware materials under production by our OEM suppliers; and (iii) raw materials, mainly including electronic components and materials in storage.

Efficient inventory management is fundamental to operational strategy. A key aspect of this efficiency is our flexible procurement practices. Instead of committing to one-off bulk purchases, we adopt a strategy of frequent purchases and continuous monitoring of our inventory levels to ensure timely replenishment. This flexibility allows us to maintain a stock level that aligns with our production cycles, and is instrumental in avoiding excessive inventory buildup, mitigating inventory-related risks and optimizing our working capital. Our inventory turnover days were 267 days, 216 days and 139 days in 2022, 2023 and 2024, respectively. As of December 31, 2022, 2023 and 2024, we recorded write-down of inventories of RMB2.9 million, RMB1.3 million and RMB1.9 million, respectively.

Moreover, our efficient inventory management allows us to adjust inventory allocation across our various markets based on sales performance. This dynamic approach ensures that we can quickly respond to the fluctuating demand and optimize stock levels in real time. For instance, if we find that the sales performance of a product at the initial stage of its launch does not meet our expectation, we can make prompt adjustments, which may include reallocating the product to other markets where it is likely to perform better.

Warehousing and Logistics

As of the Latest Practicable Date, we operated one warehouse in Zhengzhou, Henan Province and had two third-party operated warehouses in Dongguan, Guangdong Province. The warehouses are strategically located to ensure fast deliveries across China.

We engage third-party logistics service providers for delivery services. Finished products that have passed quality inspections are delivered by the logistics service providers from our OEM suppliers to our customers or to our designated warehouses and ultimately to locations specified by our customers.

PRICING

We determine prices of our products and services through a comprehensive evaluation of multiple factors. Our pricing is guided by our operational costs, with a price floor established for each of the products and services to ensure sustainability. We also consider market competition by closely monitoring the pricing strategies of competitors and making adjustments as necessary to maintain a competitive edge. Furthermore, we organize promotional activities periodically to enhance market appeal and drive sales volume, ensuring that our customers benefit from attractive and value-driven offerings.

SALES AND MARKETING

Our Sales Network

Over the years, we have built up a broad and geographically diversified customer base mainly in China. We distribute our robots and functional kits through direct sales and distributors, who contribute to a broad customer coverage. The following table sets forth a breakdown of our revenue by customer nature for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	% of total	Amount	% of total	Amount	% of total
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Direct sales	142,940	88.6	129,485	89.2	199,621	81.6
Sales to distributors	18,340	11.4	15,668	10.8	45,154	18.4
Total	**161,280**	**100.0**	**145,153**	**100.0**	**244,755**	**100.0**

Our sales team plays a vital role in shaping our brand image by directly engaging customers to introduce and demonstrate the unique features of our products and services. Well-versed in the technical and functional aspects of our offerings, they maintain regular communication with customers, gathering valuable feedback on product quality, preferences, potential improvements, and market demand. This feedback is instrumental in guiding the development and execution of our marketing strategies.

To motivate and reward our sales team, we have implemented a compensation structure that combines a fixed salary with performance-based incentives. Performance targets are set to align with our business goals, and team members' achievements are assessed quarterly, with performance-based payouts made accordingly. This approach ensures our sales force remains focused, driven, and aligned with the Company's objectives.

Direct Sales

During the Track Record Period, we built an extensive sales network that played a crucial role in our success, particularly in driving revenue from the sale of our robots and functional kits. We secured 2,825, 3,431, and 3,810 new direct sale corporate customers (on an individual entity basis) in 2022, 2023 and 2024, respectively. Our team is well-versed in the hospitality robotic-based AI agent industry and works closely with customers to gather feedback on product quality, preferences, improvements, and market demand. They are also involved in planning, developing, and executing marketing strategies.

For some direct sales customers, we enter into contracts without the need for a tendering process. In these cases, our sales personnel handle inquiries and prepare quotes with details on product type and pricing. Once a quotation is prepared, we send it to the customer for confirmation of the order. For certain customers, such as sizable hotel chains, we pursue new business opportunities through tenders, which we identify through marketing initiatives, such as industry exhibitions, or publicly available information.

Set forth below is a summary of the key terms that are common to most of our direct sales agreements:

- *Term*. For the services we offer, we typically enter into agreements with our customers with a term of 12 months. Sales contracts with respect to our products are typically one-off transaction agreements.

- *Delivery of products*. We arrange delivery services with a third-party logistics company and the relevant costs are borne by us.

- *Product return and repair policies*. We generally allow direct sales customers to enjoy free repair services or exchange products with defects specified in the agreements.

- *Payment and credit terms*. Customers are typically required to settle payment prior to the delivery of products or granted a credit term of up to 180 days.

- *Training*. We may be required to provide training and operational support to customers.

- *Intellectual Property*. We retain all our intellectual property rights with respect to our products.

- *Termination*. We typically do not include termination clauses in our direct sales agreement.

- *Confidentiality*. Both parties to the service agreements shall treat all trade and technological secrets made known to it by the other party in confidence during and after the agreement terms.

Distributors

We believe that partnering with distributors allows us to leverage their local market expertise, knowledge, and established sales networks, helping us extend our reach and achieve deeper market penetration across wider geographical areas. This approach enables us to expand without incurring the significant costs associated with direct sales and marketing. Establishing a distribution network will enable us to more rapidly and cost-effectively penetrate the lower-tier markets. According to Frost & Sullivan, adopting a distribution model is in line with the industry norm for companies engaged in the R&D and commercialization of robots. We have been continuously expanding our distributor network throughout the Track Record Period. Our revenue generated from sales to distributors was RMB18.3 million, RMB15.7 million and RMB45.2 million in 2022, 2023 and 2024, respectively, accounting for 11.4%, 10.8% and 18.4% of our total revenue for the same years.

Distributor Movement

The following table sets forth the total number of our distributors, the number of new distributors and the number of distributors whose distributorship relationships were ended during the year indicated:

	Year ended December 31,		
	2022	2023	2024
Number of distributors as at the beginning of year	21	64	75
Addition of new distributors	43	19	39
Decrease in number of distributors	–	(8)	(1)
Number of distributors as at the end of year	64	75	113

During the Track Record Period, our additions of new distributors primarily reflected (i) our expansion of our distribution network, and (ii) further penetration of regional markets into tier-3 and tier-4 cities. We closely monitor the performance of our distributors. Our termination of distribution agreements during the Track Record Period was primarily due to mutual agreement as requested by distributors due to their own reasons.

Key Terms of Our Distribution Agreements

Set forth below is a summary of the key terms of our agreements with distributors:

- *Term.* The duration of distribution agreements is typically 12 months, subject to renewal by mutual agreement.

- *Retail prices and minimum purchase amount.* We typically do not include retail prices or minimum purchase amount in our distribution agreements. Starting from 2025, we adopted new distribution management policy for provincial-level distributors, specifying a minimum purchase amount and suggested retail prices. Should our distributors fail to achieve such requirements, we will take into account when we evaluating their performance to determine whether to renew distribution agreements with them.

- *Scope of distribution.* Our distributors are generally only permitted to sell our products in a predetermined geographic area.

- *Sub-distribution.* Only provincial-level distributors are permitted to engage sub-distributors without our prior approval and do not need to enter into separate agreements with us. Occasionally, our provincial-level distributors recruit sub-distributors to help cover underserved areas within the same city or surrounding regions.

- *Limitations on return or exchange.* We generally do not accept returns or exchanges from our distributors, except in cases of quality defects or transportation damages.

- *Payment and credit terms*. We determine the required upfront payment for each distributor, ranging from 20%-50% before shipment, based on the stability of our partnership. The remaining balance is typically due and payable in installments within three months following acceptance.

- *Termination.* We are entitled to terminate the distribution agreements if our distributors breach the distribution agreements.

- *Confidentiality.* Both parties to the service agreements shall treat all trade and technological secrets made known to it by the other party in confidence during and after the agreement terms.

Distribution Model and Accounting Treatment

We cooperate with our distributors based on a straightforward buyer-seller model.

During the Track Record Period, our distribution agreements typically lacked clear provisions specifying the exact time point at which ownership of the products was transferred to our distributors.

In late 2024, we revised our standardized distribution agreements to explicitly define the time point at which product ownership is transferred to distributors. Specifically: (i) for distributors selling our products in China which do not require us to perform onsite implementation, ownership is transferred upon their acceptance of the products, (ii) for distributors selling our products in China which require us to complete onsite implementation, ownership is transferred upon the completion of our onsite implementation work and the connection of the robots to our cloud-based infrastructure, (iii) for distributors selling our products to overseas, ownership is transferred upon arrival of products at the locations designated by distributors or upon completion of customs declaration.

We recognize revenue when customers take possession of and accept the products. Despite of the above provisions outlined in our distributor agreements, from an accounting perspective, for robots and functional kits sold to the domestic market through distributors, control of the products is transferred upon the completion of implementation and connection to our cloud-based infrastructure. For robots and functional kits sold to the overseas market through distributors, control is generally transferred upon arrival of products at the locations designated by distributors or upon completion of customs declaration. Until revenue is recognized, these robots remain classified as part of our inventories.

We accept returns from distributors only in the event of quality issues identified prior to the acceptance and approval of the products. In such cases, distributors may also choose to request a replacement or free repair. Once ownership of the products has been transferred to the distributor, returns are no longer accepted, and the distributor may only seek replacement or free repair in accordance with our maintenance procedures. Additionally, we are under no obligation to assist distributors in disposing of unsold products upon the termination of their distribution agreements. During the Track Record Period and up to the Latest Practicable Date, we have not repurchased any products previously sold to distributors following the termination of distribution agreements.

Our Management of Distributors

Each distributor is assigned a defined distribution area, as outlined in their respective agreements, to encourage them to explore potential customers within their designated region. Only provincial-level distributors are permitted to engage sub-distributors without our prior approval and do not need to enter into separate agreements with us. Occasionally, our provincial-level distributors recruit sub-distributors to help cover underserved areas within the same city or surrounding regions. During the Track Record Period, however, we did not generate revenue directly from sub-distributors, as they purchased products from our distributors. We had no direct transactions with the sub-distributors in terms of sales, payment, or other dealings. To our best knowledge and having made reasonable enquiries, during the Track Record Period, we had insignificant number of sub-distributors and only immaterial amount of sales had been made through our distributors to sub-distributors during the Track Record Period.

In our commitment to maintaining high standards, we continually evaluate and select new distributors throughout the year. We have established a rigorous selection process to ensure that potential distributors are capable of representing our brand and promoting our products effectively. Key evaluation factors include their customer base, key distributor product categories, accumulated customer resources, and office space.

We work closely with our distributors to provide operational support that fosters their growth. This includes regular training to ensure their employees are knowledgeable about our products. Additionally, we offer guidance on product procurement, helping them manage their inventories effectively. We also set sales targets for provincial-level distributors, which are negotiated individually. While these targets are not mandatory and failure to meet them will not automatically terminate the distributorship, repeated underperformance may lead to termination of the partnership, and will be considered during future renewal discussions.

To the best of our knowledge, as of the Latest Practicable Date, except for Wuhan Zhongtian Huatuo Intelligent Technology Co., Ltd. (武漢中天華拓智能科技有限公司) ("**Wuhan Zhongtian**"), an associate of Ms. Zhi, all of our distributors were independent third parties and none of our distributors were controlled by our former or current employees. For details of our transactions with Wuhan Zhongtian, please see "Financial Information — Related Party Transactions."

Marketing

We focus on exploring new use cases for our products and services by fostering and strengthening relationships with both existing and new customers. To achieve this, we implement a wide range of marketing strategies, including participation in industry exhibitions and professional forums, and operating our social media accounts. A key aspect of our marketing approach is showcasing the capabilities of our products and services and sharing our expertise with customers. We engage with our community through diverse content, aiming to create interactive exchanges, promote our products and services, and disseminate valuable information. Additionally, we upload videos demonstrating real-world applications of our products on social media platforms. In 2022, 2023 and 2024, our selling and marketing expenses amounted to RMB103.6 million, RMB56.8 million, and RMB58.2 million, respectively, representing 64.2%, 39.1%, and 23.8% of our revenue for the same years. We also utilized the online platforms operated by reputable hotel chain groups and the Travel Service Provider to expand our customer outreach. The online platforms typically charge a commission fee equal to a single-digit percentage of the amount of transaction value processed through those online platforms, which we record as selling and marketing expenses. The GMV of our sales via these online platforms amounted to RMB89.1 million, RMB106.6 million and RMB127.7 million in 2022, 2023 and 2024, respectively.

The following table sets forth the details of our marketing activities:

Types	Details
Industry exhibitions	We actively engage in globally renowned industry exhibitions to showcase cutting-edge AI agent technologies, productions and services, facilitating face-to-face interactions with potential clients, partners, and industry experts. These platforms not only promote our products and services but also enable us to stay abreast of market trends and customer demands. In recent years, we have participated in key exhibitions such as Zhongguancun Forum Annual Meeting (中關村論壇年會), China International Fair for Investment & Trade (中國國際投資貿易洽談會), China International Fair for Trade in Services (中國國際服務貿易交易會) and Consumer Electronics Show (國際消費電子展). These exhibitions serve as vital platforms to demonstrate our technological capabilities and brand image while expanding our domestic and international market presence.
Professional forums	By hosting or participating in industry forums, we collaborate with industry leaders, academic experts, and clients to explore frontier trends and applications of AI and robotics. Through sharing technological achievements and industry insights, we enhance our professional influence within the sector. Notable forums include China Artificial Intelligence Conference (中國人工智能大會), World Robot Conference (世界機器人大會) and Global Artificial Intelligence Technology Conference (全球人工智能技術大會). At these forums, we released and showcased our independently developed and innovative composite polymorphic robotics, and at the China Artificial Intelligence Conference, our UP Series was selected for the China Artificial Intelligence Society Series White Paper – Composite Polymorphic Robot (2024) (中國人工智能學會系列白皮書–複合多態機器人(2024)).
Social media	We also leverage social media platforms for brand promotion. Through channels such as WeChat Channels (微信視頻號), Douyin, Xiaohongshu, and YouTube, we disseminate product demonstrations, scenarios, and customer case studies via short videos, live streams, and multimedia content. Our strategy includes product demos and industry updates on WeChat Channels to engage potential clients, and user experience sharing and brand narratives on Douyin, Xiaohongshu, and YouTube to resonate with younger demographics. Through targeted content marketing, we have successfully attracted a substantial audience and amplified our market influence.

SEASONALITY

A significant portion of our revenue is generated from the hotel scenario, which is subject to seasonal fluctuations. The sales performance of our products and services is generally subject to seasonal fluctuations in the hotel industry. We typically record higher revenue in the second half of the year attributable to increased purchases from hotel customers in preparation for the National Day holiday, Christmas and New Year, which is in line with the peak period of the hotel industry.

COMPETITION

According to Frost & Sullivan, the total addressable market of the hospitality robotic-based AI agents in China across various scenarios in 2023 is approximately RMB980.3 billion, as calculated by multiplying the number of facilities providing hospitality services at the end of 2023 and their potential procurement demand of hardware and software of hospitality robotic-based AI agents in such year, assuming that the demand of all facilities for hardware and software of hospitality robot-based AI agents is fully addressed. Among all, approximately RMB450.0 billion of the total addressable market in 2023 is attributable to hotels, which is the largest segment of the total addressable market of the hospitality robotic-based AI agents in China in 2023, including software demand of approximately RMB46.5 billion and hardware demand of approximately RMB403.5 billion.

The hospitality robotic-based AI agent market in China has experienced rapid growth. The market size of the hospitality robotic-based AI agent market in China in terms of revenue increased from RMB1.5 billion in 2019 to RMB3.0 billion in 2023, representing a CAGR of 18.7%. Driven by advancements in AI technology, the increasing multifunctionality and scalability of hospitality robotic-based AI agents, the growing demand for premium, efficient and consistent services from downstream industries, and favorable government policies, the hospitality robotic-based AI agent market in China is estimated to further increase, reaching RMB9.7 billion by 2028, representing a CAGR of 26.5% between 2023 and 2028. Hotel scenario is the largest segment of the hospitality robotic-based AI agent market in China from 2019 to 2023, and is expected to maintain such position up to 2028. The market size of the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue generated in China increased from RMB0.5 billion in 2019 to RMB1.1 billion in 2023, representing a CAGR of 20.8%, and is expected to reach RMB3.6 billion in 2028 with a stronger CAGR of 26.4% from 2023 to 2028. The market size of the global hospitality robotic-based AI agent market for hotel scenario in terms of revenue generated globally increased from RMB0.7 billion in 2019 to RMB1.5 billion in 2023 with a CAGR of 20.0%, and is expected to reach RMB4.8 billion in 2028 with a CAGR of 25.6% from 2023 to 2028. The following table sets forth the ranking of the top five market players in the Global hospitality robotic-based AI agent market for hotel scenario in terms of revenue in 2023.

Ranking of Major Players in the Global Hospitality Robotic-based AI Agent Market for Hotel Scenario in terms of revenue, 2023

Ranking	Company	Revenue of robotic-based AI agent providers in 2023[1]	Market share	Listing status	Background
		(RMB in millions)	*(%)*		
1	Our Group	138.0	9.0%	Non-listed	See "— Business Model."
2	Company A	83.2	5.4%	Non-listed	Founded in 2013 and headquartered in Jiangsu Province, China, Company A has a registered capital of RMB362.6 million. Company A specializes in the development of delivery, cleaning and disinfection robots.
3	Company B	32.7	2.1%	Non-listed	Founded in 2010 and headquartered in Shanghai, China, Company B has a registered capital of RMB2.9 million. Company B specializes in the development of delivery robots and other robots including patrolling, guiding, cleaning and collaborating robots.
4	Company C	29.7	1.9%	Non-listed	Founded in 2018 and headquartered in Beijing, China, Company C is a high-tech innovative enterprise and has a registered capital of RMB16.6 million. Company C specializes in research, development, design, production and sales of AI+ robotics.

Ranking	Company	Revenue of robotic-based AI agent providers in 2023[1]	Market share	Listing status	Background
		(RMB in millions)	*(%)*		
5	Company D	26.1	1.7%	Non-listed	Founded in 2018 and headquartered in Beijing, China, Company D has a registered capital of RMB550.0 million. Company D specializes in the development and manufacturing of intelligent short-distance transportation devices and service robots.
Subtotal . .		**309.7**	**20.1%**		

Note:

(1) Revenue of each player is calculated on a grouped basis, including revenue from sales of robot products, components and accessories, software services and robot rentals generated globally from hotel scenario.

Source: Expert interview, Frost & Sullivan

INFORMATION TECHNOLOGY INFRASTRUCTURE

Our technological advances play a crucial role in driving the growth of our operations. We rely on a range of IT systems at various stages of our business processes, including raw materials and packaging supply, production, operations, and logistics. By leveraging our proprietary technology, we streamline and standardize operations across procurement, sales, distribution, quality control, inventory management, logistics, financial reporting, and human resources. This enables us to improve both management and operational efficiency. Our proprietary digital management platform has been developed to establish a comprehensive digital governance infrastructure, encompassing 11 core functional modules and approximately 70 commonly-used sub-modules, achieving systematic integration of business processes. Our proprietary digital management platform not only optimizes cross-departmental synergy but also delivers the following core functions:

- **Integrated Process Management Hub and Intelligent Collaboration**. Our proprietary digital management platform integrates multiple core functional modules, including marketing, supply chain management, functional centers, system administration, product delivery, after-sales services, operations, R&D, project management, financial management, and basic archival management. Through reengineered online workflows, it achieves seamless integration across all business segments. The platform features a unified business order task and process management system, enabling real-time tracking of concurrent workflows and full lifecycle traceability of orders. It connects the proprietary digital management platform with internal enterprise systems (B-end), customer-facing user systems (C-end), customer mini-programs, and third-party SaaS platforms. This systematic integration not only enhances operational efficiency and reduces manual intervention but also significantly improves data accuracy and timeliness. Leveraging an intelligent routing engine, workflows are automatically distributed, and anomalies trigger real-time alerts. Collectively, these innovations streamline, standardize, and digitize business processes, elevating both processing speed and coverage.

- **System Integration and Unified Identity Management**. Our proprietary digital management platform is fully integrated with our enterprise resource planning (ERP) system, expense reimbursement system, employee asset management system, human resources system, customer relationship management (CRM) system, business intelligence (BI) reporting system, robotic dispatch system, and order assignment system. A unified identity authentication framework has been established, incorporating a centralized permission matrix to interlink internal office systems and business platforms. This integration enhances employee productivity and ensures cross-system operational synergy. From a security perspective, the implementation of unified identity authentication and cross-system single sign-on (SSO) substantially reduces the costs of permission and account management while strengthening system security and user convenience.

- **Intelligent Information Aggregation Portal**. Our proprietary digital management platform has successfully established an enterprise-level information hub, enabling modularized management of organizational structure, personnel, process permissions, and foundational data across business modules. This portal significantly improves information accessibility, accelerates cross-system retrieval, and facilitates efficient information circulation and sharing. Additionally, an information lifecycle management mechanism has been implemented to ensure end-to-end streamlined governance.

CYBERSECURITY AND DATA PRIVACY AND PROTECTION

Regulatory Development on Data Privacy and Protection

There has been regulatory development in relation to cybersecurity and data privacy and protection in recent years. On June 10, 2021, the *PRC Data Security Law* (《中華人民共和國數據安全法》) was adopted by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) and became effective on September 1, 2021. On August 20, 2021, the *PRC Personal Information Protection Law* (《中華人民共和國個人信息保護法》) (the "**PIPL**") was adopted by the Standing Committee of the National People's Congress and became effective on November 1, 2021. On December 28, 2021, the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) (the "**CAC**"), together with certain other PRC government authorities, promulgated the revised *Measures for Cybersecurity Review* (《網絡安全審查辦法》), which became effective on February 15, 2022. For further details of these laws and regulations, see "Regulatory Overview — Regulations Relating to Information Security and Censorship." The above regulatory development relevant to cybersecurity and data privacy and protection could impact China's hospitality robotic-based AI agent industry.

We have designed and implemented comprehensive internal policies on protecting data privacy and security to ensure data and information security, and ensure compliance with all applicable PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced material leakage of personal information, and has not received any regulatory penalties, litigations or other legal proceedings in relation to laws and regulations of personal information protection, data security and cybersecurity. Based on the foregoing, our PRC Legal Advisors in respect of PRC data compliance law were of the view that we were in compliance with all applicable PRC laws and regulations governing data protection and privacy in all material aspects during the Track Record Period and as of the Latest Practicable Date. However, as the laws and regulations in the data security, cybersecurity and privacy protection are still developing, we cannot assure you that we can always timely adapt to all the aspects of such laws and regulations. See "Risk Factors — Risks Relating to Our General Operations and Industry — Failure to comply with laws and regulations on cybersecurity, information security, data privacy and protection could result in claims and penalties imposed by relevant government authorities, which could harm our brand and reputation, and materially and adversely affect our business operations and financial performance."

Our Access to Data during Operations

During the sales of robots and functional kits and the provision of services under our AI digitalization system, with the prior consent of customers, we collect and store personal information of the staff of our corporate customers and the personal information of our individual customers to the extent necessary and in accordance with applicable PRC laws and regulations. We require that information and data we receive during our operations in China shall be stored and preserved within China.

Our Internal Policies and Measures on Data Privacy and Protection

We have established a comprehensive data protection framework led by our Information Security Leadership Group and Information Security Task Force, overseen by Mr. Ying Fuchen, our chief technology officer. These teams take lead in cybersecurity and data security, supported by the legal, customer service, business and technical departments of our Company.

We have enforced over 40 tailored policies covering data classification, access control, encryption, backups, and incident response. Our multi-layered security measures, including HTTPS encryption, database-level encryption, role-based access with MFA, firewalls, cloud security, and production-environment isolation, safeguard cyber security and data privacy from a technical standpoint. Data minimization, anonymization, and multi-region backups help mitigate the risks of data leaks. Our employees undergo annual security training and sign confidentiality agreements, while strict access permissions and USB restrictions further limit exposure. Compliance is reinforced through MLPS Level 3 certification for core platforms, with annual audits and real-time threat monitoring via automated systems.

As laws and regulations on data privacy and protection evolve constantly in recent years, we have been paying close attention to the latest regulatory developments in data privacy and protection. On October 14, 2024, our PRC Legal Advisors in respect of PRC data compliance law conducted a consultation through telephone on behalf of us on a namely basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心) (the "**CCRC**"), which is delegated by the CAC to accept applications for cybersecurity review and therefore the competent organization for such consultation. During the consultation, the staff of CCRC confirmed that (i) we have not received any official notification from relevant regulatory authorities designating our network facilities and information systems as Critical Information Infrastructure (CII), and therefore we are not deemed as a CII operator, and (ii) our current application for the [**REDACTED**] is not subject to cybersecurity review for "foreign [**REDACTED**] (國外[**REDACTED**])" as Hong Kong is the special administrative region of the PRC. Based on the forgoing, our PRC Legal Advisors in respect of PRC data compliance are of the view that as of the Latest Practicable Date, we were not required to file cybersecurity review under the Measures for Cybersecurity Review for our operations and proposed [**REDACTED**].

AWARDS AND RECOGNITION

The following table sets forth major awards and recognitions we received over the years:

Year	Entity/product	Award/recognition	Awarding institution/authority
2024 and 2021	Our Company	National "Specialized and New" Little Giant Enterprise (國家級「專精特新」小巨人企業)	MIIT
2024 and 2020	Our Company	Beijing's "Specialized and New" Small and Medium-sized Enterprises (北京市「專精特新」中小企業)	Beijing Municipal Bureau of Economy and Information Technology (北京市經濟和信息化局)

Year	Entity/product	Award/recognition	Awarding institution/authority
2024	Our Company	End-side General-purpose Intelligent Innovation Application Excellence Cases (端側通用智能創新應用優秀實踐案例)	China Academy of Information and Communications Technology (中國信息通信研究院)
2023	Our Company	List of Comprehensive 5G Application Solution Suppliers (First Batch) (綜合性5G應用解決方案供應商(第一批))	MIIT, 5G Applications Industry Array (5G應用產業方陣)
2022	Our Company	"Leading Talent" List in the Field of Intelligent Robotics and Smart Manufacturing (智能製造與機器人技術創新專項智能機器人領域「揭榜掛帥」榜單)	Beijing Municipal Science & Technology Commission (北京市科學技術委員會)
2022	Our Company	China Society of Image and Graphics Science and Technology Progress Award — First Prize (中國圖象圖形學學會科技進步獎一等獎)	China Society of Image and Graphics (中國圖象圖形學學會)
2022	Our Company	The First Batch of Selected Technology Centers among Enterprises in Beijing of 2022 (2022年度第一批北京市市級企業技術中心創建名單)	Beijing Municipal Bureau of Economy and Information Technology
2020	Run Series	Beijing New Technology and New Product (Service) Certification (北京市新技術新產品(服務)證書)	Beijing Municipal Science & Technology Commission, Beijing Municipal Commission of Development and Reform (北京市發展和改革委員會), Beijing Municipal Bureau of Economy and Information Technology, Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會), Beijing Municipal Administration for Market Regulation (北京市市場監督管理局), and Beijing Municipal Administrative Commission of Zhongguancun Science Park (北京市中關村科技園區管理委員會)
2019	Our Company	List of Entities Selected for the New-Generation Key Innovation Tasks in the AI Industry (新一代AI產業創新重點任務揭榜單位)	MIIT

Year	Entity/product	Award/recognition	Awarding institution/authority
2019-2022 . .	Our Company	Academician Expert Workstation (院士專家工作站)	Beijing Association for Science and Technology
2019	Our Company	Wu Wenjun Artificial Intelligence Technology Award (吳文俊人工智能科學技術獎)	Chinese Association for Artificial Intelligence (中國人工智能學會)
2017	Our Company	Wu Wenjun Artificial Intelligence Science and Technology Advancement Award (吳文俊人工智能科技進步獎)	Chinese Association for Artificial Intelligence

EMPLOYEES

As of December 31, 2024, we had 239 full-time employees, among which 157 were employees at our headquarters in Beijing. All of our employees were based in China as of the same date. Approximately 29.3% of the total number of our employees as of December 31, 2024 were females. The following table sets forth the number of our employees by function:

Function	Number of employees	% of total employees
Research and Development	66	27.6%
Technical Support	27	11.3%
Sales and Marketing	89	37.2%
Production and Supply Chain Management	23	9.6%
General Administration and Management.	34	14.2%
Total	**239**	**100.0%**

Our success is built upon our exceptional ability to attract, retain, and motivate outstanding talent. We firmly believe that a high-quality workforce is our core competitive advantage and a significant strength. To meet the evolving demands for talent, we adhere to high standards and follow a rigorous process, utilizing diverse channels to recruit top talent, including campus recruitment, online hiring, internal referrals, and third-party headhunter collaborations. This ensures that we select the most suitable candidates for each position with precision. We are equally committed to talent development. We consistently invest in various training programs, including regular general training as well as customized training tailored to individual characteristics and job requirements. These initiatives help employees enhance their professional knowledge and management skills, keeping them aligned with industry-leading standards. All new employees undergo comprehensive onboarding training, enabling them to gain a deep understanding of our corporate culture. Additionally, we periodically organize various activities to further enrich employees' understanding of our culture. In terms of compensation and benefits, we offer highly competitive packages, considering factors such as educational background, industry experience, job value, and work performance when establishing a fair and reasonable compensation system. We also conduct regular performance evaluations and provide bonuses and promotion opportunities to outstanding employees, fully recognizing their contributions and fostering employee motivation and creativity.

Remuneration packages for our full-time employees primarily consist of a base salary and performance-based bonuses. Performance targets of our full-time employees are set primarily based on their positions and departments, and performance of our full-time employees are reviewed periodically. Results of such reviews are later considered in salary determinations, bonus awards and promotion appraisals. We also align our interest with selected employees by offering them participation in [**REDACTED**] ESOP. See "Appendix VI — Statutory and General Information — D. [**REDACTED**] ESOP."

PRC laws and regulations require us to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund and pay social insurance premiums and housing provident fund contributions in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to the maximum amounts specified by the local government.

We believe we have maintained good relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strike or any labor dispute with our employees which have had or are likely to have a material impact on our business. As of the Latest Practicable Date, our employees had not formed a labor union.

During the Track Record Period, in addition to full-time employees, we engaged third-party employment agents for their labor outsourcing and labor dispatch services. The third-party employment agents arranged suitable works primarily to took on non-key responsibilities, such as robot deployment and maintenance services. These outsourced or dispatched personnel are not our employees. We typically enter into agreements with third-party employment agents for a term of one or two years. The third-party employment agents arrange suitable workers to fulfill our job requirements pursuant to mutually agreed terms, and are responsible for arranging the payment of the wages, social insurance premium and housing provident funds of the workers who they arranged for us.

LICENSES, PERMITS AND CERTIFICATES

We are required to maintain various licenses and permits in order to operate our business. We continually monitor our compliance with the requirements related to licenses and permits in order to ensure that we have all such licenses and permits which are necessary to operate our business. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses and permits from relevant authorities in China that are material to the operation of our existing business.

The following table sets out a list of material licenses and permits held by us as of the Latest Practicable Date:

Holder	License/Permit	Issuing authority	Issuance date	Expiration date
Beijing Yunxuan .	Value-added Telecommunications Services Operation License (增值電信業務經營許可證)	MIIT	July 16, 2021	July 16, 2026
Beijing Yunxuan .	Food Operation License (食品經營許可證)	Beijing Haidian District Market Supervision and Administration Bureau (北京市海淀區市場監督管理局)	May 29, 2024	May 28, 2029

Holder	License/Permit	Issuing authority	Issuance date	Expiration date
Beijing Yunxuan .	Class II Medical Device Business Filing Certificate (第二類醫療器械經營備案)	Beijing Haidian District Market Supervision and Administration Bureau	June 29, 2022	N/A
Beijing Yunxuan .	Medical Device Operating License (醫療器械經營許可證)	Beijing Haidian District Market Supervision and Administration Bureau	July 28, 2022	July 27, 2027
Our Company .	Graded Protection of Information System Security Filing Record (信息系統安全等級保護備案)	Haidian Branch of Beijing Municipal Public Security Bureau (北京市公安局海淀分局)	July 3, 2023	N/A

All of our licenses and permits which have expiration dates are valid for a fixed period and subject to renewal upon expiry. However, we believe that we will be able to renew these licenses and permits as they expire in future.

The following table sets out certain certificates that we consider to be important to us as of the Latest Practicable Date:

Holder	Certificate	Issuing authority	Issuance date	Expiration date
Our Company .	High and New Technology Enterprise Certificate (高新技術企業認證)	Beijing Municipal Science & Technology Commission (北京市科學技術委員會), Beijing Municipal Finance Bureau (北京市財政局), Beijing Municipal Tax Service, State Taxation Administration (國家稅務總局北京市稅務局)	October 16, 2023	October 15, 2026
Our Company .	Zhongguancun High and New Technology Enterprise (中關村高新技術企業)	Administrative Commission of Zhongguancun Science Park (中關村科技園區管理委員會)	October 30, 2023	October 30, 2026

Holder	Certificate	Issuing authority	Issuance date	Expiration date
Shanghai Renyun . .	High and New Technology Enterprise Certificate	Shanghai Science and Technology Commission (上海市科學技術委員會)、Shanghai Municipal Bureau of Finance (上海市財政局), Shanghai Municipal Tax Service of the State Administration of Taxation (國家稅務總局上海市稅務局)	December 26, 2024	December 26, 2027

INSURANCE

We believe we have adequate insurance coverage by putting in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in the hospitality robotic-based AI agent industry, such as product liability insurance for our robots and functional kits which the insurance premium is based on our estimated total sales during the period of insurance, and the premium payable will be adjusted after the insurance period based on actual total sales of the Group, with overpayment refunded and underpayment supplemented. However, the premium payable will not be lower than the minimum annual premium specified in the insurance contract. As required by PRC laws and regulations, our employee-related insurance includes pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance. During the Track Record Period, we did not make any material insurance claim in relation to our business.

PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

Owned Properties

As of the Latest Practicable Date, we did not own any real property.

Leased Properties

As of the Latest Practicable Date, we leased 11 properties in the PRC with a total GFA of 5,354.49 sq.m.. Such leased properties are primarily utilized as premises for our offices and warehouses.

As of the Latest Practicable Date, four leased properties with a total GFA of approximately 1,718.40 sq.m. were leased from lessors who failed to or were unable to provide sufficient or valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. There may be risks that these leases may be held invalid or early terminated, and therefore we may not be able to continue to occupy and use such properties and may be exposed to a potential relocation risk. In this event, our operations in such properties may be impaired and we may not be adequately indemnified by the landlords for our related losses. We believe that our use of such leased properties individually or collectively will not have a material adverse effect on our business, financial condition or results of operations. Such leased properties are used as office premises and warehouse. Even if we are required to vacate from any of these properties, we believe we will be able to readily find comparable properties to relocate and the costs and expenses we may incur for relocation will be immaterial.

In addition, as of the Latest Practicable Date, our 11 lease agreements had not been registered with the relevant PRC authorities, primarily because certain landlords failed to cooperate to complete the lease registration. We had completed the registration of one of these lease agreements as of the date of this document. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its legality, validity or enforceability. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB100,000, which we believe is immaterial. Therefore, we believe that the failure to register these lease agreements will not have any material adverse impact on our financial condition or results of operations. We will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible.

For more details, see "Risk Factors — Risks Relating to Our General Operations and Industry — Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

Our Board of Directors is responsible for overseeing and managing key environmental, social, and governance (ESG) risks. The implementation of our ESG strategies is handled by a dedicated ESG working group, which operates under the Board of Directors and collaborates with relevant departments. We plan to hold regular ESG working group meetings to promote ESG initiatives and will begin issuing our annual comprehensive ESG report starting in 2026. The ESG working group ensures the effectiveness of ESG management by regularly reporting to the Board and senior management on ESG risks, objectives, and progress. It coordinates ESG-related activities, develops and reviews policies, and oversees their implementation while ensuring timely and accurate reporting and continuous improvement of ESG strategies. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or penalties for non-compliance with these PRC laws and regulations related to social, health, safety and environmental matters.

ESG Strategy and Risk Management

The table below sets forth the material ESG-related issues we identified that have a significant impact on our business:

ESG-related issues	Impact period	Our strategies	Targets
Product quality management .	Long-term	Our ESG strategy in product quality management focuses on delivering safe, reliable, and sustainable products while adhering to various domestic and overseas regulatory standards. We prioritize product safety through rigorous testing and certification, ensuring compliance with occupational health, safety, and environmental regulations. We continuously improve product performance based on customer feedback and transparency. Our commitment extends to building strong relationships with stakeholders, managing product-related risks, and responding swiftly to any quality issues to maintain customer trust and uphold our social and environmental responsibilities.	We aim to achieve 0% safety accident rate for our products.
Operational compliance . .	Long-term	Our ESG strategy for operational compliance emphasizes adherence to all relevant laws, regulations, and industry standards across our operations. We maintain a robust compliance framework to ensure that our business practices align with environmental, social, and governance expectations. This includes monitoring compliance in areas such as labor practices, health and safety, environmental impact, and data security. Our dedicated compliance team regularly conducts audits and risk assessments to identify potential issues and implement corrective actions. We are committed to fostering a culture of transparency and accountability, ensuring that our operations not only meet legal requirements but also exceed stakeholder expectations for ethical and responsible business practices.	We continue to strictly comply with ESG-related laws and regulations at operational level.

ESG-related issues	Impact period	Our strategies	Targets
Environmental protection . . .	Long-term	Our environmental protection ESG strategy focuses on energy conservation and waste management. As our business operations do not involve direct production activities, the majority of energy consumption occurs in office settings. Therefore, we encourage paperless operations wherever possible, enhance energy efficiency in our operations, and reduce energy consumption and emissions. We provide training to all employees on the latest developments in ESG policies, and supervise and guide each department in implementing and evaluating these policies. We also encourage our suppliers to improve energy efficiency and reduce their carbon emissions in response to the national target of carbon neutrality.	We continue to strictly comply with laws and regulations with respect to environmental protection.
Employee protection . . .	Long-term	Our ESG strategy for employee protection focuses on ensuring the health, safety, and well-being of our workforce. We maintain a robust occupational health and safety management system that adheres to industry standards and local regulations, providing a safe working environment for all employees. We also offer regular training on safety protocols, risk management, and workplace hazards to reduce accidents. In addition, we promote mental and physical wellness by offering employee support programs and a healthy work-life balance. By prioritizing employee protection, we aim to foster a positive, secure, and supportive workplace culture.	We endeavor to avoid major violations of employment regulations.

Key Metrics and Targets

We do not operate any production facility. Due to the nature of our business, the environmental, social and climate-related impacts arising from our business operations and operating systems are limited. We do not generate any material hazards or pollutants during our operations. To support our daily operations, we built our information technology infrastructure by leveraging the public cloud services from third-party cloud service providers. The data centers and servers of the cloud-based infrastructure we use consume electricity to power system operations, and cool the machine and relevant equipment, leading to energy consumption and carbon emissions.

We strive to achieve high energy consumption efficiency and control the greenhouse gas emission during our business operations. We encourage our employees to conserve paper, water and electricity, where efficient and applicable.

During the Track Record Period and up to the Latest Practicable Date, we had complied with all PRC laws and regulations with respect to environmental matters in all material respects, and we did not receive any complaint from any parties in respect of any environmental protection issues and we had not experienced any material environmental incidents arising from our operations.

Resource Consumption

We monitor our electricity and water consumption levels at our offices. This includes conducting monthly electricity usage and water consumption statistics to closely track our energy consumption patterns. We have set it as our target to strengthen the promotion of resource-saving measures and reduce electricity and water consumption. Our electricity consumption amounted to 325.8 MWh, 161.5 MWh and 164.5 MWh in 2022, 2023 and 2024, while our water consumption amounted to 1,640 m^3, 1,593 m^3 and 815 m^3 for the same years. Our annual cost of compliance with environmental protection laws and regulations was immaterial to us as a whole. We expect such compliance cost to remain immaterial considering the nature of our business.

Operational Compliance

To uphold ethical standards, we have implemented a comprehensive anti-fraud policy, addressing areas such as conflict of interest, confidentiality, bribery, and anti-corruption. Violations of this policy could result in termination of business relationships or employment. Our anti-fraud measures include thorough risk assessments, internal controls, and multiple reporting channels for employees and stakeholders to report any breaches or unethical conduct. We foster a transparent, accountable environment by encouraging the responsible reporting of any violations to protect our integrity and reputation.

Product Responsibility

Product quality is of paramount importance. We operate a robust quality management system, ensuring that products undergo thorough testing before market introduction. Customer feedback is actively monitored and used to improve product performance and safety. We adhere to stringent quality control procedures, including incoming, in-process, and finished product inspections, ensuring that all products meet the highest standards. Certifications such as ISO 9001:2015 reflect our commitment to maintaining excellence in quality, health, and safety.

Social Responsibility

We are committed to promoting fairness, equality, and transparency in the workplace, ensuring equal opportunities for recruitment, promotion, welfare, and career development, with zero tolerance for discrimination on any basis, whether gender, sexual orientation, disability, age, race, nationality, family status, or any other legally protected factor. We foster a diverse and respectful culture, offering equal treatment in hiring, training, wellness, and professional development. We provide a variety of role-specific training programs, including those led by external experts, as part of our employee welfare initiatives. This continuous learning process enhances employees' skills and contributes to both their personal development and the overall success of the company, while promoting a work-life balance and a positive, inclusive workplace culture.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims that arise in the ordinary course of our business activities. We cannot predict the results of litigation and claims. See "Risk Factors — Risks Relating to Our general Operations and Industry — We may be involved in legal or administrative proceedings and commercial disputes, which could materially affect our business, financial condition and results of operations." During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that would have a material adverse effect on our business, results of operations, financial condition or reputation.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

Effective risk management is crucial to our operations. We have adopted a comprehensive risk management framework to effectively address the various risks associated with our operations. This includes mitigating operational risks such as economic changes in target markets, competition, growth management, and regulatory compliance. Additionally, we proactively manage market, strategic, financial, human resource, and legal risks. By implementing this framework, we ensure business resilience in an ever-changing environment.

Risk Management Structure

In our risk management structure, our president is accountable to the Board of Directors for the effectiveness of the system. The general manager's office, or a designated senior manager, oversees the daily operations of risk management.

Our risk management integrates centralized and specialized management for different risk categories: the senior management team acts as the central risk management unit, while individual departments and subsidiaries manage their specific risks. The audit department, functioning as the primary risk management unit at the Group level, holds key responsibilities including, among others:

- preparing and presenting risk management reports;
- assessing significant cross-departmental risks and proposing management strategies;
- evaluating the effectiveness of risk management practices and suggesting improvements; and
- guiding and supervising risk management efforts across departments and subsidiaries.

The finance department is responsible for the daily operational aspects of risk management, including collecting internal and external risk data, conducting risk assessments, developing risk management strategies, and monitoring the implementation of risk controls. The department also prepares and submits the annual risk management report and ensures regulatory reporting and disclosures are met.

Other departments and business units follow the audit department's guidelines and supervision in their risk management activities. This ensures a uniform application of risk management principles across the organization and facilitates effective communication and coordination in managing cross-functional risks.

Risk Assessment

To effectively implement comprehensive risk management, each department collects risk-related information, including both historical data and future projections. The data collection covers strategic, market, operational, and financial risks. Risk assessments are then conducted on both the collected risk management information and on all aspects of our business management. Key aspects of this process include:

- Departments undertake risk assessments tailored to the nature of their specific operational risks and maintain comprehensive documentation throughout the assessment.

- Each department documents its assessments, detailing assumptions, methodologies, sources, and outcomes, to provide a transparent and thorough understanding of the risk process, and facilitate risk identification, analysis, and evaluation.

- The audit department is crucial in maintaining a corporate risk record. It differentiates between various risk sources and categories, and employs a combination of qualitative, quantitative, and semi-quantitative measures to assess risks and develop solutions.

Risk Control Measures

Following the outcomes of risk assessments, we implement specific risk control plans and measures for each identified significant risk. These plans usually include clear objectives for mitigating risks, the required organizational leadership, and the relevant management and business processes, along with necessary conditions, means, and other resources. Our approach includes specific control measures before, during, and after a risk event. The principal elements of our control measures involve establishing an inspection mechanism within the audit department, creating an internal control assessment and evaluation system, and developing an early warning system for significant risks.

Internal Controls

Our Board of Directors is responsible for establishing and assessing the effectiveness of our internal control system, which includes the implementation of a range of policies and measures designed to maintain the integrity and efficiency of our operations. Additionally, we are committed to providing regular compliance training for our Directors, senior management, and employees, enabling them to proactively identify and address any potential compliance issues.

We have established comprehensive internal control policies that cover all major aspects of our business operations, including, among others, financial reporting and control, asset management, procurement and inventory processes, and risk management. These policies are designed to:

- ensure segregation of duties by clearly defining roles within financial and accounting management, as well as other departments, to prevent compliance issues such as conflicts of interest and fraud;

- implement authorization and approval mechanisms across our funds and bills management, financing, investment, and reimbursement policies, requiring managerial oversight for significant transactions and expenditures;

- enforce physical control to safeguard our fixed assets and inventory, complemented by specific control policies for warehouse and seal management;

- implement documentation and record-keeping controls to ensure compliance and traceability, particularly in our contract and asset management;

- promote a culture of ethical compliance through anti-corruption, anti-bribery, and anti-fraud policies and measures;

- embed internal control procedures within our insurance, claims, and risk management policies to proactively identify and mitigate potential threats; and

- conduct periodic reviews and internal audits, as part of our compliance management system, to continuously assess the effectiveness of our internal controls.

OUR PATH TO PROFITABILITY

Overview

We are at the early stage of commercialization of robotic-based AI agents. As the largest player in the hospitality robotic-based AI agent market for hotel scenario in China in terms of revenue in 2023, we have a proven track record that demonstrates our capacity for sustainable growth and future profitability.

- ***Notable improvement in profitability***. Our gross profit increased from RMB39.3 million in 2022 to RMB106.4 million in 2024, representing a CAGR of 64.6%. Our total gross margin increased from 24.3% in 2022 to 27.0% in 2023, and further to 43.5% in 2024. Our net loss decreased by 27.6% from RMB365.4 million in 2022 to RMB264.5 million in 2023, and further decreased by 30.1% to RMB185.0 million in 2024.

- ***Enhanced operational efficiency***. Our selling and marketing expenses and administrative expenses as a percentage of our revenue both decreased during the Track Record Period. Our selling and marketing expenses accounted for 64.2%, 39.1% and 23.8% of our total revenue in 2022, 2023 and 2024, respectively, while our administrative expenses accounted for 66.0%, 39.0% and 22.9% during the same years, indicating that we have been benefitting from economies of scale and our continuous efforts to elevate operational efficiency have been paying off.

- ***Improved operating cashflow position***. Our net operating cash outflow narrowed significantly from RMB170.4 million in 2022 to RMB76.4 million in 2023, and further narrowed to RMB41.5 million in 2024. Assuming that the average cash burn rate going forward will be RMB4.3 million, similar to the cash burn rate level for the year ended December 31, 2024 based on the underlying assumptions that (i) the number of our employees will not increase significantly; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions or investments, we estimate that our cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL as of December 31, 2024 will be able to maintain our financial viability for approximately 64.2 months.

Measures for Revenue Growth

- ***Strengthening our industry leading position in hotel scenario***. During the Track Record Period, the vast majority of our revenue is generated from the hotel scenario, accounting for 70.1%, 95.1% and 83.0% of our total revenue, respectively. The global hospitality robotic-based AI agent market for the hotel scenario has experienced significant growth. According to Frost & Sullivan, some famous chain hotel brands of the global hospitality robotic-based AI agent market for hotel scenario already adopted robotic-based AI agents in their hotel services. The market size in terms of revenue increased from RMB0.7 billion in 2019 to RMB1.5 billion in 2023 with a CAGR of 20.0%, indicating a rapid expansion in the adoption of robotic-based AI agents within the global hotel sector. The market size is expected to reach RMB4.8 billion in 2028 with a CAGR of 25.6% between 2023 and 2028. We ranked the first in the hospitality robotic-based AI agent market for hotel scenario in terms of our market share in 2023, according to Frost & Sullivan. This leading position provides us with unique advantages in capturing the growth potential of this market.

- ***Expanding the reach of our products and services in other industry verticals***. During the Track Record Period, our strategic focus was on perfecting our offerings in the hotel scenario. Having successfully achieved this goal and established a strong presence in that sector, we are now poised to gradually expand the scenarios of our products and services to other industry scenarios. We plan to leverage our UP Series featuring modular sign and exceptional scalability to explore opportunities in industries such as healthcare, manufacturing and courier services. Our revenue generated from scenarios other than hotel as a percentage of our total revenue increased from 4.9% in 2023 to 17.0% in 2024, evidencing the feasibility of our new strategy.

- ***Expanding our sales network***. To accelerate our market reach, we are leveraging our evolving distribution model to expand our sales network beyond traditional channels. We have secured 64, 75 and 113 distributors in 2022, 2023 and 2024, respectively. The revenue generated from sales to distributors accounted for 11.4%, 10.8% and 18.4% of our total revenue in 2022, 2023 and 2024. The increase in the number of distributors we secured and the consequent revenue growth demonstrate the growth potential of such distribution model. We plan to further optimize our model by forging additional strategic alliances and enhancing localized marketing initiatives. This expansion will drive deeper market penetration, boost brand visibility, and ultimately enable us to serve a broader customer base across multiple industries.

- ***Enriching our pipeline products and services***. We have initiated the R&D of below pipeline products and services, which we believe, once commercialized, have the potential to drive our growth:

  - *Enhanced environmental perception module (增強環境感知模組)*: This module has completed the project initiation and is currently in the design phase. It is designed to achieve refined spatial modeling by leveraging proprietary spatial intelligence algorithms to address challenges in unstructured environments. This module aims to significantly enhance robotic adaptive capabilities in complex scenarios.

  - *Generalized manipulation capability enhancement system (通用操作能力增強系統)*: This system is in the conceptual phase. It incorporates adaptive manipulation technologies to autonomously execute precision tasks such as laundry handling, waste sorting, item retrieval from shelves, and loading objects into robotic compartments.

  - *Authentication module (鑒權模組)*: This module has completed the project initiation and is currently in the design phase. This proprietary security solution integrates object identification technologies such as IC cards and radio frequency identification (RFID) with biometric authentication, establishing a three-dimensional verification framework encompassing identity-permission-behavior (身份–權限–行為), ranging from identity verification to contextual intelligence. Designed with a modular architecture, this module enables rapid integration into robotic platforms and delivers configurable solutions for healthcare scenarios and other applications demanding high confidentiality.

  - *Cross-scenario skill transfer and task planning system (跨場景技能遷移與任務規劃)*: This system is currently in the conceptual phase. It enables AI agents to transfer skills across diverse scenarios through mechanisms including reinforcement learning, transfer learning, and lifelong learning, allowing them to autonomously adapt to new scenario rules. This system aims to develop autonomous decision-making capabilities and achieve generalizable proficiency in executing cross-scenario complex tasks.

Measures for Managing Cost and Improving Operational Efficiency

- ***Enhancing our selling and marketing efficiency***. To improve our selling and marketing efficiency, we are transitioning from a direct sales approach to a robust distribution model. We believe this shift will help us reduce expenses by lowering the need for an extensive in-house sales force and leveraging the local expertise of our distribution partners. As a result, our internal sales team will pivot from direct selling to managing and supporting our distributor network, ensuring that our products reach a broader market in a more cost-effective manner. This strategic realignment not only streamlines our operations but also enhances our ability to respond dynamically to market demands.

- ***Improving Our Administrative Efficiency***. We have been persistently improving the efficiency of our administrative activities. We seek to realize higher administrative cost-effectiveness by optimizing organizational structure and slimming down administrative or managerial staff who do not directly contribute to our business growth, such as the business analysis team, while at the same time maintaining adequate requisite employees to support our business growth.

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, Ms. Zhi controlled the exercise of the voting rights attaching to an aggregate of approximately 36.52% of our total issued share capital, including (i) approximately 9.73% of the voting rights directly held by her; (ii) approximately 12.15% of the voting rights controlled by Ms. Zhi through being the general partner of Yunji Angel Management, including approximately 7.08% of the voting rights directly held by Yunji Angel Management and approximately 5.07% of the voting rights deferred to, and exercised in accordance with, the directions of Yunji Angel Management by the Investor Voting Grantors; and (iii) approximately 14.64% of the voting rights deferred to, and exercised in accordance with, the directions of Ms. Zhi by the Individual Voting Grantors. For details, see "History, Development and Corporate Structure — Voting Arrangements."

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Ms. Zhi will control the exercise of the voting rights attaching to an aggregate of approximately [**REDACTED**]% of our enlarged total issued share capital. Therefore, Ms. Zhi will be our Controlling Shareholder after the [**REDACTED**] for the purpose of the Listing Rules.

DELINEATION OF BUSINESS

Our Controlling Shareholder confirms that, as of the Latest Practicable Date, neither of her or her close associates was interested in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Having considered the following factors, we consider that we are capable of carrying out our business independently of our Controlling Shareholder and her close associates after the [**REDACTED**].

Operational Independence

We engage in our operations and make and implement our operational decisions independently. We do not share operation team, facilities or equipment with our Controlling Shareholder or her associates. We possess relevant licenses, approvals and permits from the relevant regulatory authorities that are necessary to carry out and operate our business. We have our own organizational structure with independent departments, and each department is assigned to specific areas of responsibilities. Our daily operating functions run independently from our Controlling Shareholder and her close associates, and we maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business. We have independent access to a large and diversified base of suppliers and customers and have not relied on our Controlling Shareholder or her close associates in this regard.

Based on the above, we consider that we are able to operate independently from our Controlling Shareholder and her close associates.

Management Independence

Our business is managed by our Board and senior management. Our Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors, among whom Ms. Zhi, the chairwoman of our Board, an executive Director and our president, is our Controlling Shareholder. For further details, see "Directors, Supervisors and Senior Management — Board of Directors — Executive Directors." All the other Directors and other members of our senior management are independent from our Controlling Shareholder. The daily operation of our Group is carried out by our experienced management team, and we have the capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources and business management on a standalone basis.

Each Director is aware of his or her fiduciary duties as a Director, which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests. Further, we believe our independent non-executive Directors have the depth and breadth of experience which will enable them to bring independent judgment to the decision-making process of our Board. Our independent non-executive Directors have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of the Board are made after due consideration of independent and impartial opinions. If there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Based on the above, we consider that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently from our Controlling Shareholder and her close associates.

Financial Independence

We have established a finance department with a team of independent financial staff, which operates entirely independently of the Controlling Shareholder and her close associates. In addition, our Company has established a sound and independent financial system and makes financial decisions according to our business needs, which are independent of our Controlling Shareholder and her close associates.

During the Track Record Period, our Group had certain non-trade balances due to Yunji Angel Management, a close associate of our Controlling Shareholder. See "Financial Information — Related Party Transactions" and Note 30 to the Accountants' Report in Appendix I to this document for details. As of the Latest Practicable Date, all such balances due to Yunji Angel Management had been fully settled.

Save as disclosed herein, as of the Latest Practicable Date, there were no other outstanding loans, advances or non-trade balances due to or from our Controlling Shareholder or her close associates, nor were there any other outstanding pledges or guarantees provided for our benefit by our Controlling Shareholder or her close associates.

Based on the above, we consider that we are able to maintain financial independence from our Controlling Shareholder and her close associates.

CORPORATE GOVERNANCE MEASURES

We recognize the importance of good corporate governance to protect the interest of our Shareholders. We will adopt the following corporate governance measures to manage potential conflict of interests between our Group and the Controlling Shareholder:

(i) where a Shareholders' meeting is held for considering proposed transaction in which the Controlling Shareholder has a material interest, the Controlling Shareholder shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(ii) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(iii) any transaction between (or proposed to be made between) our Group and the connected persons will be subject to the requirements under Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;

(iv) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholder, the Controlling Shareholder shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual report or by way of announcements to the public;

(v) we have appointed SPDB International Capital Limited as our compliance advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance; and

(vi) we have established the Audit Committee, the Remuneration Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code and Corporate Governance Report in Appendix C1 to the Listing Rules. The majority of the members of the aforementioned committees are independent non-executive Directors.

BOARD OF DIRECTORS

Our Board is responsible for, and has general powers over, the management and operation of our business. Our Board consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. All Directors are elected by the general meeting of Shareholders for a term of three years.

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Ms. ZHI Tao (支濤)	53	• Chairwoman of the Board • Executive Director • President	January 2014	August 22, 2014	Responsible for the overall strategy planning, business direction and management of our Group
Mr. HU Quan (胡泉)	53	• Executive Director • General manager	January 2014	August 22, 2014	Responsible for the management of corporate affairs and capital operation of our Group
Mr. LI Quanyin (李全印)	42	• Executive Director • Chief executive officer	January 2014	April 27, 2020	Responsible for the business operation and execution of our Group
Mr. WU Minghui (吳明輝)	43	• Non-executive Director	January 2014	January 29, 2014	Providing strategic advice and making recommendations on the business development and management of our Group through the Board
Ms. MA Hong (馬紅)	46	• Non-executive Director	March 2020	March 18, 2020	Providing strategic advice and making recommendations on the business development and management of our Group through the Board
Mr. ZHANG Lihua (張立華)	53	• Independent non-executive Director	December 2021	December 6, 2021	Providing independent opinion to our Board

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. LAI Yung Yuet (黎勇越)	58	• Independent non-executive Director	February 2025	February 6, 2025	Providing independent opinion to our Board
Mr. WANG Fangjun (汪方軍)	49	• Independent non-executive Director	February 2025	February 6, 2025	Providing independent opinion to our Board

Executive Directors

Ms. ZHI Tao (支濤), aged 53, was appointed as our Director on August 22, 2014 and re-designated as our executive Director on February 6, 2025. She has also been the chairwoman of our Board since April 2019.

With over 15 years of industry experience, Ms. Zhi has gained in-depth understanding of the automation sector in China and acquired rich corporate management experience. Prior to the foundation of our Group, Ms. Zhi served as the chief executive officer at Beijing Yingweisi Technology Co., Ltd. (北京英維思科技有限公司) from June 2008 to December 2013. She then founded our Group and served as our supervisor from January 2014 to August 2014, the chief executive officer from August 2014 to February 2025, and has been our president since February 2025. She has also held directorship in certain subsidiaries of our Group, including Anhui Yunzhiji since August 2014 and Shanghai Renyun since May 2018.

Ms. Zhi's expertise in automation business is highly recognized nationwide, evidenced by numerous honors and awards she received, including, among others, the Excellent Technical Worker by the Chinese Association for Artificial Intelligence (CAAI) (中國人工智能學會) in 2020, the Most Innovative Hotelier of the Year by The Center of Asia Hotel Forum (亞洲酒店論壇中心) in 2019, and the third prize of Technological Invention Award of "Wu Wenjun Artificial Intelligence Technology Award" (吳文俊人工智能科學技術獎技術發明獎) in 2019. She has also held positions at a number of public offices and associations throughout her career, including the vice president of Robot Funder Club (中關村雙創服務機器人產業聯盟) elected in October 2017, the vice president of Hotel Digitalization Professional Committee of the China Hospitality Association (中國飯店協會酒店數字化專業委員會) since July 2022 and a member of the Ninth Council of Chinese Association for Artificial Intelligence (CAAI) (中國人工智能學會) since March 2025.

Ms. Zhi obtained her bachelor's degree in engineering from Xi'an Jiaotong University (西安交通大學) in July 1993 and her master's degree in business administration from University of Science and Technology of China (中國科學技術大學) in December 2003.

Mr. HU Quan (胡泉), aged 53, was appointed as our Director on August 22, 2014 and re-designated as our executive Director on February 6, 2025. He has been our general manager since our establishment and acted as our president from our establishment to February 2025. He has also been a supervisor in certain subsidiaries of our Group, including Anhui Yunzhiji since August 2014 and Shanghai Renyun since May 2018.

Mr. Hu has over 20 years of experience in corporate management. From February 2005 to May 2009, he worked at Shanghai Nielsen Market Research Co., Ltd./NetRatings China (上海尼爾森市場研究有限公司/互聯網研究) with his last position being the vice president. From June 2010 to December 2013, he was the chief operating officer at Beijing Miaozhen System Co., Ltd. (北京秒針信息諮詢有限公司).

Mr. Hu obtained his bachelor's degree in engineering geomechanics from North China University of Water Resources and Electric Power (華北水利水電大學) (formerly known as North China College of Water Resources and Electric Power (華北水利水電學院)) in July 1993.

Mr. LI Quanyin (李全印), aged 42, was appointed as our Director on April 27, 2020 and re-designated as our executive Director on February 6, 2025. He acted as our technical director from our establishment to February 2016 and our chief product officer from March 2016 to February 2025, and has been our chief executive officer since February 2025. He has also held key positions in certain subsidiaries of our Group, including an executive director of Suzhou Yunji since September 2021 and an executive director and manager of Beijing Yunxuan since March 2020.

Mr. Li has approximately 20 years of experience in internet technology and over 10 years of experience in robotic project management. He worked as a software development engineer at ForSure Inc. (北京富訊盈科網絡技術有限公司) from April 2008 to November 2008. Subsequently, he was a vice director of product department at Beijing Miaozhen System Co., Ltd. (北京秒針信息諮詢有限公司) till January 2014.

Mr. Li obtained his bachelor's degree in computer science and technology from Nankai University (南開大學) in June 2006 and his master's degree in business administration from Peking University (北京大學) in June 2019. Mr. Li was also admitted by the school of automation of Beijing Institute of Technology (北京理工大學) in September 2024 to study artificial intelligence and is currently a candidate for a doctoral degree.

Non-executive Directors

Mr. WU Minghui (吳明輝), aged 43, was appointed as our Director on January 29, 2014 and re-designated as our non-executive Director on February 6, 2025.

Mr. Wu has over 20 years of experience in software development and algorithm research and over 18 years of experience in the big data and AI industries. As a co-founder of our Company, he has been a Shareholder and served as a Director since our foundation. Mr. Wu is the founder, executive director, chairman of the board, chief executive officer and chief technology officer of Leading Smart Holdings Limited (匯智控股有限公司) and currently serves as an entrepreneurship mentor at Peking University (北京大學) and Renmin University of China (中國人民大學).

Mr. Wu received a bachelor's degree in mathematics in June 2004 and a master's degree in computer science in July 2007 from Peking University (北京大學), where he is also pursuing a Ph.D. degree in electronics and information.

Ms. MA Hong (馬紅), aged 46, was appointed as our Director on March 18, 2020 and re-designated as our non-executive Director on February 6, 2025.

Ms. Ma has approximately 20 years of experience in investment and corporate management. From July 2004 to January 2006, she served as a business specialist in Hefei State-owned Assets Holding Co., Ltd. (合肥市國有資產控股有限公司), responsible for credit management related outsourcing services. From January 2006 to September 2016, she worked at Hefei Innovation Scitech Venture Capital Co., Ltd. (合肥市創新科技風險投資有限公司), with her last position as the assistant of general manager and the manager of fund management department. Subsequently, she joined Hefei Film Distribution and Screening Co., Ltd. (合肥市電影發行放映有限公司), where she successively served as an investment director and deputy general manager from September 2016 to September 2019 and a director from March 2017 to September 2019. She also served as the chairwoman of the board of Hefei Changjiang Lianhe Film and Drama Co., Ltd. (合肥長江聯和影劇有限公司) from January 2018 to September 2019. Subsequently, Ms. Ma joined Anhui Artificial Intelligence Company in September 2019 with her current positions being a director and the general manager.

Ms. Ma obtained her bachelor's degree in applied physics from Anhui University (安徽大學) in July 2000 and her master's degree in management science and engineering from University of Science and Technology of China (中國科學技術大學) in June 2004.

Independent Non-executive Directors

Mr. ZHANG Lihua (張立華), aged 53, was appointed as our independent Director on December 6, 2021 and re-designated as our independent non-executive Director on February 6, 2025.

Mr. Zhang has over 20 years of experience in technological industries and over 10 years of experience in corporate management. He joined AGEIA Technologies in December 2002 where he served as a principal engineer and a director of engineering and left in February 2008. From February 2008 to December 2010, he worked at NVIDIA Corporation (stock code: NVDA.NASDAQ) as a senior manager. Then, he joined MulticoreWare and worked as the vice president and general manager of imaging and professional services business. Subsequently, Mr. Zhang founded Changchun Boli Electronics Co., Ltd. (長春博立電子科技有限公司) in August 2011, where he served as a supervisor till November 2019 and the chairman of the board since then. He has also been a distinguished professor, doctoral supervisor and vice president of the institute of engineering and applied technology (工程與應用技術研究院) and the executive vice president of the institute of intelligent robots (智能機器人研究院) of Fudan University (復旦大學) since September 2017.

Mr. Zhang is a well-regarded figure and holds positions at a number of public offices and associations throughout his career. He is the chairman of the Human-machine Fusion Intelligence Professional Committee of the Chinese Association for Artificial Intelligence (CAAI) (中國人工智能學會人機融合智能專業委員會). He is also the deputy director of Engineering Research Center of Intelligent Robot Ministry of Education (智能機器人教育部工程研究中心) and a member of the National Beacon Committee's Biometric Identification

Subcommittee (SAC/TC28/SC37) (全國信息技術標準化技術委員會生物特徵識別分技術委員會) and the leader of the Behavior Identification Working Group (行為識別工作組). Mr. Zhang is also the deputy leader of the Medical and Engineering Technology Transformation and Application Group of the Management Branch of the China Medical Equipment Association (中國醫學裝備協會管理分會醫學與工程技術轉化應用學組).

Mr. Zhang obtained his bachelor's degree in automatic control from Tsinghua University (清華大學) in July 1994 and his master's degree and doctoral degree in control theory and control engineering from Tsinghua University (清華大學) in June 2000. Mr. Zhang was recognized as a senior engineer by the Human Resources and Social Security Bureau of Jilin province in January 2019.

Mr. LAI Yung Yuet (黎勇越), aged 58, was appointed as our independent non-executive Director on February 6, 2025.

Mr. Lai has over 30 years of experience in technological industries. From September 1993 to June 1995, Mr. Lai was the team leader in Dow Jones Telerate (Australia) Pty Limited. He then worked as an information technology manager at MTEL International Inc. from December 1995 to March 1998. From April 1998 to December 1999, he worked at LHS Hong Kong Limited as the pre-sales team leader of North Asia. Subsequently, he served at DreamMotor.com as the vice president of information technology department from December 1999 to February 2001. From March 2001 to July 2001, Mr. Lai was a pre-sales consultant at Logica Limited. After that, he joined Deloitte & Touche Management Solutions Ltd and worked as a senior manager from June 2002 to January 2004. From June 2004 to December 2004, he was a senior consulting manager at CyberNET Group Limited. Mr. Lai then joined Langham Hotels International Limited as a group director of information technology in January 2005 and has been the vice president of information technology since March 2008.

Mr. Lai obtained his bachelor's degree in science from University of Wisconsin-Madison in May 1989, his master's degree in commerce from University of New South Wales in October 1994 and his postgraduate diploma of business administration from Warwick Business School in March 2008. He holds the globally recognized qualification named Certified Information System Security Professional and he was accredited as a Microsoft Certified System Engineer by Microsoft. Mr. Lai was also admitted as a member of the Australian Computer Society in December 1994.

Mr. WANG Fangjun (汪方軍), aged 49, was appointed as our independent non-executive Director on February 6, 2025.

Mr. Wang has gained in-depth understanding of accounting policy with his over 20 years of experience in teaching and research on accounting. Mr. Wang has been working at the school of management of Xi'an Jiaotong University (西安交通大學) since January 2004, where he successively served as a lecturer, an associate professor and a professor, and has also been the dean of accounting and finance department since January 2020.

Mr. Wang served as an independent director and the chairman of the audit committee of several listed companies, including (i) Tande Co., Ltd. (天地源股份有限公司) (stock code: 600665.SH) from December 2015 to July 2022; (ii) Yangling Metron New Material Co., Ltd. (楊淩美暢新材料股份有限公司) (stock code: 300861.SZ) from February 2018 to March 2024; (iii) AVIC Chengdu Aircraft Company Limited (中航成飛股份有限公司) (formerly known as Zhonghang Electronic Measuring Instruments Co., Ltd. (中航電測儀器股份有限公司)) (stock code: 302132.SZ) from April 2018 to January 2025; and (iv) Xi'an Qujiang Cultural Tourism Co., Ltd. (西安曲江文化旅遊股份有限公司) (stock code: 600706.SH) from September 2018 to March 2024.

Mr. Wang has profound influence in accounting field, evidenced by numerous honors and awards he received. He received Wang Kuancheng Educational Talent Award (王寬誠育才獎) and The Ninth Teaching Excellence Award (第九屆教學卓越獎) granted by Xi'an Jiaotong University (西安交通大學) in September 2012 and August 2024, respectively. He also won the ACCA Teaching Excellence Award 2013 (ACCA 2013年度優秀專業指導教師) in November 2013.

Mr. Wang obtained his bachelor's degree in auditing, his master's degree in accounting and his doctoral degree in business administration from Xi'an Jiaotong University (西安交通大學) in July 1995, March 2000 and November 2003, respectively. He was recognized as the professor in accounting by the Human Resources and Social Security Bureau of Shaanxi province in November 2021 and obtained the qualification as an independent director for listed companies issued by the Shanghai Stock Exchange in January 2016.

Mr. Wang has gained the financial management expertise required under Rule 3.10(2) of the Listing Rules through his following experiences:

- lecturing on and teaching undergraduate and graduate courses related to accounting, managerial accounting and auditing as a professor in the school of management of Xi'an Jiaotong University (西安交通大學);

- acting as the dean of accounting and finance department at the school of management of Xi'an Jiaotong University (西安交通大學), with the research fields covering, among others, accounting, corporate governance, innovation management, auditing and capital market regulation; and

- assuming the role of an independent director and the chairman of the audit committee in numerous companies listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange.

BOARD OF SUPERVISORS

The Board of Supervisors consists of three Supervisors. Pursuant to the Articles of Association, the functions and powers of the Board of Supervisors mainly include, among others, reviewing regular reports of the Company prepared by the Board and issuing written review opinions, reviewing the Company's financial position, supervising the Directors and senior management in the performance of their duties and proposing the dismissal of Directors or senior management who violate laws, administrative regulations, the Articles of Association or resolutions of the general meeting of the Company.

The following table sets forth certain information regarding our Supervisors:

Name	Age	Position	Time of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Ms. AI Baoshu (艾寶書)	57	• Chairwoman of the Board of Supervisors	August 2015	November 30, 2021	Responsible for supervising the performance of our Board and senior management
Mr. YU Junjie (俞俊傑)	57	• Supervisor	November 2021	November 30, 2021	Responsible for supervising the performance of our Board and senior management
Mr. XUE Jinlong (薛金龍)	42	• Supervisor	February 2018	November 30, 2021	Responsible for supervising the performance of our Board and senior management

Ms. AI Baoshu (艾寶書), aged 57, joined our Group in August 2015 as the director of supply chain and has been a Supervisor and the chairwoman of the Board of Supervisors since November 2021.

Ms. Ai has approximately 25 years of experience in the automation industry. From December 2000 to July 2006, she worked at Beijing SE Potevio Mobile Communications Co., Ltd. (北京索愛普天移動通信有限公司). From August 2006 to November 2014, she worked at Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. (北京光寶移動電子電信部件有限公司). Subsequently, she worked at Beijing Shouxing Hezhong Technology Co., Ltd. (北京首興合眾科技有限公司) before she joined our Group in August 2015.

Ms. Ai obtained her bachelor's degree in computer and applications from Yanshan University (燕山大學) (formerly known as Northeastern Heavy Machinery Institute (東北重型機械學院)) in July 1991. She was admitted as an Intermediate Engineer in Computer and Automatic Control (計算機與自控中級工程師) by the Intermediate Professional and Technical Position Evaluation Committee of Beijing (北京市中級專業技術職務評審委員會) in November 1996.

Mr. YU Junjie (俞俊傑), aged 57, joined our Group in November 2021 and has been our Supervisor since then.

Mr. Yu has approximately 30 years of experience in engineering. Starting from September 1997, Mr. Yu has been working at 3M China Limited (3M中國有限公司), where he has successively served as a senior manager, the head of engineering and a senior engineer since then.

Mr. Yu obtained his bachelor's degree and master's degree in engineering from Shanghai Jiao Tong University (上海交通大學) in July 1990 and March 1997, respectively.

Mr. XUE Jinlong (薛金龍), aged 42, joined our Group in February 2018 as the director of internal audit and has been a Supervisor since November 2021. He has also been a supervisor in certain subsidiaries of our Group, including Shenzhen Yunzhiji since October 2018, Chengdu Yunkuo since February 2021, Beijing Zhengzhi since June 2024 and Henan Yunji since October 2024.

Mr. Xue has over 10 years of experience in financial accounting. Prior to joining our Group, he worked at Huapu Tianjian Consulting (Beijing) Co., Ltd. (華普天健諮詢(北京)有限公司) from January 2011 to March 2014. Then, he served as a financial manager at Inner Mongolia Mengdu Sheep Industry Food Co., Ltd. (內蒙古蒙都羊業食品股份有限公司). Subsequently, he worked at Haining Huali Audiovisual Film and Television Culture Co., Ltd. (海寧華麗視聽影視文化有限公司) from November 2016 to October 2017.

Mr. Xue obtained his bachelor's degree in international economics and trade from Shenyang Aerospace University (瀋陽航空航天大學) in July 2005. He has been a non-practicing certified public accountant (非執業註冊會計師) certified by Beijing Institute of Certified Public Accountants since October 2017.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

The following table sets forth certain information regarding our senior management:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Ms. ZHI Tao (支濤)	53	• Chairwoman of the Board • Executive Director • President	January 2014	August 22, 2014	Responsible for the overall strategy planning, business direction and management of our Group
Mr. HU Quan (胡泉)	53	• Executive Director • General manager	January 2014	January 29, 2014	Responsible for the management of corporate affairs and capital operation of our Group
Mr. LI Quanyin (李全印)	42	• Executive Director • Chief executive officer	January 2014	March 1, 2016	Responsible for the business operation and execution of our Group
Mr. ZHOU Chuanbo (周傳波)	45	• Chief financial officer	January 2025	January 24, 2025	Responsible for the overall financial and capital market affairs of our Group
Mr. YING Fuchen (應甫臣)	43	• Chief technology officer	August 2015	August 31, 2015	Responsible for the formulation and execution of the overall technology strategies and the upgrading and innovation of technology of our Group
Mr. ZHAO Yongbo (趙永波)	40	• Chief marketing officer	August 2019	May 1, 2020	Responsible for the formulation and execution of the overall sales and marketing strategies of our Group

Name	Age	Position(s)	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Ms. LIU Ying (劉螢)	40	• Board secretary • Financial vice president	December 2020	November 30, 2021	Responsible for the corporate governance, investor relations maintenance, capital operation, capital management, budget management, financial accounting and tax management of our Group

Ms. ZHI Tao (支濤), see "— Board of Directors — Executive Directors" for her detailed background.

Mr. HU Quan (胡泉), see "— Board of Directors — Executive Directors" for his detailed background.

Mr. LI Quanyin (李全印), see "— Board of Directors — Executive Directors" for his detailed background.

Mr. ZHOU Chuanbo (周傳波), aged 45, joined our Group in January 2025 and has served as our chief financial officer since then.

Mr. Zhou has more than 20 years of experience in financial management and accounting and over eight years in capital market affairs management. Prior to joining our Group, Mr. Zhou was a senior associate in PricewaterhouseCoopers China from August 2004 to April 2007. From April 2007 to April 2008, he worked at Maersk (China) Ltd. (馬士基(中國)有限公司) as a deputy financial manager. Subsequently, he worked as an accounting manager of the finance department at TMT Multi Modal Transportation Company Limited (上海鐵洋多式聯運有限公司), a joint venture of A.P. Moller Maersk Group from April 2008 to February 2009. From April 2009 to June 2014, he worked at China Risun Group Limited (中國旭陽集團有限公司) (formerly known as China Risun Coal Chemicals Group Limited (中國旭陽煤化工集團有限公司) (stock code: 1907.HK) as a general manager of the finance department and company secretary department and also served as the company secretary. He then served at China New Higher Education Group (中國新高教集團有限公司) (stock code: 2001.HK) as the financial director till December 2016. From January 2017 to December 2018, he worked at Leysen Jewellery Inc. (萊紳通靈珠寶股份有限公司) (stock code: 603900.SH) with his last position as the financial head. Mr. Zhou joined IVD Medical Holding Limited (華檢醫療控股有限公司) (stock code: 1931.HK) in March 2019 and worked as the chief financial officer until March 2024, responsible for the overall financial management and capital market, where he subsequently acted as the vice president from March 2024 to January 2025, primarily responsible for investing and financing affairs and capital market affairs management.

Mr. Zhou obtained his bachelor's degree in international finance and his master's degree in economics majoring in international trade from Beihang University (北京航空航天大學) in July 2001 and March 2004, respectively. He was qualified as a chartered accountant in January 2004 in the PRC, and was admitted as a member of the Association of Chartered Certified Accountants in September 2010 and the Hong Kong Institute of Certified Public Accountants in October 2013.

Mr. YING Fuchen (應甫臣) (with former name as Ying Buchen (應輔臣)), aged 43, joined our Group in August 2015 and has been our chief technology officer since then. He has also been the general manager of Shanghai Renyun since May 2018.

Mr. Ying has more than 15 years of experience in software and internet industries and over 10 years in corporate management. Mr. Ying commenced his career as a senior software engineer at Google Information Technology (Shanghai) Co., Ltd. (咕果信息技術(上海)有限公司) from July 2006 to May 2011. Then, he served as the chief technology officer at Shanghai Ruiyi Informational Technology Co., Ltd. (上海睿醫信息科技有限公司) from May 2011 to April 2013. From September 2013 to September 2014, Mr. Ying worked at Hanhai Information Technology (Shanghai) Co., Ltd. (漢海信息技術(上海)有限公司) as a senior technology director. He was also a partner and vice president of technology at Shanghai Jingzan Enterprise Management Consulting Co., Ltd. (上海晶贊企業管理諮詢有限公司) (formerly known as Shanghai Jingzan Technology Development Co., Ltd. (上海晶贊科技發展有限公司)) from October 2014 to August 2015.

Mr. Ying obtained his bachelor's degree and master's degree in computer science and technology from Peking University (北京大學) in July 2003 and July 2006, respectively.

Mr. ZHAO Yongbo (趙永波), aged 40, joined our Group in August 2019 and has served as our chief marketing officer since May 2020. He was our senior vice president from August 2019 to May 2020.

Mr. Zhao has more than 15 years of experience in sales and marketing. He joined Shenzhen Chuangwei-RGB Electronics Co., Ltd. (深圳創維-RGB電子有限公司) as a regional general manager in July 2008. From December 2015 to May 2019, he worked at Beijing Huohe Technology Co., Ltd. (北京火河科技有限公司) as the chief operating officer.

Mr. Zhao obtained his bachelor's degree in plant science and technology from Northwest A&F University (西北農林科技大學) in July 2008.

Ms. LIU Ying (劉螢), aged 40, joined our Group in December 2020 and served as our financial director from December 2020 to December 2022. She was appointed as our Board secretary in November 2021 and our financial vice president in January 2023. She was also appointed as our joint company secretary on January 24, 2025 effective upon [**REDACTED**]. She has been a supervisor of Hainan Yunji since May 2021.

Ms. Liu has more than 15 years of experience in accounting and financial management. Prior to joining our Group, Ms. Liu was an accountant in Shell China Exploration and Production Co., Ltd. (殼牌中國勘探與生產有限公司) from November 2007 to August 2009. From November 2009 to October 2016, she was a financial manager at Lenovo (Beijing) Limited (聯想(北京)有限公司). Subsequently, she was a vice financial director at Leshi Internet Information & Technology (Beijing) Co., Ltd. (樂視網信息技術(北京)股份有限公司) from November 2016 to November 2017. She then served as a financial director at Xinjiang Liuyi Cultural Industry Development Co., Ltd. (新疆六藝文化產業發展有限公司) (formerly known as Xinjiang Liuyi Film and Television Media Co., Ltd. (新疆六藝影視傳媒股份有限公司)) from January 2018 to December 2020.

Ms. Liu obtained her bachelor's degree in economics and mathematics from University of Toronto in November 2007 and her master's degree in applied finance from Macquarie University in October 2021. She was admitted as a fellow member of CPA Australia in December 2022. She also obtained the Qualification Certificate of Board Secretary from the Shanghai Stock Exchange in February 2023.

GENERAL CONFIRMATION

Save as disclosed above, each of the Directors, Supervisors and members of the senior management of our Company (i) had no other relationship with any of the Directors, Supervisors and senior management of our Company as of the Latest Practicable Date; and (ii) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. For the Directors and Supervisors' interests in the Shares within the meaning of Part XV of the SFO, see "Appendix VI — Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders."

Except as disclosed in this document, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on February 24, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointment.

JOINT COMPANY SECRETARIES

Ms. LIU Ying (劉瑩), see "— Senior Management" for her detailed background.

Ms. NG Wai Kam (伍偉琴), was appointed as one of the joint company secretaries of our Company on January 24, 2025 effective upon [**REDACTED**].

Ms. Ng has more than 10 years of experience in the company secretarial field. She is currently a senior manager of company secretarial services of Tricor Services Limited, where she is responsible for providing corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Ng is a chartered secretary, a chartered governance professional, an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Ng currently serves as the company secretary or a joint company secretary of four listed companies on the Stock Exchange, namely, Hebei Yichen Industrial Group Corporation Limited* (河北翼辰實業集團股份有限公司) (stock code: 1596.HK), Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司) (stock code: 2666.HK), Onewo Inc. (萬物雲空間科技服務股份有限公司) (stock code: 2602.HK) and Yonghe Medical Group Co., Ltd. (雍禾醫療集團有限公司) (stock code: 2279.HK), respectively.

Ms. Ng obtained her bachelor's degree in business administration from Hong Kong Shue Yan University (香港樹仁大學) in July 2011.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, our Company has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Wang Fangjun, Mr. Lai Yung Yuet and Mr. Wu Minghui. The chairperson of the Audit Committee is

* *For identification purpose only*

Mr. Wang Fangjun, who holds the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, among others:

- making recommendations to our Board on the appointment, reappointment and removal of external auditor, monitoring the external auditor's independence and evaluating the effectiveness of the audit process and their performance;

- monitoring integrity of our financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained therein;

- reviewing and discussing the financial reporting system, risk management and internal control systems;

- coordinating the communication among management, internal audit department, related departments and external auditor; and

- other responsibilities as authorized by our Board or required by the relevant laws and regulations.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Mr. Zhang Lihua, Mr. Wang Fangjun and Ms. Zhi Tao. The chairperson of the Remuneration Committee is Mr. Zhang Lihua. The primary duties of the Remuneration Committee include, among others:

- making recommendations to our Board on the policy and structure for the remuneration of Directors, Supervisors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

- making recommendations to our Board on the remuneration packages of executive Directors, Supervisors and senior management and the remuneration of non-executive Directors;

- reviewing and approving compensation payable to executive Directors, Supervisors and senior management of our Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

- review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Ms. Zhi Tao, Mr. Zhang Lihua and Mr. Wang Fangjun. The chairperson of the Nomination Committee is Ms. Zhi Tao. The primary duties of the Nomination Committee include, among others:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually, assisting the Board in maintaining a board skills matrix, and making recommendations on any proposed changes to our Board to complement our Company's corporate strategy;

- identifying individuals who are suitably qualified to become Board members and selecting or making recommendations to our Board on the selection of individuals nominated for directorships;

- assessing the independence of independent non-executive Directors;

- making recommendations to the Board on the appointment or reappointment of Directors; and

- supporting our Company's regular evaluation of the Board's performance.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance which are crucial to our development and the interests of our Shareholders. To accomplish this, we expect to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We [have adopted] a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, computer science, artificial intelligence, software engineering and financial management. They obtained degrees in various majors, including automation, computer science and technology, business administration and economics and mathematics. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board. Furthermore, our Board has a diverse age and gender representation, ranging from 42 years old to 58 years old and comprising two female Directors. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. We will continue to apply the principles of appointments based on merits with reference to our board diversity policy as a whole.

Besides, we emphasize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels.

Our Nomination Committee is responsible for reviewing the structure and ensuring the diversity of our Board. After the [**REDACTED**], our Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on annual basis.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management members receive compensation from our Company in the form of salaries, allowances, discretionary bonuses, benefits in kind and share-based payments.

The aggregate amounts of remuneration (including director's fee, equity-settled share based payment expenses, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and other social security costs and housing benefits) paid to our Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024 were RMB6.2 million, RMB5.1 million and RMB8.3 million, respectively.

The five highest paid individuals for the years ended December 31, 2022, 2023 and 2024 included two, nil and two Directors and no Supervisors, respectively, whose remunerations are included in the aggregate amount of remuneration set out above. For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration (including salaries and other emoluments, discretionary bonuses, share-based payments and retirement scheme contributions) for the remaining highest paid individuals who are not Directors or Supervisors of our Group were RMB5.1 million, RMB14.9 million and RMB19.5 million.

It is estimated that remuneration equivalent to approximately RMB5.4 million in aggregate will be paid to the Directors and Supervisors (inclusive of benefits in kind but exclusive of any discretionary bonuses) by our Company for the year ending December 31, 2025 based on the arrangements currently in force.

No remuneration was paid by our Company to the Directors, Supervisors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors or Supervisors had waived or agreed to waive any remuneration during the Track Record Period.

[**REDACTED**] ESOP

We adopted a [**REDACTED**] ESOP on December 31, 2020, which was amended on February 11, 2025. The [**REDACTED**] ESOP is not subject to Chapter 17 of the Listing Rules as it does not involve the grant of share awards by our Company after the [**REDACTED**]. For further details, see "Appendix VI — Statutory and General Information — D. [**REDACTED**] ESOP."

COMPLIANCE ADVISOR

We have appointed SPDB International Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or [**REDACTED**] volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

The terms of the appointment of the compliance advisor will commence on the [**REDACTED**] and is expected to end on the date when our Company distributes the annual report of its financial results for the first full financial year commencing after the [**REDACTED**].

CORE R&D TEAM MEMBERS

For further details of the experience of our core R&D team members, see "Business — Research and Development — Our Research and Development Team" in this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]), the following persons will have or be deemed or taken to have an interest and/or short positions in the Shares or the underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings our Company:

		Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming no exercise of the [REDACTED])[1]			
Name of Shareholder	Nature of interest	Number	Approximate percentage of shareholding in the total issued share capital	Number	Description of Shares	Approximate percentage of shareholding in our Unlisted Shares/ H Shares (as appropriate)	Approximate percentage of shareholding in the total issued share capital
Ms. Zhi[2][3][4] . . .	Beneficial interest	6,016,193	9.73%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation	7,511,191	12.15%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest of a party to an agreement regarding interest in the Company	9,050,741	14.64%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Hu Quan	Beneficial interest	4,512,147	7.30%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Yunji Angel Management[4] . .	Beneficial interest	4,376,375	7.08%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest of a party to an agreement regarding interest in the Company	3,134,816	5.07%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Yu Guangdong (于光東)[5]	Interest in controlled corporation	6,613,249	10.70%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Feidian Management[5] . .	Interest in controlled corporation	4,735,435	7.66%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

		Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming no exercise of the [REDACTED])(1)			
Name of Shareholder	**Nature of interest**	**Number**	**Approximate percentage of shareholding in the total issued share capital**	**Number**	**Description of Shares**	**Approximate percentage of shareholding in our Unlisted Shares/ H Shares (as appropriate)**	**Approximate percentage of shareholding in the total issued share capital**
Anhui Artificial Intelligence Company(6)	Beneficial interest	5,917,218	9.57%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei Industrial Investment Holdings(6)	Interest in controlled corporation	5,917,218	9.57%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei Industrial Investment Group(6)	Interest in controlled corporation	5,917,218	9.57%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Linzhi Tencent(7) . .	Beneficial interest	5,621,036	9.09%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Ruijian Investment(7) . .	Interest in controlled corporation	5,621,036	9.09%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Tencent(7)	Interest in controlled corporation	5,621,036	9.09%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares in issue and [**REDACTED**] H Shares in issue immediately after completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) and the Conversion of Unlisted Shares into H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) Ms. Zhi acts as the general partner of Yunji Angel Management. Therefore, Ms. Zhi is deemed to be interested in all the Shares that Yunji Angel Management is deemed to be interested in by virtue of the SFO.

(3) Pursuant to the arrangements between Individual Voting Grantors and Ms. Zhi, Ms. Zhi controls the exercise of the voting rights attaching to the Shares directly held by the Individual Voting Grantors. For details, see "History, Development and Corporate Structure — Voting Arrangements." Therefore, Ms. Zhi is deemed to be interested in all the Shares held by the Individual Voting Grantors by virtue of the SFO.

(4) Pursuant to the arrangements between Investor Voting Grantors and Yunji Angel Management, Yunji Angel Management controls the exercise of the voting rights attaching to the Granted Investor Shares held by the Investor Voting Grantors. For details, see "History, Development and Corporate Structure — Voting Arrangements." Therefore, Yunji Angel Management is deemed to be interested in the Granted Investor Shares held by the Investor Voting Grantors by virtue of the SFO.

(5) The general partner of Feidian No. 1, Feidian No. 2, Shanghai Feidian and Hainan Feidian is Hainan Feidian Private Equity Fund Management Co., Ltd. (海南沸點私募基金管理有限公司) ("**Feidian Management**"). The general partner of Shanghai Yushu is Jiaxing Feidian Yushu Equity Investment Partnership (Limited Partnership) (嘉興沸點雨樹股權投資合夥企業(有限合夥)), of which the general partner is Feidian Management. Feidian Management is owned by Mr. Yu Guangdong (于光東) as to 33.34%. The general partner of AlphaX is AlphaX Partners GP Ltd., which is ultimately controlled by Mr. Yu Guangdong.

As such, Feidian Management is deemed to be interested in the Shares held by Feidian No. 1, Feidian No. 2, Shanghai Feidian, Hainan Feidian and Shanghai Yushu by virtue of the SFO. Mr. Yu Guangdong is deemed to be interested in the Shares held by Feidian No. 1, Feidian No. 2, Shanghai Feidian, Hainan Feidian, Shanghai Yushu and AlphaX by virtue of the SFO.

(6) More than one-third equity interest of Anhui Artificial Intelligence Company is held by Hefei Industrial Investment Holdings Co., Ltd. (合肥市工業投資控股有限公司) ("**Hefei Industrial Investment Holdings**") which is in turn wholly owned by Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股(集團)有限公司) ("**Hefei Industrial Investment Group**"). As such, each of Hefei Industrial Investment Holdings and Hefei Industrial Investment Group is deemed to be interested in the Shares held by Anhui Artificial Intelligence Company by virtue of the SFO.

(7) Linzhi Tencent is wholly owned by Shenzhen Tencent Ruijian Investment Co., Ltd. (深圳市騰訊睿見投資有限公司) ("**Ruijian Investment**"), which is a subsidiary of Tencent Holdings Limited ("**Tencent**"). As such, each of Ruijian Investment and Tencent is deemed to be interested in the Shares held by Linzhi Tencent by virtue of the SFO.

Save as disclosed above and in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders," our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company.

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB61,818,182, comprising 61,818,182 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, assuming the [**REDACTED**] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be converted from Unlisted Shares[1]	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

Note:

(1) See "History, Development and Corporate Structure — Public Float" for details of the identities of the Shareholders whose Shares will be converted into H Shares upon [**REDACTED**].

Immediately following completion of the [**REDACTED**] and Conversion of Unlisted Shares into H Shares, assuming the [**REDACTED**] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be converted from Unlisted Shares[1]	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

Note:

(1) See "History, Development and Corporate Structure — Public Float" for details of the identities of the Shareholders whose Shares will be converted into H Shares upon [**REDACTED**].

RANKING

Upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, the Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold our H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company will have only one class of Shares upon completion of the [**REDACTED**], namely ordinary shares, and each carry the same rights in all respects with the other Shares. For details of circumstances under which our Shareholders' meetings are required, see "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association."

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Upon completion of the [**REDACTED**], all our Unlisted Shares (other than those converted to H Shares) are not [**REDACTED**] or [**REDACTED**] on any stock exchange. The holders of our Unlisted Shares may convert their Shares into H Shares provided that such conversion shall have gone through the requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s), and shall complete the filing process procedure with CSRC. The [**REDACTED**] of such converted Shares on the Stock Exchange will also require the approval of the Stock Exchange.

In accordance with the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) (the "**Full Circulation Guidelines**") published and implemented by the CSRC on November 14, 2019 and amended on August 10, 2023 and the Overseas Listing Trial Measures, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Stock Exchange after application to file with the CSRC. The Full Circulation Guidelines are applicable to domestic companies [**REDACTED**] on the Stock Exchange only and not applicable to companies dual listed in the PRC and on the Stock Exchange.

Upon completion of the [**REDACTED**], [**REDACTED**] Unlisted Shares held by certain Shareholders will be converted into H Shares on a one-for-one basis. The conversion of these Unlisted Shares into H Shares [has been] filed with CSRC and the CSRC issued notice of filing on [●], 2025 and an application has been made to the [**REDACTED**] for such H Shares to be [**REDACTED**] on the Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our initial [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior application for [**REDACTED**] at the time of our initial [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on the Stock Exchange. Any application for [**REDACTED**] of the converted Shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our [**REDACTED**] lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to [**REDACTED**] on the Stock Exchange will comply with the Listing Rules and the General Rules of [**REDACTED**] and [**REDACTED**] Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

For further details, see "Risk Factors — Risks Relating to the [**REDACTED**] — Future sales or perceived sales of substantial amounts of our securities in the public market, including any future [**REDACTED**] in the PRC, could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings."

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within 12 months from the [**REDACTED**].

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares held by the aforementioned persons cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of our Company.

[REDACTED] ESOP

We adopted a [**REDACTED**] ESOP on December 31, 2020, which was amended on February 11, 2025. The [**REDACTED**] ESOP is not subject to Chapter 17 of the Listing Rules as it does not involve the grant of further share awards by our Company after the [**REDACTED**]. For further details, see "Appendix VI — Statutory and General Information — D. [**REDACTED**] ESOP."

RESTRICTIONS ON SHARES NOT [REDACTED] ON THE OVERSEAS STOCK EXCHANGE

According to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《關於境外上市公司非境外上市股份登記存管業務受理調整的通知》) and Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《境外上市公司非境外上市股份登記存管業務指南》), our Company is required to register and deposit our Shares that are not [**REDACTED**] on the overseas stock exchange with the China Securities Depository and Clearing Corporation Limited after the [**REDACTED**].

You should read the following discussion and analysis in conjunction with our consolidated financial statements together with the accompanying notes as set forth in the Accountants' Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in certain aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Business" in this document.

OVERVIEW

We are a leading hospitality robotic-based AI agent company. Leveraging cutting-edge robotic and AI agent services, we empower corporate customers to redefine consumer experience. From robots that interact with the physical world to AI digitalization system that streamline decision-making, we harness the power of AI agents to deliver adaptive, scalable, consumer-centric and future-ready products and services.

During the Track Record Period, we generated revenue from (i) robots and functional kits, and (ii) AI digitalization system, which includes AI-driven robotic fundamental services and AI agent applications. With dedicated efforts in commercializing our products and services and addressing vast customer demand across various downstream scenarios, we realized substantial growth from 2022 to 2024. Our total revenue experienced a slight decline of 10.0%, decreasing from RMB161.3 million for the year ended December 31, 2022 to RMB145.2 million for the year ended December 31, 2023. However, it rebounded significantly, rising by 68.6% to RMB244.8 million for the year ended December 31, 2024. Despite the fluctuations in revenue during the Track Record Period, we achieved a notable increase in gross profit, which grew at a CAGR of 64.6% from RMB39.3 million for the year ended December 31, 2022 to RMB106.4 million for the year ended December 31, 2024. Our net loss position has also significantly improved during the Track Record Period, with net losses of RMB365.4 million, RMB264.5 million and RMB185.0 million for the years ended December 31, 2022, 2023 and 2024, respectively, demonstrating our enhanced commercialization capability and sustainable growth potential. Our adjusted net loss (non-IFRS measure) decreased from RMB233.9 million for the year ended December 31, 2022 to RMB120.5 million for the year ended December 31, 2023, and further decreased to RMB27.6 million for the year ended December 31, 2024. See "Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Non-IFRS Measure."

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Development of the Hospitality Robotic-based AI Agent Industry and Competition Landscape

Our business, financial performance, results of operations and future growth are affected by the development of the hospitality robotic-based AI agent industry, including the general factors affecting the hospitality robotic-based AI agent market, the macroeconomic conditions and regulatory environment, as well as the market acceptance, adoption and demand of hospitality robotic-based AI agent products and services. According to Frost & Sullivan, the market size of the hospitality robotic-based AI agent industry in China in terms of revenue experienced significant growth from RMB1.5 billion in 2019 to RMB3.0 billion in 2023 at a CAGR of 18.7%, and is expected to reach RMB9.7 billion in 2028 at a CAGR of 26.5% from 2024 to 2028. In particular, factors such as advancements in AI, increasing multifunctionality and scalability of hospitality robotic-based AI agents, the growing demand for premium, efficient and consistent services from downstream industries, and favorable government policies are expected to further drive the growth of the hospitality robotic-based AI agent market. See "Industry Overview — Overview of the Hospitality AI Agent Market in China" for details.

Meanwhile, we operate in a rapidly growing and increasingly competitive hospitality robotic-based AI agent market. We face competition primarily from other competitors with diverse capabilities, some of which may have longer operating history, greater business scale and resources, higher market recognition and more effective pricing strategies than us. We believe factors including strong R&D capabilities, breadth and quality of our products and services, strong relationship with our customers, marketing and sales channels, competitive pricing, brand recognition and after-sales comprehensive AI-powered support services are critical to our competitiveness in this market. We believe we are well-positioned to capture such market opportunity with our strong R&D capabilities and extensive product and service portfolio. However, increased competition or our inability to sustain our competitive advantage could adversely affect our results of operations.

Our Commercialization and Sales and Marketing Capabilities

Our ability to successfully commercialize and market our products and services and retain our customers is crucial to our results of operations and continued growth. We have made proactive efforts in product and service commercialization and market expansion, which has contributed significantly to the expansion of our market reach and customer base. In 2022, 2023 and 2024, we secured 2,825, 3,431, and 3,810 new direct sale corporate customers (on an individual entity basis), respectively. We also systematically deepened our partnership with distributors to further expand our customer outreach in 2024. As of December 31, 2022, 2023 and 2024, we had 64, 75 and 113 distributors. Despite that we offer more favorable pricing terms to our distributors than those to customers under direct sales, we believe that our sales approach has enabled us to tap into both the benefits of direct sales in customer engagement, and the benefits of distributorship in market outreach and support. Our reputable and diverse customer base demonstrates strong support and demand for our products and services and helps to strengthen our brand and reputation, thereby attracting more customers. Our ability to retain our existing customers, strengthen our customer base, expand market reach, generate sales, and achieve business growth in the future is crucial to our profitability and will continue to rely on the efficiency and breadth of our sales network.

As we are still at a relatively early stage of commercialization, we have devoted, and expect to continue to devote, substantial resources to our sales and marketing initiatives to deepen our market penetration, enlarge our customer base and achieve higher market recognition, especially in the overseas markets, for which we may incur higher sales and marketing expenses. During the Track Record Period, our selling and marketing expenses were RMB103.6 million, RMB56.8 million and RMB58.2 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 64.2%, 39.1% and 23.8% of our total revenue for the same years, respectively. The decrease in selling and marketing expenses as a percentage of our total revenue was primarily due to (i) decreased personnel expenses as a result of our concerted efforts to streamline our direct sales and marketing team and deepened collaboration with distributors; and (ii) enhanced sales and marketing efficiency as we enjoyed the benefits of distributorship in market outreach and support, and successfully expanded our business operations and achieved economies of scale. As we continue to scale up our business operations, we expect to achieve greater cost efficiency with our sales and marketing initiatives. Going forward, we believe our success will continue to largely depend on our ability to retain and further expand our customer base through offering stable, effective and diversified products and services.

Our Ability to Enhance and Develop Our Products and Services

Our products and services are subject to diversified use cases and rapidly evolving customer demands, and the hospitality robotic-based AI agent industry we operate in is characterized by constant advancements in product innovations and technology advancements, including rapid technological evolution, frequent introductions of new products, continual shifts in customer demands and constant emergence of new industry standards and practices. To maintain our leading position in the hospitality robotic-based AI agent market and achieve sustainable growth, we must continuously iterate our products and services to keep pace with these changes in a timely and effective manner. To that end, our ability to efficiently develop and launch new products and services which incorporate and integrate the latest technological advancements and enhance our existing products and services is critical to our growth prospects. We have a proven track record in this regard, as demonstrated by our comprehensive and integrated products and services catering to a wide array of use cases. We aspire to continue to leverage our existing advantages in this regard and strengthen our products and service offerings to drive our growth.

Our R&D capabilities are the backbone of our ability to enhance and develop our products and services. We have invested and expect to continue to invest significant resources in our R&D activities. During the Track Record Period, our research and development expenses were RMB67.8 million, RMB69.4 million and RMB57.4 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 42.0%, 47.8% and 23.4% of our total revenue for the same years, respectively. In particular, in light of the nature of the hospitality robotic-based AI agent industry and the demands for talents in the related disciplines, we believe that the ability to attract and retain a strong R&D team with the relevant knowledge, expertise and acumen is fundamental to our long-term competitiveness. Therefore, we expect to remain committed to our investment in talents. In addition, while we strive to achieve efficiency with our R&D efforts, as similar initiatives in the hospitality robotic-based AI agent industry are usually associated with uncertainties in the process and outcome, we may experience fluctuations in research and development expenses and we may not predict the results of and return on such investment, which, in turn, may affect our results of operations.

Our Ability to Optimize Cost Structure and Improve Operational Efficiency

While we value and encourage spending on innovation, our ability to achieve and maintain profitability is dependent in part on our ability to control costs. During the Track Record Period, our cost of sales was RMB122.0 million, RMB106.0 million and RMB138.4 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 75.7%, 73.0% and 56.5% of our total revenue for the same years, respectively. Our cost of sales primarily consisted of cost of inventories sold, labor costs, logistics and delivery costs, and cloud and technical service costs. Changes in any major component of our cost of sales and our overall cost structure could have an impact on our gross profit and gross profit margin. For instance, the largest component of our cost of sales was cost of inventories sold, which amounted to RMB85.3 million, RMB71.2 million and RMB106.9 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 69.9%, 67.2% and 77.2% of our total cost of sales for the same years, respectively. Our ability to effectively control such costs as we expand our operations has affected and will continue to affect our financial results. We aim to deepen our collaborations with suppliers to enhance the stability and affordability of supply and optimize our cost structure.

In order to assess the hypothetical financial impacts of our cost of sales, the following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in cost of sales on our gross profit for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Change in gross profit	% change in gross profit	Change in gross profit	% change in gross profit	Change in gross profit	% change in gross profit
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
+5%	(6,100.5)	(15.5)	(5,299.8)	(13.5)	(6,917.9)	(6.5)
-5%	6,100.5	15.5	5,299.8	13.5	6,917.9	6.5
+10%.	(12,200.9)	(31.1)	(10,599.6)	(27.1)	(13,835.7)	(13.0)
-10%	12,200.9	31.1	10,599.6	27.1	13,835.7	13.0

In addition, our operating efficiency is affected by our ability to control operating expenses, which primarily comprised research and development expenses, selling and marketing expenses and administrative expenses during the Track Record Period. Our research and development expenses may increase and account for a significant portion of our total operating expenses. Our ability to ensure R&D efficiency and maintain research and development expenses at a reasonable level comparable to our revenue scale is critical to our results of operations and financial condition. In addition, during the Track Record Period, our total staff costs, which includes labor costs recorded in cost of sales and personnel expenses recorded in research and development expenses, selling and marketing expenses as well as administrative expenses, accounted for 139.5%, 108.7% and 59.7% of our revenue for the years ended December 31, 2022, 2023 and 2024, respectively. The decrease in total staff costs during the Track Record Period was primarily due to our concerted efforts to streamline our personnel, optimize our labor structure and enhance overall operational efficiency. As we further increase our revenue, we expect to benefit from economies of scale and further improve our operational efficiency.

Macroeconomic Environment and Government Policies Supporting the Hospitality Robotic-based AI Agent Industry

Our business and operating results are affected by macroeconomic conditions, including the overall economic growth, level of per capita disposable income, level of business expenditures, growth of the underlying industry verticals we operate in, international trade policies and tariffs, among other things. Unfavorable changes in the macroeconomic conditions and business spending could negatively affect demand for our products and services and materially and adversely affect our results of operations.

In addition, the overall hospitality robotic-based AI agent industry and our Company have both benefited, and expect to continue to benefit, from favorable policies supporting the hospitality robotic-based AI agent industry. For instance, according to Frost & Sullivan, the PRC government in recent years has been implementing a number of preferential policies and development plans to encourage the development of the hospitality robotic-based AI agent industry, such as the *14th Five Year Plan for the Development of the Robot Industry* (《"十四五"機器人產業發展規劃》), *National Artificial Intelligence Industry Comprehensive Standardization System Construction Guide (2024 Edition)* (《國家人工智能產業綜合標準化體系建設指南(2024版)》), *Guiding Opinions on the Innovation and Development of Humanoid Robots* (《人形機器人創新發展指導意見》) and the *Implementation Plan for "Robot+" Application Action* (《"機器人+"應用行動實施方案》). During the Track Record Period, we also received several government grants (i) in recognition of our R&D efforts and our business achievements, (ii) in connection with certain government-sponsored projects focusing on the R&D of robotic and AI technologies, and (iii) for providing stable jobs (政府穩崗補貼), which in turn facilitated our business expansion. However, to the extent that any such favorable government policies were discontinued or reduced in the future, the hospitality robotic-based AI agent industry may be affected, which may also affect our financial performance and growth prospects.

Seasonality

A significant portion of our revenue is generated from the hotel scenario, which is subject to seasonal fluctuations. The sales performance of our products and services is generally subject to seasonal fluctuations in the hotel industry. We typically record higher revenue in the second half of the year attributable to increased purchases from hotel customers in preparation for the National Day holiday, Christmas and New Year, which is in line with the peak period of the hotel industry. See "Business — Seasonality" for more details. According to Frost & Sullivan, such revenue seasonality is generally in line with the revenue fluctuation in the hospitality robotic-based AI agent industry in China.

The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. If seasonal demand exceeds our expectation, we may not have sufficient stock or arrange for timely delivery. If seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory.

BASIS OF PRESENTATION

Our Company was established in the PRC as a limited liability company on January 29, 2014, and was converted into a joint stock company with limited liability on December 6, 2021. For details, please see "History, Development and Corporate Structure." The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board. The historical financial information has been prepared under the historical cost basis, except for certain financial instruments which have been measured at fair value at the end of each of the relevant year. All intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. All effective standards, amendments to standards and interpretation, mandatory for any financial year during the Track Record Period, are consistently applied to our Group throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information. It also requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report included in Appendix I to this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and accounting judgments and estimates that we believe are significant to the preparation of our consolidated financial statements. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe to be critically important to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, accounting judgments and estimates, which are important for understanding our financial position and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants' Report set out in Appendix I to this document.

Revenue Recognition

We generate revenue from (i) the sales of robots and functional kits, primarily including robots, related hardware and other kits; and (ii) AI digitalization system, which includes (a) the provision of AI-driven robotic fundamental services, primarily including subscription of our robot operating system and comprehensive AI-powered support for our robots and functional kits; and (b) the provision of AI agent applications, primarily including subscription service for our standard HDOS, development service for customized HDOS, and YJ-Platform.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate the transaction price to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the observable prices charged to customers when we sell that good or service separately. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of information. Assumptions and estimations have been made in estimating the standalone selling price, and changes in those assumptions and estimates may impact the revenue recognition.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Sales of Robots, Functional Kits and Merchandises

Revenue generated from sales of robots, functional kits and merchandise is recognized when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the products promised under the contract on a relatively stand-alone selling price basis.

We offer certain customers for the sale of products with rights of return. Such rights of return give rise to variable consideration.

We use an expected value approach to estimate variable consideration based on our current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of products, we recognize revenue after taking into account adjustment to transaction price arising from returns as mentioned above. A refund liability is recognized for the expected returns and is included in other payables. A right to recover returned products (included in inventories) and corresponding adjustment to cost of sales are also recognized for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

Provision of AI Digitalization System

Revenue from AI digitalization system (excluding revenue generated from sales of merchandise through our smart vending machines) is recognized on a straight-line basis over the performance period for which the services are rendered, or recognized when we fulfilled the specific performance obligation under the contract terms with customers.

Government Grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same years in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

Credit Losses and Impairment of Assets

Credit Losses from Financial Instruments

We recognize a loss allowance for expected credit losses ("**ECLs**") on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivables, time deposits with banks and restricted cash). Financial assets measured at FVPL are not subject to the ECL assessment. ECLs are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to us in accordance with the contract and the cash flows that we expect to receive).

The expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material. The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, we recognize a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when we determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the year in which the recovery occurs.

Impairment of Other Non-current Assets

At each reporting date, we review the carrying amounts of our non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of our non-financial assets is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Redemption Liabilities

Our redemption liabilities arise from the redemption right granted to our [**REDACTED**] Investors. A contract that contains an obligation to purchase our equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if our obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortized cost with interest expense being included in changes in the carrying amounts of redemption liabilities.

The redemption liabilities were classified as current liabilities as some of the redemption events could occur anytime. The carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty's redemption right.

Share-based Payments

To motivate and encourage our officer, employee and consultant to further promote our business development, we granted share awards under the [**REDACTED**] ESOP. The difference between the subscription price and the fair value of the share awards granted to employees is recognized as an employee cost with a corresponding increase in share-based payments reserve within equity. The fair value of the share awards is the difference between the subscription price paid by the employees and the fair value of the ordinary shares of the Company at the relevant grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total difference between the subscription price and the fair value of the ordinary shares is spread over the vesting period, taking into account the probability that the share awards will be vested.

DESCRIPTION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth key consolidated statements of profit or loss and comprehensive income items, with line items in absolute amounts and as a percentage of our revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	**161,280**	**100.0**	**145,153**	**100.0**	**244,775**	**100.0**
Cost of sales	(122,009)	(75.7)	(105,996)	(73.0)	(138,357)	(56.5)
Gross profit	**39,271**	**24.3**	**39,157**	**27.0**	**106,418**	**43.5**
Research and development expenses	(67,761)	(42.0)	(69,443)	(47.8)	(57,386)	(23.4)
Selling and marketing expenses	(103,565)	(64.2)	(56,790)	(39.1)	(58,188)	(23.8)
Administrative expenses	(106,510)	(66.0)	(56,553)	(39.0)	(56,121)	(22.9)
Other net income	15,809	9.8	18,818	13.0	22,007	9.0
Impairment losses recognized on trade receivables	(10,075)	(6.2)	(7,647)	(5.3)	(9,657)	(3.9)
Loss from operations	(232,831)	(144.4)	(132,458)	(91.3)	(52,927)	(21.6)
Finance costs	(1,081)	(0.7)	(557)	(0.4)	(167)	(0.1)
Changes in the carrying amount of redemption liabilities	(131,508)	(81.5)	(131,508)	(90.6)	(131,869)	(53.9)
Loss before taxation	**(365,420)**	**(226.6)**	**(264,523)**	**(182.2)**	**(184,963)**	**(75.6)**
Income tax	–	–	–	–	–	–
Loss and total comprehensive income for the year attributable to equity shareholders of the Company	**(365,420)**	**(226.6)**	**(264,523)**	**(182.2)**	**(184,963)**	**(75.6)**

Non-IFRS Measure

To supplement our financial information, which is presented in accordance with IFRS Accounting Standards, we also provide adjusted net loss as a non-IFRS measure, which is unaudited in nature and is not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year, aiming to provide useful information to investors in understanding and evaluating our results of operations in the same manner it helped our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies as they do not have a standardized meaning. The application of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss (non-IFRS measure) as loss and total comprehensive income for the year attributable to our equity shareholders adjusted by adding back [**REDACTED**] expenses, share-based payment expenses and changes in the carrying amount of redemption liabilities. We eliminate the potential impacts of these items that our management does not consider to be indicative of our core operating performance, as they are either non-cash, non-operating or one-off expenses. [**REDACTED**] expenses are one-off expenses relating to the [**REDACTED**]. Changes in the carrying amount of redemption liabilities and share-based payment expenses are also non-cash in nature and are not directly correlated with our principal business. In particular, changes in the carrying amount of redemption liabilities are related to the redemption right granted to our [**REDACTED**] Investors. Such redemption liabilities will be reclassified from liabilities to equity upon [**REDACTED**] and are not expected to recur thereafter.

The following table reconciles our adjusted net loss (non-IFRS measure) for the years indicated to loss and total comprehensive income for the year attributable to our equity shareholders:

	Year ended December 31,		
	2022	**2023**	**2024**
		RMB'000	
Loss and total comprehensive income for the year attributable to equity shareholders of the Company	**(365,420)**	**(264,523)**	**(184,963)**
Add:			
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Share-based payment expenses	–	12,558	22,297
Changes in the carrying amount of redemption liabilities	131,508	131,508	131,869
Adjusted net loss (non-IFRS measure)	**(233,912)**	**(120,457)**	**(27,559)**

Revenue

Revenue by Business Line

During the Track Record Period, we generated our revenue from (i) robots and functional kits, and (ii) AI digitalization system, which includes AI-driven robotic fundamental services and AI agent applications. See "Business — Our Product-service Mix" for more details.

The following table sets forth the breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robots and functional kits	**134,896**	**83.6**	**119,683**	**82.4**	**188,894**	**77.2**
Product sales	134,750	83.5	119,230	82.1	186,605	76.3
Rental income	146	0.1	453	0.3	2,289	0.9
AI digitalization system	**26,384**	**16.4**	**25,470**	**17.6**	**55,881**	**22.8**
AI-driven robotic fundamental services	20,158	12.5	22,298	15.4	44,364	18.1
AI agent applications	6,226	3.9	3,172	2.2	11,517	4.7
Total	**161,280**	**100.0**	**145,153**	**100.0**	**244,775**	**100.0**

Robots and Functional Kits

We sell our robots and functional kits to customers, and to a lesser extent, lease to them, depending on their preference. Revenue generated from robots and functional kits primarily consists of payments for sale of products and rental payments if customers choose to lease the products. Revenue generated from robots and functional kits is recognized when our customers take possession of and accept our products. For direct sales of robots and functional kits, our control of the products is transferred upon the acceptance by customers. For robots and functional kits sold to the domestic market through distributors, control of the products is transferred upon the completion of implementation and connection of the robots to our cloud-based infrastructure. For the robots and functional kits sold to the overseas market through distributors, control of the products is generally transferred upon arrival of products at the locations designated by distributors or upon completion of customs declaration. Our customers of robots and functional kits primarily comprise (i) corporate customers across various scenarios such as hotel, commercial building, technology, healthcare facility and factory, and (ii) to a lesser extent, our distributors.

Our revenue generated from robots and functional kits decreased in 2023, mainly because we strategically adjusted our product strategy to adapt to economic challenges and market changes. Enterprises engaging in hospitality services, impacted by the COVID-19 travel restrictions in 2022, faced budget constraints and became more cost-conscious when purchasing hardware or digital systems, according to Frost & Sullivan. To address this, in early 2023, we scaled back on developing and selling certain customized robotic products which required significant R&D investment and longer R&D lead time. Instead, we redirected our resources toward the R&D of our composite polymorphic robots, which offers greater scalability and adaptability across various applications leveraging their fully modular design, and have higher average selling price together with the YJ-Transformer modules. Additionally, we focused on the sales and marketing of our integrated robots, the Run Series and Gogo Series, which are more mature, stable and have gained widespread market recognition. Moreover, enterprises engaging in hospitality services had decreased demand for robots to take on disinfection, sterilization and delivery tasks after the quarantine requirements to contain the COVID-19 pandemic were lifted in late 2022. Our strategic realignment has proven to be effective, as our revenue generated from robots and functional kits increased in 2024. In addition to the aforementioned, the elevated revenue in 2024 was also attributable to more revenue from distributors following our deepened collaboration with them in 2024 which provided us with the benefits of distributorship in market outreach and support.

AI Digitalization System

(a) AI-driven Robotic Fundamental Services

Our AI-driven robotic fundamental services encompass YJ-ROS subscription and comprehensive AI-powered support for our robots and functional kits. Revenue generated from AI-driven robotic fundamental services primarily consists of (i) annual subscription fees for YJ-ROS paid by corporate customers engaged in the development and production of robots; and (ii) annual subscription fees for comprehensive AI-powered support for our robots and functional kits or one-off service fees for additional comprehensive AI-powered support services outside agreed scope from corporate customers who have purchased our robots. Revenue generated from AI-driven robotic fundamental services is recognized on a straight-line basis over the performance period for which the services are rendered, or recognized when we fulfilled the specific performance obligation under the contract terms with customers.

Our revenue generated from AI-driven robotic fundamental services increased during the Track Record Period, mainly driven by higher revenue generated from comprehensive AI-powered support for our robots and functional kits, which was fueled by more customers subscribing to such services after the one-year warranty period for our robotic products expired, reflecting the growth in cumulative robot sales over the years.

(b) AI agent Applications

Our AI agent applications encompass the subscription service for our standard HDOS, development service for customized HDOS, and YJ-Platform. Revenue generated from AI agent applications primarily consists of (i) monthly subscription fees from corporate customers for standard HDOS; (ii) service fees for development and monthly subscription fees for continuous subscription from corporate customers for customized HDOS; (iii) commission-based operational service fees from corporate customers; (iv) payment for sales of merchandise through our smart vending machines. Revenue generated from AI agent applications (excluding sales of merchandise through our smart vending machines) is recognized on a straight-line basis over the performance period for which the services are rendered, or recognized when we fulfilled the specific performance obligation under the contract terms with customers. Revenue generated from sales of merchandise through our smart vending machines is recognized when the customer takes possession of the merchandise, which amounted to RMB2.3 million, RMB0.6 million and RMB0.1 million for the years ended December 31, 2022, 2023 and 2024, respectively.

We strategically focused on strengthening our leading position in robotic products to accumulate a solid customer base and enhance brand recognition, which allows us to explore cross-selling opportunities for our AI agent applications to existing customers. Revenue generated from AI agent applications decreased in 2023, mainly due to temporary fluctuations of such business line during its initial development phase. Our accumulated cross-selling efforts have well-grounded us for accelerated growth in our revenue generated from AI agent applications in 2024. This increase was primarily attributable to our proactive marketing initiatives to expand the customer base for AI agent applications and our enhanced ability to cross-sell such services to existing customers leveraging our brand reputation to secure high-value contracts for customized HDOS.

Revenue by Scenarios

Our products and services are highly scalable and adaptable, catering to a wide range of scenarios across various industries, including hotel, commercial building, technology, healthcare facility and factory.

The following table sets forth the breakdown of our revenue by scenarios for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Hotel	113,081	70.1	137,980	95.1	203,120	83.0
Commercial building	18,992	11.8	2,673	1.8	16,210	6.6
Technology	18,425	11.4	751	0.5	11,384	4.7
Healthcare facility	3,846	2.4	1,141	0.8	1,593	0.7
Factory	–	–	–	–	3,061	1.2
Others(2)	6,936	4.3	2,608	1.8	9,407	3.8
Total	**161,280**	**100.0**	**145,153**	**100.0**	**244,775**	**100.0**

Notes:

(1) The scenario is classified based on the business nature of our customers in direct sales or the business nature of the targeted customers of our distributors, based on our knowledge.

(2) Others mainly comprise customized robots and HDOS for our corporate customers for special events, such as the Olympic Winter Games and technology seminars, and sales to entertainment venue and campus.

The vast majority of our revenue is generated from the hotel scenario, which accounted for 70.1%, 95.1% and 83.0% of our total revenue in 2022, 2023 and 2024, respectively. We adopted a deep-plough strategy to focus on sales in the hotel scenario in 2023, which has higher acceptance of digitalization and more diverse usage of robotic-AI agents. Our accumulated efforts on and resources devoted to expansion in the hotel scenario have well-grounded us for accelerated growth in such scenario during the Track Record Period. Following the mass production of our UP Series in October 2023, which is highly scalable and adaptable leveraging its fully modular design, we are able to cater to a wide range of scenarios across various industries in a cost-effective manner, leading to growing revenue generated from diverse scenarios in 2024.

Revenue by Customer Nature

The following table sets forth the breakdown of our revenue by customer nature for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Direct sales	142,940	88.6	129,485	89.2	199,621	81.6
Sales to distributors	18,340	11.4	15,668	10.8	45,154	18.4
Total	**161,280**	**100.0**	**145,153**	**100.0**	**244,775**	**100.0**

During the Track Record Period, the vast majority of our revenue was generated through our direct sales to customers, including corporate customers across various scenarios such as hotel, commercial building, technology, healthcare facility and factory. Direct sales to customers accounted for 88.6%, 89.2% and 81.6% of our total revenue in 2022, 2023 and 2024, respectively. We systematically deepened our collaboration with distributors in 2024 to further explore the benefits of distributorship in market outreach and support. Revenue generated from sales to distributors accounted for 11.4%, 10.8% and 18.4% of our total revenue in 2022, 2023 and 2024, respectively. See "Business — Sales and Marketing — Our Sales Network" for details.

Cost of Sales

Our cost of sales primarily consists of (i) cost of inventories sold; (ii) labor costs; (iii) logistics and delivery costs for our products; (iv) cloud and technical service costs; and (v) write-down of inventories.

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Cost of inventories sold	85,092	69.7	70,345	66.4	106,214	76.7
Labor costs	28,232	23.1	26,609	25.1	21,673	15.7
Logistics and delivery costs	3,969	3.3	3,174	3.0	2,878	2.1
Cloud and technical service costs	4,063	3.3	4,386	4.1	5,557	4.0
Others[1]	436	0.4	593	0.6	1,373	1.0
Subtotal	**121,792**	**99.8**	**105,107**	**99.2**	**137,695**	**99.5**
Write-down of inventories	217	0.2	889	0.8	662	0.5
Total	**122,009**	**100.0**	**105,996**	**100.0**	**138,357**	**100.0**

Note:

(1) Others mainly comprise depreciation of equipment, leasehold improvement and right-of-use assets relating to our operations, and office and traveling expenses incurred by our operational staff.

Cost of inventories sold primarily comprises cost of materials and consumables, and service fees paid to OEM suppliers. Being our largest cost component, cost of inventories fluctuated during the Track Record Period, which was generally in line with our revenue generated from robots and functional kits.

Labor costs represent salaries, bonuses, pension, other social security and welfare and share-based payment expenses of our full-time operational staff as well as service fees paid to labor outsourcing and labor dispatch service providers for robot deployment and maintenance services. Our labor costs remained relatively stable in 2022 and 2023. Our labor costs decreased in 2024, mainly due to less service fees paid to labor outsourcing and labor dispatch service providers as a result of (i) the simplification of robot deployment process attributable to our technology iterations, and (ii) our elevated bargaining power aligning with our business growth.

Logistics and delivery costs relate to the delivery of our products to customers. Logistics and delivery costs decreased in 2023, which was generally in line with our declined revenue generated from robots and functional kits. Logistics and delivery costs further decreased in 2024, despite the increased revenue generated from robots and functional kits in the same year, mainly due to less service fees paid to logistics service providers resulting from our strengthened bargaining power aligning with our business growth.

Cloud and technical service costs mainly comprise costs of cloud services, IoT traffic services and technical services provided by third parties relating to our products and services and comprehensive AI-powered support of our robots and functional kits. Cloud and technical service costs increased during the Track Record Period, consistent with the growth in our cumulative robot sales over the years.

Write-down of inventories represents the net amount of provision due to the decrease in net realizable value of our inventories and the reversal thereof due to higher resale value than the net realizable value. We recorded write-down of inventories during the Track Record Period as certain robotic products became obsolete due to technological advancements and product iteration, leading to a decline in the net realizable value of the inventory, which was immaterial as compared with our inventories balance.

The following table sets forth a breakdown of our cost of sales by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robots and functional kits	100,340	82.2	84,740	80.0	116,856	84.4
AI digitalization system	21,669	17.8	21,256	20.0	21,501	15.6
AI-driven robotic fundamental services	17,827	14.6	19,722	18.6	19,179	13.9
AI agent applications	3,842	3.2	1,534	1.4	2,322	1.7
Total	**122,009**	**100.0**	**105,996**	**100.0**	**138,357**	**100.0**

For analysis on fluctuations in cost of sales by business line, see "— Year to Year Comparison of Results of Operations" for details.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2022, 2023 and 2024, our gross profit was RMB39.3 million, RMB39.2 million and RMB106.4 million, respectively. Gross profit margin represents gross profit divided by revenue, expressed as a percentage. For the years ended December 31, 2022, 2023 and 2024, our gross profit margin was 24.3%, 27.0% and 43.5%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robots and functional kits	34,556	25.6	34,943	29.2	72,038	38.1
AI digitalization system	4,715	17.9	4,214	16.5	34,380	61.5
AI-driven robotic fundamental services	2,331	11.6	2,576	11.6	25,185	56.8
AI agent applications	2,384	38.3	1,638	51.6	9,195	79.8
Total	**39,271**	**24.3**	**39,157**	**27.0**	**106,418**	**43.5**

Our gross profit remained relatively stable in 2022 and 2023. Our gross profit increased in 2024, primarily attributable to (i) increased gross profit from robotics and functional kits, fueled by increased revenue generated from the Gogo Series and UP Series, which have higher average selling prices than our other robotic products, due to enhanced sales and marketing efforts across diverse scenarios, as well as reduced labor costs resulting from lower service fees paid to labor outsourcing and labor dispatch service providers; (ii) increased gross profit from AI-driven robotic fundamental services, resulting from higher revenue generated from comprehensive AI-powered support for our robots and functional kits as more customers subscribed after the one-year warranty period expired, aligning with our cumulative robot sales over the years; and (iii) improved gross profit from AI agent applications, mainly attributable to increased revenue generated from customized HDOS with higher transaction value.

Our gross profit margin increased during the Track Record Period. See "— Year to Year Comparison of Results of Operations" for details.

Research and Development Expenses

Our research and development expenses primarily consist of (i) personnel expenses for our R&D personnel; (ii) technical service fees; (iii) material and consumables used for testing and sample making in our R&D activities; and (iv) depreciation and amortization.

During the Track Record Period, our research and development expenses were incurred for our R&D activities primarily related to our robots and functional kits and HDOS. Such expenses highlight our significant investments and dedication to advancing our products and services through innovation. We did not capitalize research and development expenses during the Track Record Period.

The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Personnel expenses	54,996	81.1	47,992	69.1	46,541	81.1
Technical service fees	4,108	6.1	12,275	17.7	5,894	10.3
Material and consumables	3,519	5.2	4,877	7.0	1,756	3.0
Depreciation and amortization	3,609	5.3	2,214	3.2	1,884	3.3
Others[1]	1,529	2.3	2,085	3.0	1,311	2.3
Total	**67,761**	**100.0**	**69,443**	**100.0**	**57,386**	**100.0**

Note:

(1) Others mainly comprise office and traveling expenses and short-term lease expenses incurred by our R&D personnel.

Personnel expenses mainly comprise salaries, wages, bonuses and share-based payment expenses relating to the share awards granted to our R&D personnel under the [**REDACTED**] ESOP. Personnel expenses for our R&D personnel decreased in 2023, reflecting our focused efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency. Personnel expenses for our R&D personnel remained relatively stable in 2024. Our backbone R&D personnel for our core business line remained stable during the Track Record Period. Therefore, we did not experience any shortages of R&D personnel and this optimization did not have a material adverse effect on our R&D activities.

Technical service fees mainly comprise fees associated with our R&D projects for robotic technologies conducted in collaboration with third-party institutions, as well as fees for designing and cloud services provided by third parties to support our R&D activities. Our technical service fees increased in 2023, resulting from more R&D projects cooperated with third parties, particularly for our UP Series and robotic end visual architecture, as well as greater use of third-party cloud services for product development testing. Our technical service fees decreased in 2024 as our existing products achieved stable and mature performance, reducing the need for R&D projects collaborated with third parties.

Material and consumables represent the materials used for testing and sample making in our R&D activities. Material and consumables increased in 2023 in line with our increased R&D activities relating to our UP Series and robotic end visual architecture. Material and consumables decreased in 2024, primarily due to less materials used for testing and sample making following the mass production of our UP Series in October 2023 and after our existing products achieved stable and mature performance.

Depreciation and amortization primarily comprise depreciation of equipment, leasehold improvement and right-of-use assets in connection with our R&D activities and facilities, and amortization in relation to the system software licenses which are classified as intangible assets used for our R&D activities. The decrease in depreciation and amortization during the Track Record Period was primarily due to decreased right-of-use assets resulting from our downsized new office premises, including areas used for R&D activities, and shortened lease term following our office relocations in 2023, as well as the rent concession provided by our landlord in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) personnel expenses for our sales and marketing personnel; (ii) advertising and promotion expenses; (iii) office, utilities, traveling and entertainment expenses incurred by our sales and marketing personnel; (iv) platform service and other marketing expenses; and (v) depreciation and amortization.

The following table sets forth a breakdown of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Personnel expenses	69,960	67.5	44,994	79.2	40,339	69.3
Advertising and promotion expenses	11,454	11.1	3,035	5.3	6,707	11.5
Office, utilities, traveling and entertainment expenses	5,468	5.3	3,610	6.4	4,670	8.0
Platform service and other marketing expenses	4,871	4.7	1,397	2.5	3,488	6.0
Depreciation and amortization	8,271	8.0	2,491	4.4	1,893	3.3
Others[1]	3,541	3.4	1,263	2.2	1,091	1.9
Total	**103,565**	**100.0**	**56,790**	**100.0**	**58,188**	**100.0**

Note:

(1) Others mainly comprise express fees and short-term lease expenses incurred by our sales and marketing personnel.

Personnel expenses mainly comprise salaries, wages, bonuses and share-based payment expenses relating to the share awards granted to our sales and marketing personnel under the [**REDACTED**] ESOP, as well as service fees we paid to human resource agencies for certain preliminary sales and marketing activities we outsourced. Personnel expenses for our sales and marketing personnel decreased during the Track Record Period, resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency, as well as our deepened collaboration with distributors.

Advertising and promotion expenses mainly comprise fees relating to our marketing activities such as advertising, and organizing and attending exhibitions, industry seminars and conferences. Advertising and promotion expenses decreased in 2023, as we adopted a deep-plough strategy to focus on the sales in hotel scenario and scaled down the marketing activities in other industry sectors. Advertising and promotion expenses increased in 2024, driven by more advertising and other promotional initiatives for overseas business expansion.

Office, utilities, traveling and entertainment expenses incurred by our sales and marketing personnel decreased in 2023 in line with the downsize of our sales and marketing team. Office, utilities, traveling and entertainment expenses increased in 2024, primarily attributable to higher offices expenses relating to the new offices we leased for our sales and marketing personnel to cope with the growth of our business.

Platform service and other marketing expenses mainly comprise commissions paid to third-party online platforms for sales of our products, and service fees we paid for corporate customer referrals. Platform service and other marketing expenses fluctuated during the Track Record Period, mainly due to fluctuations in commissions paid to third-party online platforms for sales of our products, which is generally in line with our revenue.

Depreciation and amortization primarily comprise depreciation of equipment, leasehold improvement and right-of-use assets in connection with our sales and marketing activities. The decrease in depreciation and amortization during the Track Record Period was primarily due to decreased right-of-use assets resulting from our downsized new office premises, including areas used for selling and marketing activities, and shortened lease term following our office relocations in 2023, as well as the rent concession provided by our landlord in 2024.

Administrative Expenses

Our administrative expenses primarily consist of (i) personnel expenses for our administrative personnel; (ii) [**REDACTED**] expenses; (iii) professional service fees; (iv) office, utilities and traveling expenses incurred by our administrative personnel; and (v) depreciation and amortization.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Personnel expenses	71,723	67.4	38,198	67.5	37,660	67.1
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service fees	12,670	11.9	5,738	10.2	3,135	5.6
Office, utilities and traveling expenses	13,790	12.9	6,862	12.1	6,829	12.2
Depreciation and amortization	2,651	2.5	1,296	2.3	1,145	2.0
Others[(1)]	5,676	5.3	4,459	7.9	4,114	7.3
Total	**106,510**	**100.0**	**56,553**	**100.0**	**56,121**	**100.0**

Note:

(1) Others mainly comprise training expenses, commercial insurance premium and communication expenses incurred by our administrative personnel.

Personnel expenses mainly comprise salaries, wages, bonuses and share-based payment expenses relating to the share awards granted to our administrative personnel under the [**REDACTED**] ESOP, as well as service fees we paid to human resource agencies for certain preliminary administrative activities we outsourced. Personnel expenses for our administrative personnel decreased in 2023, resulting from our concerted efforts to streamline our administrative team, optimize our labor structure and enhance overall operational efficiency. Personnel expenses for our administrative personnel remained relatively stable in 2024.

Professional service fees mainly comprise auditing, legal and consulting fees associated with our prior PRC listing plan, and auditing and consulting fees relating to our general operations. Professional service fees decreased during the Track Record Period in line with the progress of our prior PRC listing plan.

Office, utilities and traveling expenses incurred by our administrative personnel decreased in 2023 in line with the downsize of our administrative team. Office, utilities and traveling expenses remained relatively stable in 2024.

Depreciation and amortization primarily comprise depreciation of equipment, leasehold improvement and right-of-use assets in connection with our administrative activities. The decrease in depreciation and amortization during the Track Record Period was primarily due to decreased right-of-use assets resulting from our downsized new office premises, including areas used for administrative activities, and shortened lease term following our office relocations in 2023, as well as the rent concession provided by our landlord in 2024.

Other Net Income

Our other net income primarily consists of (i) government grants; (ii) investment income rising from the fair value changes of our wealth management products; (iii) VAT and other tax refund, which mainly represent additional deduction of input VAT; (iv) interest income on bank balances and time deposits; and (v) net gains on disposal of property and equipment in relation to the disposal of obsolete products.

The following table sets forth a breakdown of our other net income for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Government grants	2,771	17.5	3,538	18.8	6,217	28.3
Investment income	10,700	67.7	9,219	48.9	6,603	30.0
VAT and other tax refund	3,150	19.9	2,364	12.6	5,403	24.5
Interest income	407	2.6	3,193	17.0	3,013	13.7
Net gains on disposal of property and equipment	58	0.4	179	1.0	151	0.7
Others(1)	(1,277)	(8.1)	325	1.7	620	2.8
Total	**15,809**	**100.0**	**18,818**	**100.0**	**22,007**	**100.0**

Note:

(1) Others mainly comprise our donations of robots for healthcare facilities during the COVID-19 pandemic and net foreign exchange gains or losses on revenue generated from overseas sales.

Government grants recognized under other net income primarily represent subsidies granted by local government authorities (i) in recognition of our R&D efforts and business achievements, (ii) in connection with certain government-sponsored projects focusing on the R&D of robotic and AI technologies, and (iii) for providing stable jobs (政府穩崗補貼), which are non-recurring in nature. We recognize certain financial subsidies as government grants under other net income only when we meet the relevant contractual obligations or conditions, such as the acceptance and verification of our R&D achievements by the relevant government authorities. For financial assistance received but not yet meeting such conditions, we recognize the amount as deferred income.

Our other net income increased in 2023, primarily attributable to increased interest income which is in line with the increase in the principal amount of our bank deposits in 2023. Our other net income further increased in 2024, primarily attributable to higher government grants recognized from deferred income following the acceptance and verification of the R&D outcome from a government-sponsored project initiated in 2021 by the relevant government authorities. See "— Year to Year Comparison of Results of Operations" for details.

Impairment Losses Recognized on Trade Receivables

Our impairment losses recognized on trade receivables primarily represent provisions of trade receivables, which mainly relate to the amounts due from customers for our robotic products and services. We recorded impairment losses recognized on trade receivables under the ECL model of RMB10.1 million, RMB7.6 million and RMB9.7 million for the years ended December 31, 2022, 2023 and 2024, respectively. The fluctuation in the impairment losses recognized on trade receivables was generally in line with the fluctuation in the balance of trade receivables due from our customers. In 2023, we implemented a more stringent credit policy for our customers to mitigate risk and enhance the collectability of our trade receivables. See "— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Trade Receivables" for details.

Finance Costs

Our finance costs consist of (i) interest on bank loans; and (ii) interest on lease liabilities relating to our leased properties used for offices.

The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Interest on bank loans	43	312	113
Interest on lease liabilities	1,038	245	54
Total	**1,081**	**557**	**167**

Our interest on bank loans fluctuated during the Track Record Period, which was in line with the changes in the principal amount of our bank loans. Our interest on lease liabilities decreased during the Track Record Period, primarily due to the rent we paid and our downsized new office premises following our office relocations in 2023, as well as the rent concession provided by our landlord in 2024.

Changes in the Carrying Amount of Redemption Liabilities

Changes in the carrying amount of redemption liabilities primarily relate to the redemption right granted to our [**REDACTED**] Investors. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortized cost with interest expense being included in changes in the carrying amounts of redemption liabilities.

For the years ended December 31, 2022, 2023 and 2024, we recorded changes in the carrying amount of redemption liabilities of RMB131.5 million, RMB131.5 million and RMB131.9 million, respectively, resulting from the interest expense thereof being included in changes in the carrying amounts of redemption liabilities. The redemption liabilities will be reclassified from liabilities to equity upon [**REDACTED**], and we will no longer recognize changes in the carrying amount thereof. For more details, please see "History, Development and Corporate Structure — [**REDACTED**] Investments — Special Rights" and Notes 2(p) and 24 to the Accountants' Report set out in Appendix I to this document.

Income Tax Expense

We did not record any income tax expense during the Track Record Period. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. Under the EIT Law and the respective regulations, the income tax rate of our PRC subsidiaries is 25% during the Track Record Period. Our Company and Shanghai Renyun were qualified as High and New Technology Enterprises (高新技術企業) and enjoyed a preferential income tax rate of 15% during the Track Record Period. Our Company and Shanghai Renyun are also eligible for an additional tax-deductible allowance equivalent to 100% of their qualified research and development costs incurred in corresponding year. In addition, our other subsidiaries are entitled to an additional tax-deductible allowance calculated at 75% of their qualified research and development costs incurred before October 1, 2022, and at 100% of qualified research and development costs incurred after October 1, 2022. See Note 7 to the Accountants' Report in Appendix I to this document for details regarding the applicable taxes and tax rates.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were applicable to us and had no disputes or unresolved tax issues with relevant tax authorities.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue significantly increased by 68.6% from RMB145.2 million for the year ended December 31, 2023 to RMB244.8 million for the year ended December 31, 2024.

Robots and Functional Kits

Following our strategic adaptation to economic challenges and market changes in 2023, our accumulated efforts on and resources devoted to our current products and services have well-grounded us for accelerated growth, and our revenue generated from robots and functional kits increased by 57.8% from RMB119.7 million for the year ended December 31, 2023 to RMB188.9 million for the year ended December 31, 2024, which was primarily attributable to (i) increased revenue generated from our direct sales as a result of our sales and marketing efforts across various scenarios, especially our Gogo Series and UP Series, where our UP Series together with the corresponding YJ-Transformer modules have higher average selling price as compared to our integrated robot products; and (ii) more revenue from distributors following our deepened collaboration with them in 2024 which provided us with the benefits of distributorship in market outreach and support.

AI Digitalization System

Our revenue generated from AI-driven robotic fundamental services increased by 99.0% from RMB22.3 million for the year ended December 31, 2023 to RMB44.4 million for the year ended December 31, 2024, driven by higher revenue generated from comprehensive AI-powered support for our robots and functional kits, which was fueled by more customers subscribing to such services after the one-year warranty period for our robotic products expired, reflecting the growth in cumulative robot sales over the years.

Our revenue generated from AI agent applications increased by 263.1% from RMB3.2 million for the year ended December 31, 2023 to RMB11.5 million for the year ended December 31, 2024, mainly attributable to our proactive marketing initiatives to expand the customer base for AI agent applications and our enhanced ability to cross-sell such services to existing customers leveraging our brand reputation to secure high-value contracts for customized HDOS.

Cost of Sales

Our cost of sales increased by 30.5% from RMB106.0 million for the year ended December 31, 2023 to RMB138.4 million for the year ended December 31, 2024.

Robots and Functional Kits

Our cost of sales of robots and functional kits increased by 37.9% from RMB84.7 million for the year ended December 31, 2023 to RMB116.9 million for the year ended December 31, 2024, primarily attributable to the increased cost of inventories sold relating to our robots and functional kits, generally aligning with the increased revenue generated from such business line.

AI Digitalization System

Our cost of sales of AI-driven robotic fundamental services remained relatively stable at RMB19.7 million for the year ended December 31, 2023 and RMB19.2 million for the year ended December 31, 2024, despite the increased revenue generated from such business line in the same year, mainly due to (i) more customers subscribing to our fix-term comprehensive AI-powered support service, which did not always include maintenance requests in the relevant period; and (ii) our enhanced ability to resolve technical issues remotely driven by our technology iterations, which reduced costs associated with on-site maintenance or return-to-factory services.

Our cost of sales of AI agent applications increased by 51.4% from RMB1.5 million for the year ended December 31, 2023 to RMB2.3 million for the year ended December 31, 2024, primarily attributable to increased cloud and technical service costs relating to our customized HDOS.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit significantly increased by 171.8% from RMB39.2 million for the year ended December 31, 2023 to RMB106.4 million for the year ended December 31, 2024, with our gross profit margin increased from 27.0% for the year ended December 31, 2023 to 43.5% for the year ended December 31, 2024.

Robots and Functional Kits

Our gross profit margin of robots and functional kits increased from 29.2% for the year ended December 31, 2023 to 38.1% for the year ended December 31, 2024, primarily attributable to increased revenue generated from the Gogo Series resulting from our sales and marketing efforts across various scenarios, which showed increase in gross profit margin over time benefiting from the iteration of our underlying technologies and economies of scale along with increased sales volume. The increase was also attributable to our enhanced cost control measures, where we optimized our supply chain to lower the procurement costs for certain key raw materials and components and lower the service fees for labor outsourcing, labor dispatch and logistics service providers. These savings were achieved from the simplification of robot deployment process attributable to our technology iterations and our elevated bargaining power aligning with our business growth.

AI Digitalization System

Our gross profit margin of AI-driven robotic fundamental services increased from 11.6% for the year ended December 31, 2023 to 56.8% for the year ended December 31, 2024, primarily attributable to increased revenue generated from comprehensive AI-powered support for our robots and functional kits resulting from increased customer subscription of such services in line with our cumulative robot sales over the years, while our cost of sales of such business line remained relatively stable as disclosed above.

Our gross profit margin of AI agent applications increased from 51.6% for the year ended December 31, 2023 to 79.8% for the year ended December 31, 2024, as we secured several high-value contracts for customized HDOS with higher margin leveraging our accumulated cross-selling efforts.

Research and Development Expenses

Our research and development expenses decreased by 17.4% from RMB69.4 million for the year ended December 31, 2023 to RMB57.4 million for the year ended December 31, 2024, primarily due to (i) a decrease of RMB6.4 million in technical service fees as our existing products achieved stable and mature performance, reducing the need for R&D projects collaborated with third parties; (ii) a decrease of RMB3.1 million in materials and consumables as a result of less materials used for testing and sample making following the mass production of our UP Series in October 2023 and after our existing products achieved stable and mature performance; and (iii) a decrease of RMB1.5 million in personnel expenses as a result of our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency, where we optimized our ancillary staff engaged in the R&D of certain downsized product lines.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB56.8 million for the year ended December 31, 2023 and RMB58.2 million for the year ended December 31, 2024, primarily due to (i) an increase of RMB3.7 million in advertising and promotion expenses, driven by more advertising and other promotional initiatives for overseas business expansion, and (ii) an increase of RMB2.1 million in platform service and other marketing expenses as a result of increased commissions paid to third-party online platforms for more sales of our products, which were largely offset by a decrease of RMB4.7 million in personnel expenses resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency and deepened collaboration with distributors.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB56.6 million for the year ended December 31, 2023 and RMB56.1 million for the year ended December 31, 2024, primarily due to an increase of RMB[**REDACTED**] in [**REDACTED**] expenses, which was largely offset by a decrease of RMB2.6 million in professional service fees in line with the progress of our prior PRC listing plan.

Other Net Income

Our other net income increased by 16.9% from RMB18.8 million for the year ended December 31, 2023 to RMB22.0 million for the year ended December 31, 2024, primarily attributable to an increase of RMB2.7 million in government grants mainly recognized from deferred income following the acceptance and verification of our R&D outcome of a government-sponsored project initiated in 2021 by the relevant government authorities.

Impairment Losses Recognized on Trade Receivables

Our impairment losses recognized on trade receivables increased by 26.3% from RMB7.6 million for the year ended December 31, 2023 to RMB9.7 million for the year ended December 31, 2024, which was generally in line with the increase in the balance of trade receivables due from our customers.

Financial Costs

Our financial costs decreased by 70.0% from RMB0.6 million for the year ended December 31, 2023 to RMB0.2 million for the year ended December 31, 2024, due to (i) a decrease of RMB0.2 million in interest expense on lease liabilities, mainly as a result of the rent concession provided by our landlord in 2024; and (ii) a decrease of RMB0.2 million in interest on bank loans, which was in line with the changes in the principal amount of our bank loans.

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors of RMB131.5 million and RMB131.9 million for the years ended December 31, 2023 and 2024, respectively, resulting from the interest expense thereof being included in changes in the carrying amounts of redemption liabilities.

Loss and Total Comprehensive Income for the Year Attributable to Our Equity Shareholders

As a result of the foregoing, our loss and total comprehensive income for the year attributable to our equity shareholders decreased by 30.1% from RMB264.5 million for the year ended December 31, 2023 to RMB185.0 million for the year ended December 31, 2024. Our net loss margin, which represents loss and total comprehensive income for the year attributable to our equity shareholders as a percentage of revenue, decreased from 182.2% for the year ended December 31, 2023 to 75.6% for the year ended December 31, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased by 10.0% from RMB161.3 million for the year ended December 31, 2022 to RMB145.2 million for the year ended December 31, 2023.

Robots and Functional Kits

Our revenue generated from robots and functional kits decreased by 11.3% from RMB134.9 million in 2022 to RMB119.7 million in 2023, mainly because we strategically adjusted our product strategy to adapt to economic challenges and market changes. Enterprises engaging in hospitality services, impacted by the COVID-19 travel restrictions in 2022, faced budget constraints and became more cost-conscious when purchasing hardware or digital systems, according to Frost & Sullivan. To address this, in early 2023, we scaled back on developing and selling certain customized robotic products which required significant R&D investment and longer R&D lead time. Instead, we redirected our resources toward the R&D of our composite polymorphic robots, which offers greater scalability and adaptability across various applications leveraging its fully modular design. Additionally, we focused on the sales and marketing of our integrated robots, the Run Series and Gogo Series, which are more mature, stable and have gained widespread market recognition. Moreover, enterprises engaging in hospitality services had decreased demand for robots to take on disinfection, sterilization and delivery tasks after the quarantine requirements to contain the COVID-19 pandemic were lifted in late 2022.

AI Digitalization System

Our revenue generated from AI-driven robotic fundamental services increased by 10.6% from RMB20.2 million in 2022 to RMB22.3 million in 2023, mainly driven by higher revenue generated from comprehensive AI-powered support for our robots and functional kits, which was fueled by more customers subscribing to such services after the one-year warranty period for our robotic products expired, reflecting the growth in cumulative robot sales over the years.

Our revenue generated from AI agent applications decreased by 49.1% from RMB6.2 million in 2022 to RMB3.2 million in 2023, mainly due to temporary fluctuations of such business line during its initial development phase before our efforts of exploring cross-selling opportunities paid off, where we had less customized HDOS collaborations in 2023.

Cost of Sales

Our cost of sales decreased by 13.1% from RMB122.0 million for the year ended December 31, 2022 to RMB106.0 million for the year ended December 31, 2023.

Robots and Functional Kits

Our cost of sales of robots and functional kits decreased by 15.5% from RMB100.3 million for the year ended December 31, 2022 to RMB84.7 million for the year ended December 31, 2023, primarily due to the decreased cost of inventories sold relating to our robots and functional kits, which was in line with the decreased revenue generated from such business line.

AI Digitalization System

Our cost of sales of AI-driven robotic fundamental services increased by 10.6% from RMB17.8 million for the year ended December 31, 2022 to RMB19.7 million for the year ended December 31, 2023, primarily attributable to increased labor costs for our comprehensive AI-powered support, which is in line with our revenue growth from such business line.

Our cost of sales of AI agent applications decreased by 60.1% from RMB3.8 million for the year ended December 31, 2022 to RMB1.5 million for the year ended December 31, 2023, mainly due to decreased subscription fees for cloud service provided by third parties for our HDOS following our self-development of such cloud technology in 2023.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit remained relatively stable at RMB39.3 million for the year ended December 31, 2022 and RMB39.2 million for the year ended December 31, 2023, with our gross profit margin increased from 24.3% for the year ended December 31, 2022 to 27.0% for the year ended December 31, 2023.

Robots and Functional Kits

Our gross profit margin of robots and functional kits increased from 25.6% for the year ended December 31, 2022 to 29.2% for the year ended December 31, 2023, primarily attributable to (i) increased revenue generated from our Gogo Series along with its stable and mature performance, which showed increases in gross profit margin over time benefiting from the iteration of our underlying technologies and economies of scale along with increased sales volume; and (ii) our ongoing efforts to elevate our cost efficiency, where we conduct regular cost analysis across our product lines and optimize the selection of key components at competitive prices.

AI Digitalization System

The gross profit margin of our AI-driven robotic fundamental services remained stable at 11.6% for the years ended December 31, 2022 and 2023.

Our gross profit margin of AI agent applications increased from 38.3% for the year ended December 31, 2022 to 51.6% for the year ended December 31, 2023, mainly due to decreased subscription fees for cloud service provided by third parties for our HDOS following our self-development of such cloud technology in 2023.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB67.8 million and RMB69.4 million in 2022 and 2023, respectively, primarily attributable to (i) an increase of RMB8.2 million in technical service fees, resulting from more R&D projects cooperated with third parties as well as greater use of third-party cloud services for product development testing, and (ii) an increase of RMB1.4 million in materials and consumables in line with our increased R&D activities relating to our UP Series and robotic end visual architecture, which were largely offset by (i) a decrease of RMB7.0 million in personnel expenses as a result of our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency, where we optimized our ancillary staff engaged in the R&D of certain downsized product lines, and (ii) a decrease of RMB1.4 million in depreciation and amortization primarily due to decreased right-of-use assets resulting from our downsized new office premises, including the parts used for R&D activities, and shortened lease term following our office relocations in 2023.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 45.2% from RMB103.6 million for the year ended December 31, 2022 to RMB56.8 million for the year ended December 31, 2023, primarily due to (i) a decrease of RMB25.0 million in personnel expenses as a result of our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency; (ii) a decrease of RMB8.4 million in advertising and promotion expenses, as we adopted a deep-plough strategy to focus on the sales in hotel scenario and scaled down the marketing activities in other industry sectors; (iii) a decrease of RMB3.5 million in platform service and other marketing expenses, mainly due to decreased commissions paid to third-party online platforms for sales of our products, which is in line with our revenue; and (iv) a decrease of RMB1.9 million in office, utilities, traveling and entertainment expenses in line with the downsize of our sales and marketing team.

Administrative Expenses

Our administrative expenses decreased by 46.9% from RMB106.5 million for the year ended December 31, 2022 to RMB56.6 million for the year ended December 31, 2023, primarily due to (i) a decrease of RMB33.5 million in personnel expenses as a result of our concerted efforts to streamline our administrative team, optimize our labor structure and enhance overall operational efficiency; (ii) a decrease of RMB6.9 million in professional service fees in line with the progress of our prior PRC listing plan; (iii) a decrease of RMB6.9 million in office, utilities and traveling expenses, which was in line with the downsize of our administrative team; and (iv) a decrease of RMB1.4 million in depreciation and amortization primarily due to decreased right-of-use assets resulting from our downsized new office premises, including the parts used for administrative activities, and shortened lease term following our office relocations in 2023.

Other Net Income

Our other net income increased by 19.0% from RMB15.8 million for the year ended December 31, 2022 to RMB18.8 million for the year ended December 31, 2023, primarily attributable to an increase of RMB2.8 million in interest income, which is in line with the increase in the principal amount of our bank deposits in 2023. Such increase was partially offset by a decrease of RMB1.5 million in investment income from our investments in wealth management products, mainly because we redeemed part of our wealth management products upon maturity and placed our funds in time deposits.

Impairment Losses Recognized on Trade Receivables

Our impairment losses recognized on trade receivables decreased by 24.1% from RMB10.1 million for the year ended December 31, 2022 to RMB7.6 million for the year ended December 31, 2023, which was generally in line with the decrease in the balance of trade receivables due from our customers, and we strengthened our credit policy to our customers in 2023 to reduce our credit risk in relation to the collectability of our trade receivables.

Financial Costs

Our financial costs decreased by 48.5% from RMB1.1 million for the year ended December 31, 2022 to RMB0.6 million for the year ended December 31, 2023, primarily attributable to the decrease of RMB0.8 million in interest on lease liabilities mainly as a result of the rent we paid and our downsized new office premises following our office relocations in 2023, which was partially offset by an increase of RMB0.3 million in interest on bank loans, which was in line with the changes in the principal amount of our bank loans.

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors of RMB131.5 million and RMB131.5 million for the years ended December 31, 2022 and 2023, respectively, resulting from the interest expense thereof being included in changes in the carrying amounts of redemption liabilities.

Loss and Total Comprehensive Income for the Year Attributable to Our Equity Shareholders

As a result of the foregoing, our loss and total comprehensive income for the year attributable to our equity shareholders decreased by 27.6% from RMB365.4 million for the year ended December 31, 2022 to RMB264.5 million for the year ended December 31, 2023. Our net loss margin, which represents loss and total comprehensive income for the year attributable to our equity shareholders as a percentage of revenue, decreased from 226.6% for the year ended December 31, 2022 to 182.2% for the year ended December 31, 2023.

DISCUSSION OF CERTAIN KEY ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth statements of our financial position as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Non-current assets			
Property and equipment	26,500	16,296	16,936
Intangible assets	4,402	3,266	2,130
Time deposits with banks	–	81,585	63,230
Total non-current assets	**30,902**	**101,147**	**82,296**
Current assets			
Inventories	68,707	58,255	48,766
Trade receivables	42,403	16,524	61,159
Time deposits with banks	54,123	20,000	30,769
Prepayments, deposits and other receivables	26,900	22,670	18,652
Financial assets measured at FVPL	307,276	113,629	141,928
Restricted cash	5,395	10,833	21,876
Cash and cash equivalents	111,656	174,133	105,481
Total current assets	**616,460**	**416,044**	**428,631**
Total assets	**647,362**	**517,191**	**510,927**

	As of December 31,		
	2022	2023	2024
		RMB'000	
Current liabilities			
Trade and bills payables	21,116	31,373	50,752
Other payables and accruals	34,662	30,377	44,148
Contract liabilities	33,738	40,351	44,718
Bank loans	15,008	5,000	–
Lease liabilities	8,778	3,775	352
Redemption liabilities	1,606,943	1,738,451	1,870,320
Total current liabilities	**1,720,245**	**1,849,327**	**2,010,290**
Net current liabilities	**(1,103,785)**	**(1,433,283)**	**(1,581,659)**
Total assets less current liabilities	**(1,072,883)**	**(1,332,136)**	**(1,499,363)**
Non-current liabilities			
Contract liabilities	3,948	5,042	4,896
Lease liabilities	8,200	218	–
Deferred income	19,060	18,660	14,463
Total non-current liabilities	**31,208**	**23,920**	**19,359**
Net liabilities	**(1,104,091)**	**(1,356,056)**	**(1,518,722)**
Total deficits	**(1,104,091)**	**(1,356,056)**	**(1,518,722)**

Property and Equipment

Our property and equipment consist of (i) office equipment, furniture and fixtures; (ii) machinery and production equipment, comprising (a) our robotic products leased to customers and spare robotic products for customers' transitional use during comprehensive AI-powered support services, and (b) customized production mold stationed at the production facilities of our OEM suppliers; (iii) leasehold improvement; and (iv) right-of-use assets, primarily relate to the leases of our office premises.

The table below sets forth a breakdown of the net book value of our property and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Office equipment, furniture and fixtures	1,659	955	618
Machinery and production equipment	8,087	10,885	15,949
Leasehold improvement	–	525	–
Right-of-use assets	16,754	3,931	369
Total	**26,500**	**16,296**	**16,936**

The net book value of our property and equipment decreased by 38.5% from RMB26.5 million as of December 31, 2022 to RMB16.3 million as of December 31, 2023, primarily due to a decrease of RMB12.8 million in right-of-use assets as a result of our downsized new office premises and shortened lease term following our office relocations in 2023. The net book value of our property and equipment remained relatively stable at RMB16.3 million as of December 31, 2023 and RMB16.9 million as of December 31, 2024, primarily due to an increase of RMB5.1 million in machinery and production equipment attributable to more robotic products leased to customers, and our procurement of a batch of customized production mold for the production of the UP Series, which was largely offset by a decrease of RMB3.6 million in right-of-use assets as a result of, as well as the rent concession provided by our landlord in 2024.

Intangible Assets

Our intangible assets consist of software copyright. The net book value of our intangible assets amounted to RMB4.4 million, RMB3.3 million and RMB2.1 million as of December 31, 2022, 2023 and 2024. The decrease in the net book value of our intangible assets was primarily due to amortization of software copyright.

Time Deposits with Banks

The table below sets forth a breakdown of our time deposits with banks as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Time deposits with banks (current)	54,123	20,000	30,769
Time deposits with banks (non-current)	–	81,585	63,230
Total	**54,123**	**101,585**	**93,999**

Time deposits with banks primarily represent Renminbi-denominated deposits at commercial banks with fixed terms and were neither past due nor impaired, the annualized return rate of which ranged from 2.05% to 3.25%. The fluctuation in our time deposits with banks during the Track Record Period was primarily due to our investment management strategy, where we continuously monitor our investment portfolio of wealth management products and time deposits with banks to fully utilize our spare funds.

Restricted Cash

Restricted cash represents earnest money for banker's acceptance to issue bills, which we used for settlement with our suppliers. As of December 31, 2022, 2023 and 2024, we recorded restricted cash of RMB5.4 million, RMB10.8 million and RMB21.9 million, respectively. The increase in our restricted cash during the Track Record Period was primarily due to our increased settlement with suppliers with bills.

Inventories

Our inventories consist of (i) finished goods, which primarily consist of our robots and functional kits; (ii) work in progress, representing hardware materials under production by our OEM suppliers; and (iii) raw materials, which primarily consist of electronic components and materials in storage.

The table below sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Finished goods	48,196	37,647	36,505
Work in progress	1,994	3,907	833
Raw materials	21,454	17,982	13,371
Less:			
Write-down of inventories	(2,937)	(1,281)	(1,943)
Net book value	**68,707**	**58,255**	**48,766**

Our inventories decreased by 15.2% from RMB68.7 million as of December 31, 2022 to RMB58.3 million as of December 31, 2023, primarily due to a decrease of RMB10.5 million in finished goods, aligning with our continuous sales of certain of our product lines, such as the Run Series, which we gradually phased out. Our inventories decreased by 16.3% from RMB58.3 million as of December 31, 2023 to RMB48.8 million as of December 31, 2024, primarily due to (i) a decrease of RMB4.6 million in raw materials used in production of our products; and (ii) a decrease of RMB3.1 million in work in progress upon the completion of production for more sales orders to our customers by the end of 2024.

As of December 31, 2022, 2023 and 2024, we recorded write-down of inventories of inventories of RMB2.9 million, RMB1.3 million and RMB1.9 million, respectively. Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We assess impairment to inventories from time to time during the Track Record Period and may make provision to write down our inventories to the net realizable value if the inventories become obsolete or damaged, or their prices went down, and their realizable value substantially decreases. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the year in which the reversal occurs. Having considered (i) the net realizable value of our inventories; (ii) demand and ongoing sales noted for our inventories; and (iii) our continuous efforts in supply chain management, we believe we have made sufficient impairment provision for inventories during the Track Record Period and there is no material risk that our existing inventories cannot be recovered or will become obsolete.

The following table sets forth an aging analysis of our inventories net of write-down of inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Within one year	66,255	52,315	45,695
One to two years	2,452	4,836	1,757
Over two years	–	1,104	1,314
Net book value	**68,707**	**58,255**	**48,766**

Our management monitored our inventories carefully and kept the long-aged inventory at a relatively low level. A vast majority of our inventories are aged within two years. Our inventories aging over two years increased from nil as of December 31, 2022 to RMB1.1 million as of December 31, 2023 and further to RMB1.3 million as of December 31, 2024, primarily due to our stock of robot maintenance materials.

The following table sets forth the number of our inventory turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days[(1)]	267	216	139

Note:

(1) Calculated as the average of the opening and closing balances of inventories for the year, divided by cost of sales for the relevant year, multiplied by 360 days for the relevant year.

Our inventory turnover days decreased from 267 days in 2022 to 216 days in 2023, and further to 139 days in 2024, primarily attributable to (i) accelerated delivery of finished products; and (ii) increased turnover efficiency and enhanced logistics and inventory management capabilities.

As of January 31, 2025, RMB23.2 million, or 47.6% of our inventories as of December 31, 2024 had been utilized or sold.

Trade Receivables

Our trade receivables mainly represent outstanding balances due from our customers under sale of our products and lease of our products and for our comprehensive AI-powered support for our robots and functional kits.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000		
Trade receivables	61,883	31,541	79,767
Less: loss allowance	(19,480)	(15,017)	(18,608)
	42,403	**16,524**	**61,159**

Our trade receivables decreased by 61.0% from RMB42.4 million as of December 31, 2022 to RMB16.5 million as of December 31, 2023, primarily due to our accelerated settlement with customers as we implemented a more stringent credit policy for our customers in 2023 to mitigate our credit risk and enhance the collectability of our trade receivables. Our trade receivables significantly increased from RMB16.5 million as of December 31, 2023 to RMB61.2 million as of December 31, 2024, which was generally in line with the expansion of our business operations.

As of December 31, 2022, 2023 and 2024, we recorded loss allowance of trade receivables of RMB19.5 million, RMB15.0 million and RMB18.6 million, respectively. We recognize a loss allowance for ECLs for trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash shortfalls of trade receivables are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material. For details regarding the allowance for impairment of our trade receivables, see Note 2(h) to the Accountants' Report set out in Appendix I to this document.

The following table sets forth an aging analysis of our trade receivables, based on invoice date before loss allowance, as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
		RMB'000	
Within one year	41,958	17,192	74,337
One to two years	19,925	14,349	5,430
Total	**61,883**	**31,541**	**79,767**

We generally grant our customers credit terms of up to 180 days. We seek to maintain strict control over our outstanding trade receivables and overdue balances are reviewed closely and regularly by our management. Having considered that (i) the trade receivables balances were mainly due from customers with ongoing business relationships with us, (ii) there were no material ongoing disputes with such customers, (iii) these customers had been making continuous subsequent repayment to us and their historical repayment patterns were generally consistent during the Track Record Period, and (iv) we have continuously carried out stringent credit management policy and increased effort in trade receivables collection, we believe the recoverability of our trade receivables is reasonably assured, and our provisions for impairment of trade receivables are sufficient.

The following table sets forth the number of our trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days[(1)]	113	73	57

Note:

(1) Calculated as the average of the opening and closing balances of trade receivables for the year, divided by revenue for the relevant year, multiplied by 360 days for the relevant year.

Our trade receivables turnover days decreased from 113 days in 2022 to 73 days in 2023, and further to 57 days in 2024, as a result of our stringent credit management policy, continued management of trade receivables and enhanced collection efforts.

As of January 31, 2025, RMB3.7 million, or 4.6% of our trade receivables as of December 31, 2024 had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables consist of (i) prepayments for inventories and services, mainly representing the amount we prepaid for raw materials and prepaid service fees to our suppliers; (ii) deductible VAT; (iii) deposits, mainly representing deposits we paid for our leased properties; (iv) prepayments for costs incurred in connection with the [**REDACTED**], representing [**REDACTED**] expenses which will be reclassified to equity upon the [**REDACTED**]; and (v) others, mainly representing deposits we paid to third-party online platforms for sales of our products and petty cash advanced to our employees.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Prepayments for inventories and services	4,726	4,057	5,843
Deductible VAT	14,430	13,807	6,619
Deposits	5,866	3,716	3,796
Prepayments for costs incurred in connection with the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	1,878	1,090	1,608
Total	**26,900**	**22,670**	**18,652**

Our prepayments, deposits and other receivables decreased by 15.7% from RMB26.9 million as of December 31, 2022 to RMB22.7 million as of December 31, 2023, primarily due to (i) a decrease of RMB2.2 million in deposits for our leased office premises following our office relocations in 2023; and (ii) a decrease of RMB0.7 million in prepayments for inventories and services, which was generally in line with our revenue. Our prepayments, deposits and other receivables decreased by 17.7% from RMB22.7 million as of December 31, 2023 to RMB18.7 million as of December 31, 2024, primarily due to a decrease of RMB7.2 million in deductible VAT as a result of increased output VAT in line with our revenue increase.

Financial Assets Measured at FVPL

Our financial assets measured at FVPL primarily represent wealth management products issued by commercial banks in the PRC with variable interest rates, which are not principal-guaranteed and are categorized within level 2 of the fair value hierarchy. The fair value of the financial assets categorized within level 2 is determined based on the unit price published on the websites of the counterparty bank or financial institution. The published unit price is the unit price at which a holder could redeem the fund units at the end of each year presented. During the Track Record Period, there were no transfers between level 2 and level 3 of the fair value hierarchy. Our policy is to recognize transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur. For details of the fair value measurement of financial assets at FVPL, particularly the fair value hierarchy, the valuation techniques and key inputs, see Note 28 to the Accountants' Report set out in Appendix I to this document.

Our financial assets measured at FVPL decreased from RMB307.3 million as of December 31, 2022 to RMB113.6 million as of December 31, 2023, mainly because we redeemed part of our wealth management products upon maturity and placed our funds in time deposits. Our financial assets measured at FVPL increased from RMB113.6 million as of December 31, 2023 to RMB141.9 million as of December 31, 2024, as we purchased more wealth management products to fully utilize our spare funds.

We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in wealth management products with high liquidity and low risk such that our risk exposure arising from such investments is controlled. Our investment policy in relation to the purchase of such financial assets is to monitor our level of idle cash and bank balances and, based on the working capital required at the relevant time, utilize such idle cash to increase the return. In addition, in order to monitor and control the investment risks associated with our portfolio of low-risk wealth management products with banks, we have adopted a comprehensive set of internal policies and guidelines to manage our investments. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations. Prior to making any material investments in wealth management products, or modifying our existing investment portfolio, the proposal submitted by the finance department shall be reviewed and approved by our financial vice president. According to our Articles of Association, such decision does not require a decision by the Board. To control our risk exposure, we make investment decisions related to wealth management products with banks after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions and the expected profit or potential loss of the investment.

Cash and Cash Equivalents

Our cash and cash equivalents represent cash and bank balances we hold. Substantially all of our cash and cash equivalents during the Track Record Period were denominated in Renminbi. Our cash and cash equivalents increased by 56.0% from RMB111.7 million as of December 31, 2022 to RMB174.1 million as of December 31, 2023, as we redeemed part of our wealth management products upon maturity. Our cash and cash equivalents decreased by 39.4% from RMB174.1 million as of December 31, 2023 to RMB105.5 million as of December 31, 2024, as we purchased more wealth management products to fully utilize our spare funds.

Trade and Bills Payables

Our trade and bills payables primarily represent outstanding amounts due to our suppliers of raw materials and OEM suppliers. Our suppliers typically grant us credit terms of 30 days.

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Trade payables	9,912	15,947	21,684
Bills payables	11,204	15,426	29,068
Total	**21,116**	**31,373**	**50,752**

Our trade and bills payables increased from RMB21.1 million as of December 31, 2022 to RMB31.4 million as of December 31, 2023, and further to RMB50.8 million as of December 31, 2024, primarily attributable to (i) the increase in procurement in anticipation of the rising demand to support our business expansion; and (ii) our continuous efforts to communicate with our suppliers for more favorable credit terms leveraging our good track record of creditworthiness and purchasing volume.

The following table sets forth an aging analysis of our trade and bills payables, based on invoice date, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Within one year	21,116	31,373	50,752
Total	**21,116**	**31,373**	**50,752**

The following table sets forth the number of our trade and bills payables turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade and bills payables turnover days(1)	78	89	107

Note:

(1) Calculated as the average of the opening and closing balances of trade and bills payables for the year divided by cost of sales for the relevant year, multiplied by 360 days for the relevant year.

Our trade and bills payables turnover days increased from 78 days in 2022 to 89 days in 2023, primarily attributable to decreased cost of sales in 2023 in line with the scale of our business. Our trade and bills payables turnover days further increased to 107 days in 2024, primarily driven by increased procurement from suppliers in anticipation of the rising demand to support our business expansion. Our trade and bills payables turnover days were longer than the typical credit period offered by our suppliers, mainly because (i) our banker's acceptance of bills have a maturity period of 90 days; and (ii) certain suppliers had extended our credit terms after taking into account our good track record of creditworthiness and purchasing volume, aligning with our business expansion.

Our Directors confirm that we had no material defaults in payment of our trade and bills payables during the Track Record Period and up to the Latest Practicable Date.

As of January 31, 2025, RMB15.3 million, or 30.1% of our trade and bills payables as of December 31, 2024 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payroll and welfare payable, representing salary and benefits payable to our employees and social insurance and housing provident fund contributions to be made for our employees; (ii) VAT and other tax payables, mainly representing output VAT arising from our contract liabilities; (iii) payables for services, representing amounts due to our suppliers for R&D and promotion and marketing services and professional consultants associated with our prior PRC listing plan and [**REDACTED**] Investments; (iv) refund liabilities, representing net provisions we made for sales return; (v) warranty liabilities, representing net provisions we made for product comprehensive support warranties; and (vi) deposits and others, representing deposits paid by relevant customers for lease of our robotic products, amounts due to related parties and accrued courier fees.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Payroll and welfare payable	13,828	8,054	17,331
VAT and other tax payables	6,293	6,827	7,547
Payables for services	4,959	3,449	6,808
Refund liabilities	2,414	2,061	4,127
Warranty liabilities	2,364	2,480	3,543
Deposits and others	4,804	7,506	4,792
Total	**34,662**	**30,377**	**44,148**

Our other payables and accruals decreased by 12.4% from RMB34.7 million as of December 31, 2022 to RMB30.4 million as of December 31, 2023, primarily due to (i) a decrease of RMB5.8 million in payroll and welfare payable mainly as a result of our concerted efforts to streamline our personnel, optimize our labor structure and enhance overall operational efficiency; and (ii) a decrease of RMB1.5 million in payables for services as a result of our reduced marketing activities in industry sectors others than hotel scenario and of the progress of our prior PRC listing plan. Such a decrease was partially offset by an increase of RMB2.7 million in deposits and others mainly attributable to more robotic products leased to customers. Our other payables and accruals increased by 45.3% from RMB30.4 million as of December 31, 2023 to RMB44.1 million as of December 31, 2024, primarily attributable to (i) an increase of RMB9.3 million in payroll and welfare payable relating to accrued year-end bonus; and (ii) an increase of RMB3.4 million in payables for services driven by the increase in our advertising and other promotional initiatives for overseas business expansion.

Our Directors confirm that we had no material defaults in payment of our other payables and accruals during the Track Record Period and up to the Latest Practicable Date.

Contract Liabilities

Our contract liabilities represent non-refundable advanced payments received from customers for products and services that have not yet been delivered or provided to the customers. Our contract liabilities primarily generate from (i) advanced payments from customers for robots and functional kits pending deployment and acceptance check, (ii) advanced payments for comprehensive AI-powered support for our robots and functional kits, and (iii) subscription fees for our HDOS platform.

The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000		
Current	33,738	40,351	44,718
Non-current	3,948	5,042	4,896
Total	**37,686**	**45,393**	**49,614**

Our contract liabilities increased by 20.5% from RMB37.7 million as of December 31, 2022 to RMB45.4 million as of December 31, 2023, primarily attributable to increased advanced payments from customers for robots and functional kits, as a result of the time gap between receiving payments from our customers and deployment and acceptance check of our products. Our contract liabilities increased by 9.3% from RMB45.4 million as of December 31, 2023 to RMB49.6 million as of December 31, 2024, primarily attributable to increased advanced payments for robotic maintenance services in line with the growth of such business.

Lease Liabilities

We lease certain properties as our offices. Leases of properties generally have lease terms of one to three years. For any lease with a term of more than 12 months, unless the underlying asset is of low value, we recognize a right-of-use asset representing our right to use the underlying leased asset and a lease liability representing our obligation to make lease payments.

The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000		
Current	8,778	3,775	352
Non-current	8,200	218	–
Total	**16,978**	**3,993**	**352**

Our lease liabilities amounted to RMB17.0 million, RMB4.0 million and RMB0.4 million as of December 31, 2022, 2023 and 2024, respectively. The decrease in our lease liabilities over time was primarily due to the decreases in GFA, rental expense and lease term of the new office premises following our office relocations in 2023 and 2024.

Redemption liabilities

Our redemption liabilities arise from the redemption right granted to our [**REDACTED**] Investors. Our redemption liabilities amounted to RMB1,606.9 million, RMB1,738.5 million and RMB1,870.3 million as of December 31, 2022, 2023 and 2024, respectively. The increases in redemption liabilities are primarily attributable to the interest expense thereof being included in changes in the carrying amounts of redemption liabilities.

The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortized cost with interest expense being included in changes in the carrying amounts of redemption liabilities. Although such redemption liabilities will be reclassified from liabilities to equity upon [**REDACTED**], to the extent we need to revalue the redemption liabilities prior to the [**REDACTED**], any changes in carrying amount of such redemption liabilities will affect our financial positions and results of operations. We do not expect to recognize any further loss or gain on changes in the carrying amount of redemption liabilities in the future upon [**REDACTED**]. For key terms of the above-mentioned redemption liabilities, see Notes 2(p) and 24 to the Accountants' Report set forth in Appendix I to this document.

Deferred Income

Our deferred income represents the financial subsidies we received from the local government authorities but have not fulfilled the relevant conditions. We recognize certain financial subsidies as government grants in other net income only when we satisfy the applicable contractual obligations or conditions, such as acceptance and verification of our R&D achievements for government-sponsored project. Grants that compensate us for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset. Our deferred income amounted to RMB19.1 million, RMB18.7 million and RMB14.5 million as of December 31, 2022, 2023 and 2024, respectively, mainly arising from certain government-sponsored projects focusing on the R&D of robotic and AI technologies pending acceptance and verification by the relevant government authorities.

NET CURRENT LIABILITIES

The following table sets forth our current assets, current liabilities and net current liabilities as of the dates indicated:

	As of December 31,			As of January 31,
	2022	2023	2024	2025
	RMB'000			
Current assets				
Inventories	68,707	58,255	48,766	56,843
Trade receivables	42,403	16,524	61,159	64,101
Time deposits with banks	54,123	20,000	30,769	83,999
Prepayments, deposits and other receivables	26,900	22,670	18,652	23,178
Financial assets measured at FVPL	307,276	113,629	141,928	67,552
Restricted cash	5,395	10,833	21,876	21,227
Cash and cash equivalents	111,656	174,133	105,481	131,461
Total current assets	**616,460**	**416,044**	**428,631**	**448,361**
Current liabilities				
Trade and bills payables	21,116	31,373	50,752	51,093
Other payables and accruals	34,662	30,377	44,148	44,749
Contract liabilities	33,738	40,351	44,718	42,209
Bank loans	15,008	5,000	–	–
Lease liabilities	8,778	3,775	352	3,332
Redemption liabilities	1,606,943	1,738,451	1,870,320	1,881,309
Total current liabilities	**1,720,245**	**1,849,327**	**2,010,290**	**2,022,692**
Net current liabilities	**(1,103,785)**	**(1,433,283)**	**(1,581,659)**	**(1,574,331)**

We had net current liabilities of RMB1,574.3 million as of January 31, 2025, consisting of current assets of RMB448.4 million and current liabilities of RMB2,022.7 million, which represented a decrease of RMB7.3 million from our net current liabilities of RMB1,581.7 million as of December 31, 2024. This decrease was primarily due to (i) an increase of RMB8.1 million in inventories as a result of increased finished goods in line with our business expansion; (ii) an increase of RMB4.8 million in the total of cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL; and (iii) an increase of RMB4.5 million in prepayments, deposits and other receivables as a result of increased prepayments for inventories and services. This was partially offset by (i) an increase of RMB11.0 million in redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors; and (ii) an increase of RMB3.0 million in lease liabilities relating to the new office premises we leased for our headquarters.

We had net current liabilities of RMB1,581.7 million as of December 31, 2024, consisting of current assets of RMB428.6 million and current liabilities of RMB2,010.3 million, which represented an increase of RMB148.4 million from our net current liabilities of RMB1,433.3 million as of December 31, 2023. This increase was primarily due to (i) an increase of RMB131.9 million in redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors; (ii) a decrease of RMB29.6 million in the total of cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL; and (iii) an increase of RMB19.4 million in trade and bills payables mainly due to the increase in procurement as we expanded our business. This was partially offset by (i) an increase of RMB44.6 million in trade receivables, which was generally in line with the expansion of our business operations; and (ii) an increase of RMB11.0 million in restricted cash due to our increased settlement with suppliers with bills.

We had net current liabilities of RMB1,433.3 million as of December 31, 2023, consisting of current assets of RMB416.0 million and current liabilities of RMB1,849.3 million, which represented an increase of RMB329.5 million from our net current liabilities of RMB1,103.8 million as of December 31, 2022. This increase was primarily due to (i) a decrease of RMB165.3 million in the total of cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL, as we placed part of our funds in non-current time deposits; (ii) an increase of RMB131.5 million in redemption liabilities relating to the redemption right granted to our [**REDACTED**] Investors; and (iii) a decrease of RMB25.9 million in trade receivables due to our accelerated settlement with customers as we implemented a more stringent credit policy for our customers in 2023. This was partially offset by (i) a decrease of RMB10.0 million in bank loans due to repayment of such borrowings; and (ii) an increase of RMB5.4 million in restricted cash due to our increased settlement with suppliers with bills.

We had net current liabilities of RMB1,103.8 million as of December 31, 2022, consisting of current assets of RMB616.5 million and current liabilities of RMB1,720.2 million.

During the Track Record Period, we had net current liabilities primarily attributable to the large amount of financial liabilities arising from the redemption right granted to our [**REDACTED**] Investors. We expect to achieve a net current asset position upon [**REDACTED**], as the redemption liabilities will be reclassified from liabilities to equity upon [**REDACTED**]. For details, please see "— Discussion of Certain Key Items from Consolidated Statements of Financial Position — Redemption liabilities."

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash flow from operations, bank loans and capital injection from shareholders and [**REDACTED**] investments. Going forward, we believe that our working capital and other liquidity requirements will be satisfied by using a combination of cash flow from our operating activities and the [**REDACTED**] received from the [**REDACTED**]. As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents, current portion of time deposits with banks, and financial assets measured at FVPL of RMB473.1 million, RMB307.8 million and RMB278.2 million, respectively.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Operating profit before changes in working capital	(219,005)	(114,371)	(20,625)
Changes in working capital	48,613	38,001	(20,857)
Cash used in operating activities	(170,392)	(76,370)	(41,482)
Income tax paid	–	–	–
Net cash used in operating activities	(170,392)	(76,370)	(41,482)
Net cash generated from/(used in) investing activities	231,703	153,224	(18,049)
Net cash generated from/(used in) financing activities	3,759	(14,371)	(9,121)
Net increase/(decrease) in cash and cash equivalents	65,070	62,483	(68,652)
Cash and cash equivalents at the beginning of the year	46,582	111,656	174,133
Effects of exchange rate changes on the balance of cash held in foreign currencies	4	(6)	–
Cash and cash equivalents at the end of the year	**111,656**	**174,133**	**105,481**

Net cash used in operating activities

Our cash from operating activities primarily reflects our loss before taxation adjusted for certain non-cash or non-operating activities related items and changes in working capital.

Our net cash used in operating activities for the year ended December 31, 2024 was RMB41.5 million, primarily attributable to a loss before taxation of RMB185.0 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in the carrying amount of redemption liabilities of RMB131.9 million, (ii) equity-settled share-based payment expenses of RMB22.3 million, and (iii) impairment loss on trade receivables of RMB9.7 million. Changes in the working capital mainly included (i) an increase of RMB54.3 million in trade receivables, which was generally in line with the expansion of our business operations; (ii) an increase of RMB11.0 million in restricted cash due to our increased settlement with suppliers with bills; (iii) an increase of RMB19.4 million in trade and bills payables, primarily attributable to the increase in procurement in anticipation of future demand as we expanded our business; and (iv) an increase of RMB14.7 million in other payables and accruals, primarily attributable to increased payroll and welfare payable relating to accrued year-end bonus.

Our net cash used in operating activities for the year ended December 31, 2023 was RMB76.4 million, primarily attributable to a loss before taxation of RMB264.5 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in the carrying amount of redemption liabilities of RMB131.5 million, (ii) equity-settled share-based payment expenses of RMB12.6 million, and (iii) investment income of RMB9.2 million. Changes in the working capital mainly included (i) an increase of RMB5.4 million in restricted cash due to our increased settlement with suppliers with bills; (ii) a decrease of RMB4.3 million in other payables and accruals due to decreased payroll and welfare payable as a result of our concerted efforts to streamline our personnel; (iii) a decrease of RMB18.2 million in trade receivables mainly as a result of our settlement with customers as we strengthened our credit policy to our customers in 2023 to reduce our credit risk; and (iv) an increase of RMB10.3 million in trade and bills payables mainly due to our continuous efforts to communicate with our suppliers for more favorable payment.

Our net cash used in operating activities for the year ended December 31, 2022 was RMB170.4 million, primarily attributable to a loss before taxation of RMB365.4 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in the carrying amount of redemption liabilities of RMB131.5 million, (ii) amortization and depreciation of RMB14.4 million, and (iii) investment income of RMB10.7 million. Changes in the working capital mainly included (i) an increase of RMB17.0 million in prepayments, deposits and other receivables mainly as a result of increased deposits for our leased properties and increased prepayments for services; (ii) a decrease of RMB10.4 million in trade and bills payables mainly as a result of decreased procurement in line with our business scale; (iii) a decrease of RMB9.0 million in contract liabilities mainly in line with our revenue; (iv) a decrease of RMB43.3 million in inventories as a result of raw materials used and finished goods sold; and (v) an increase of RMB19.1 million in deferred income as a result of receipt of government grants relating to our R&D projects before acceptance check of our R&D achievements by the relevant government authorities.

Net cash generated from/(used in) investing activities

Our cash generated from investing activities primarily reflects proceeds from disposals of financial assets at FVPL, proceeds from disposal of property and equipment, and maturity of time deposits with banks. Our cash used in investing activities primarily reflects investment in financial assets at FVPL, payment for the purchase of property and equipment, and purchase of time deposits with banks.

Our net cash used in investing activities for the year ended December 31, 2024 was RMB18.0 million, primarily attributable to investment in financial assets at FVPL of RMB462.0 million. This net cash outflow was partially offset by proceeds from the disposals of financial assets at FVPL of RMB440.3 million.

Our net cash generated from investing activities for the year ended December 31, 2023 was RMB153.2 million, primarily attributable to (i) proceeds from disposals of financial assets at FVPL of RMB904.9 million; and (ii) cash receipts of RMB55.2 million due to maturity of time deposits with banks. This net cash inflow was partially offset by (i) investment in financial assets at FVPL of RMB702.0 million; and (ii) purchase of time deposits with banks of RMB100.0 million.

Our net cash generated from investing activities for the year ended December 31, 2022 was RMB231.7 million, primarily attributable to proceeds from disposals of financial assets at FVPL of RMB862.8 million. This net cash inflow was partially offset by (i) investment in financial assets at FVPL of RMB567.5 million; and (ii) purchase of time deposits with banks of RMB54.0 million.

Net cash generated from/(used in) financing activities

Our cash inflow generated from financing activities mainly comprises proceeds from new bank loans. Our cash flow used in financing activities mainly comprises repayment of bank loans and capital element of lease payments.

Our net cash used in financing activities for the year ended December 31, 2024 was RMB9.1 million, primarily attributable to (i) repayment of bank loans of RMB5.0 million; and (ii) capital element of lease payments of RMB2.8 million.

Our net cash used in financing activities for the year ended December 31, 2023 was RMB14.4 million, primarily attributable to (i) repayment of bank loans of RMB15.0 million; and (ii) capital element of lease payments of RMB3.8 million. This net cash outflow was partially offset by proceeds from new bank loans of RMB5.0 million.

Our net cash generated from financing activities for the year ended December 31, 2022 was RMB3.8 million, primarily attributable to proceeds from new bank loans of RMB15.0 million. This net cash inflow was partially offset by capital element of lease payments of RMB10.2 million and interest element of lease payments of RMB1.0 million.

Cash Operating Costs

The following table sets forth key information relating to our cash operating costs for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000		
Workforce employment[(1)]	224,911	145,235	123,914
Research and development costs[(2)]	8,846	19,148	9,053
Direct service and production costs, including materials[(3)]	45,523	52,962	86,631
Products and services marketing[(4)]	32,956	9,449	15,336
Non-income taxes and other charges	1,339	465	932
Total	**313,575**	**227,259**	**235,866**

Notes:

(1) Cash operating costs relating to workforce employment represent the sum of personnel expenses under research and development expenses, administrative expenses, costs of sales and selling and marketing expenses (excluding share-based payments expenses which are non-cash in nature) adjusted by changes in working capital relating to personnel expenses as of previous and current year end under the above operating expenses.

(2) Research and development costs under cash operating costs represent research and development expenses (excluding personnel expenses and non-cash items under research and development expenses) adjusted by changes in working capital relating to R&D activities as of the previous and current year end.

(3) Cash operating costs relating to direct service and production costs, including materials, represent the costs of sales (excluding personnel expenses and non-cash items under contract fulfillment costs) adjusted by changes in working capital relating to service and production as of the previous and current year end.

(4) Cash operating costs relating to product marketing represent the selling and marketing expenses (excluding personnel expenses and non-cash items under selling and marketing expenses) adjusted by changes in working capital relating to sales and marketing activities as of the previous and current year end.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness primarily consisted of bank loans, lease liabilities and redemption liabilities.

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of January 31,
	2022	2023	2024	2025
	RMB'000			
Included in current liabilities				
Bank loans	15,008	5,000	–	–
Lease liabilities	8,778	3,775	352	3,332
Redemption liabilities	1,606,943	1,738,451	1,870,320	1,881,309
Sub-total	1,630,729	1,747,226	1,870,672	1,884,641
Included in non-current liabilities				
Lease liabilities	8,200	218	–	4,668
Total	**1,638,929**	**1,747,444**	**1,870,672**	**1,889,309**

Our bank loans during the Track Record Period were denominated in Renminbi and were used to finance our capital expenditure and working capital requirements. The bank loans bear interest at floating interest rates. Depending on the term of the bank loans, for the years ended December 31, 2022, 2023 and 2024, the effective interest rates of our bank loans ranged from 2.50% to 2.80% per annum.

Our bank loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in obtaining bank loans and other borrowings or default in payment of bank loans and other borrowings. As of January 31, 2025, we had unutilized credit facilities of RMB51.6 million. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Save as disclosed above, as of January 31, 2025, being the latest practicable date for determining our indebtedness, we did not have any material outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness position since January 31, 2025 and up to the Latest Practicable Date.

Contingent Liabilities

As of December 31, 2022, 2023 and 2024, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		%	
Profitability ratios			
Revenue growth rate[1]	N/A	(10.0)	68.6
Gross profit growth rate[2]	N/A	(0.3)	171.8
Gross profit margin[3]	24.3	27.0	43.5
Net loss margin[4]	(226.6)	(182.2)	(75.6)
Adjusted net loss margin (non-IFRS measure)[5]	(145.0)	(83.0)	(11.3)

	As of December 31,		
	2022	2023	2024
Liquidity ratios			
Current ratio[6]	0.4	0.2	0.2
Capital adequacy ratio			
Gearing ratio[7]	1.5	1.3	1.2

Notes:

(1) Revenue growth rate is calculated based on revenue growth for the relevant year divided by revenue for the previous year and multiplied by 100%.

(2) Gross profit growth rate is calculated based on gross profit growth for the relevant year divided by gross profit for the previous year and multiplied by 100%.

(3) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(4) Net loss margin is calculated based on loss and total comprehensive income for the year attributable to our equity shareholders divided by revenue and multiplied by 100%.

(5) Adjusted net loss margin (non-IFRS measure) is calculated based on adjusted net loss (non-IFRS measure) divided by revenue and multiplied by 100%.

(6) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the relevant year.

(7) Gearing ratio is calculated based on total borrowings (including bank loans, redemption liabilities and lease liabilities) divided by total deficits as of the end of the relevant year.

Profitability Ratio

See "— Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income" for details.

Current Ratio

Our current ratio decreased from 0.4 as of December 31, 2022 to 0.2 as of December 31, 2023, primarily due to decrease in current assets resulting from substantial decrease in financial assets measured at FVPL, mainly because we redeemed part of our wealth management products upon maturity and placed our funds in time deposits in 2023. Our current ratio and quick ratio remained stable at 0.2 and 0.2 as of December 31, 2023 and 2024, respectively.

Gearing Ratio

Our gearing ratio decreased from 1.5 as of December 31, 2022 to 1.3 as of December 31, 2023, and further to 1.2 as of December 31, 2024, primarily due to our repayment of bank loans and decreased lease liabilities resulting from the decreases in GFA, rental expense and lease term of the new office premises following our office relocations in 2023 and 2024.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, we did not capitalize internal development costs as intangible assets. The following table sets forth our annual and total R&D expenditure for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Research and development expenses	67,761	69,443	57,386
Adjustments:			
Add: intangible assets acquired from third parties and capitalized[(1)]	2,830	–	–
Less: amortization expense of capitalized intangible assets included in R&D expenditure[(1)]	(566)	(566)	(566)
Annual R&D expenditure	70,025	68,877	56,820
Total R&D expenditure for the three financial years prior to the [REDACTED]			**195,722**

Note:

(1) Primarily related to software procured from third parties for our R&D activities.

The table below sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Research and development expenses	67,761	69,443	57,386
Selling and marketing expenses	103,565	56,790	58,188
Administrative expenses	106,510	56,553	56,121
Adjustments:			
Add: intangible assets acquired from third parties and capitalized[1]	2,830	–	–
Less: amortization expense of capitalized intangible assets included in R&D expenditure[1]	(566)	(566)	(566)
Annual total operating expenditure	280,100	182,220	171,129
Total operating expenditure for the three financial years prior to the [REDACTED]			**633,449**

Note:

(1) Primarily related to software procured from third parties for our R&D activities.

The following table sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Annual R&D expenditure ratio[1]	25.0%	37.8%	33.2%
Total R&D expenditure ratio[2]			30.9%

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to the [**REDACTED**] by total operating expenditure for the three financial years prior to the [**REDACTED**].

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of expenditures on (i) purchases of property and equipment, and (ii) purchase of intangible assets.

The following table sets forth a breakdown of our capital expenditures for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		RMB'000	
Property and equipment	6,761	5,376	7,606
Intangible assets	2,830	–	–
Total	**9,591**	**5,376**	**7,606**

We expect to incur capital expenditures of approximately RMB8.6 million in the year ending December 31, 2025, primarily relating to hardware equipment and software. We intend to fund our planned capital expenditures through a combination of the [**REDACTED**] from the [**REDACTED**] as well as cash flow from operating activities.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, financial condition and results of operations, economic conditions in China and changes in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

As of December 31, 2022, 2023 and 2024, we did not have any significant capital commitments.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with related parties. For the year ended December 31, 2024, we sold certain robots and functional kits amounting to RMB0.1 million to a distributor of ours, namely, Wuhan Zhongtian Huatuo Intelligent Technology Co., Ltd. (武漢中天華拓智能科技有限公司), an associate of Ms. Zhi. We do not intend to enter into any new transaction agreements with such entity upon [**REDACTED**]. See Note 30 to the Accountants' Report in Appendix I to this document for details regarding our related party transactions.

Our Directors believe that our transactions with related parties during the Track Record Period disclosed above (i) were conducted on arm's length basis; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

Balances with Related Parties

The following table sets forth a breakdown of our balances with related parties as of the dates indicated:

	As of December 31,		
	2022	2023	2024
		RMB'000	
Other receivables (non-trade)			
Mr. Li Quanyin (李全印)	–	193	–
Other payables and accruals (non-trade)			
Yunji Angel Management.	898	898	–

Other Receivables

We granted advancements to certain officers of us as petty cash, which were non-trade in nature. In 2022, 2023 and 2024, advances granted by us to such related parties amounted to nil, RMB0.4 million and RMB1.0 million, respectively, and repayment of advances by such related parties to us amounted to nil, RMB0.2 million and RMB1.2 million, respectively. As of December 31, 2022, 2023 and 2024, other receivables due from a Director of our Company amounted to nil, RMB0.2 million and nil, respectively.

Other Payables and Accruals

In 2020 and 2021, Yunji Angel Management granted certain advances to us with an aggregate amount of RMB0.9 million for payment of personnel expenses on our behalf, which we repaid in 2024. As of December 31, 2022, 2023 and 2024, other payables and accruals due to Yunji Angel Management amounted to RMB0.9 million, RMB0.9 million and nil, respectively, which were non-trade in nature.

All the non-trade receivables from or payables to related parties as of the relevant dates were unsecured, interest-free and repayable on demand. We will settle all amounts due from related parties in non-trade nature before the [**REDACTED**]. We will discontinue all non-trade related party transactions after the [**REDACTED**], except as in compliance with the Listing Rules.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements. We have not entered into any derivative contracts that are indexed to our equity interest and classified as owners' equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or R&D services with us.

FINANCIAL RISKS

We are exposed to a variety of financial risks, including credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, see Note 28 to the Accountants' Report set out in Appendix I to this document.

Credit Risk

We are exposed to credit risk mainly in relation to our trade receivables. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are mainly due within 180 days from the date of billing.

We have no significant concentration of credit risk in industries or countries in which our customers operate. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our different customer bases.

For details of our exposure to credit risk based on our credit policy, see Note 28(a) to the Accountants' Report set out in Appendix I to this document.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing to meet our daily operation working capital. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. For our financial liabilities by relevant maturity groupings based on contractual undiscounted cash flows, see Note 28(b) to the Accountants' Report set out in Appendix I to this document.

DIVIDENDS AND DIVIDEND POLICY

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. We do not currently have a formal dividend policy.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

During the Track Record Period, we did not declare or pay any dividend. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including cash flow from operating activities and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) payments for property and equipment, (iii) payments for intangible assets, (iv) capital element of lease payments, and (v) interest element of lease payments. We consider these items to be key indicators of our operational efficiency, reflecting payments which can significantly impact our cashflow, such as our capital expenditures representing significant cash outflows, our investment in intellectual property or technology, and the costs of lease obligations, all of which may occur on a regular basis. Our historical cash burn rate was RMB15.9 million, RMB7.1 million and RMB4.3 million in 2022, 2023 and 2024, respectively. Our relatively high cash burn rate in 2022 was primarily due to our higher net loss in such year resulting from higher total staff costs. We had cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL of RMB278.2 million as of December 31, 2024. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range in this document.

Backed by our strong R&D capabilities and ongoing cost control measures, we expect to achieve greater cost efficiency as our business scale continues to ramp up with our operating expenses under control. Assuming that the average cash burn rate going forward will be RMB4.3 million, similar to the cash burn rate level for the year ended December 31, 2024 based on the underlying assumptions that (i) the number of our employees will not increase significantly; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions or investments, we estimate that our cash and cash equivalents, current portion of time deposits with banks and financial assets measured at FVPL as of December 31, 2024 will be able to maintain our financial viability for approximately [64.2] months or, if we take into account [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [**REDACTED**] months or, if we also take into account [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**], approximately [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings. See "— Indebtedness."

We have no immediate plan for future financing after the [**REDACTED**] taking into account our available cash, [**REDACTED**] from the [**REDACTED**] and based on our cash burn rate. However, with the continuing expansion of our business and development of our products and services, or if we discover suitable targets for acquisition or business collaboration, we could not exclude the possibility to require further funding through public or private equity offerings, debt financing and other sources. We will comply with applicable laws and regulations, including requirements under the Listing Rules, when we proceed with such financings.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had no distributable reserves available for distribution to our Shareholders.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses primarily include [**REDACTED**], professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of our indicative [**REDACTED**] range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) (including (i) [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and Financial Reporting Council transaction levy for all [**REDACTED**] of approximately HK$[**REDACTED**]; and (ii) non-[**REDACTED**] related expenses of approximately HK$[**REDACTED**], which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK$[**REDACTED**]; and (b) sponsor fee and other fees and expenses of approximately HK$[**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**].

During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]), of which RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) was recognized as administrative expenses in the consolidated statements of profit or loss and other comprehensive income and RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) was directly attributable to the issuance of [**REDACTED**] which is expected to be charged against equity upon the [**REDACTED**]. We expect to incur additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]), of which approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) is expected to be recognized as administrative expenses in the consolidated statements of profit or loss and other comprehensive income and approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) is expected to be recognized as a deduction in equity directly upon the [**REDACTED**].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material changes to our business model and the general economic and regulatory environment in which we operate, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the [**REDACTED**] of the Shares on the Stock Exchange.

FUTURE PLANS

Please see the section headed "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-end of the [**REDACTED**] range stated in this document), will be approximately HK$[**REDACTED**], after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes:

- **approximately [REDACTED]% (or HK$[REDACTED]) will be used to continuously enhance our R&D capabilities to further improve our robotic-based AI agent technologies and increase the generality and adaptability of our products and services in the next five years. In particular,**

  - approximately [**REDACTED**]% (or HK$[**REDACTED**]) is expected to be used to enhance our AI capabilities. Specifically,

    (i) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used to drive the evolution of our multimodal large models across diverse vertical scenarios, which may include R&D projects for (a) training our large models and deploying inference engines to realize customer demand prediction, (b) breakthroughs in synthetic data, (c) large models for semantic understanding in diverse vertical scenarios, (d) multimodal large models for diverse vertical scenarios, and (e) cross-scenario knowledge transfer systems;

    (ii) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used for the evolution of our robot algorithm models and technologies, aiming to enhance the robots' autonomous decision-making capabilities in complex scenarios. Specifically, we intend to conduct R&D of robot vision and motion control algorithms as well as robot simulation system, which may include R&D projects for (a) dynamic environment modeling technologies, (b) vision-language-action (VLA) models, and (c) system simulation of the dexterous hand execution units tailored to scenario requirements and breakthroughs in related model algorithms; and

    (iii) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used for HDOS system optimization leveraging large models across vertical scenarios, robot algorithm models and AI agent technologies, which may include R&D projects for (a) multi-level AI agent architectures, (b) scenario service situation awareness and cognitive engines to realize the service decision-making AI agent, (c) optimization and upgrade of the intelligent customer service and customer complaint early warning AI agents, (d) optimization and upgrade of the human-machine collaboration and business scheduling AI agents, (e) optimization and upgrade of the AI agent for customer feedback and big data interaction, (f) optimization and upgrade of the Intelligent AIoT Scheduling Platform, (g) optimization and upgrade of the intelligent diagnosis system based on real-time device management and intelligent analysis system, and (h) workflow engine technologies based on large models; and

- approximately [**REDACTED**]% (or HK$[**REDACTED**]) is expected to be used to enhance our hardware technology capabilities. Specifically,

  (i) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used for the optimization of our composite polymorphic robots. We intend to (a) establish omnidirectional movement capability for our UP Series, (b) construct 3D holographic mapping modules, improve the navigation algorithm and sensor configuration, and enhance the adaptability to complex terrains and outdoor scenarios for our UP Series, and (c) enhance the multi-compartment expansion and deformation functions for our composite polymorphic robots leveraging the modular design, aiming to meet diverse needs across a wider range of scenarios;

  (ii) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used for the development of new robotic products and enrich our product portfolio. For example, we plan to develop (a) collaborative robots with enhanced capabilities from basic grasping to refined operations to collaborate with our UP Series, and to take on picking and delivery of takeaways, laundries, guest essentials and small commodities, and room services, achieving fully automated closed-loop services in hotel scenarios; (b) robots with multiple forms of moving and operating capabilities to enhance the all-terrain adaptive mobility of our products; (c) robots with higher adaptability to further expand the applications of our products in factories and healthcare facilities; (d) medical robots with comprehensive identity verification system for medical staff to ensure medical safety, radiation and pollution prevention capabilities, and self-cleaning functions; and (e) robots with more functionalities, for example, cooking functions, to diversify revenue source for corporate customers;

  (iii) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used to enhance the application capabilities of our entire robotic product matrix in outdoor scenarios, such as development of mobility and waterproof capabilities;

(iv) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used for the R&D of key robotic components, such as batteries, motors and electronic controls, global sensing devices and 3D sensing devices; and

(v) approximately [**REDACTED**]% (or HK$[**REDACTED**]) will be used for the optimization of our AIoT system. We intend to upgrade and iterate the elevator and telecommunication modules and interactive access devices (IAD) to further improve the stability and enhance cost-effectiveness of our AIoT system; and

- approximately [**REDACTED**]% (or HK$[**REDACTED**]) is expected to be used for establishing an R&D center to closely collaborate with academic institutes and scientists and to fuel our continuous R&D activities. Specifically, we plan to lease a property surrounding famous academic institutions in the PRC with a GFA of approximately 2,000 sq.m. supported by testing equipment, and establish a dedicated R&D team consisting of our existing personnel and newly recruited personnel. We intend to reasonably allocate our resources between our in-house R&D team and our R&D center and enhance the synergy thereof to further unleash our R&D capabilities; and

- approximately [**REDACTED**]% (or HK$[**REDACTED**]) is expected to be used for obtaining, maintaining and enforcing our intellectual property rights both domestically and internationally, including the payment for the relevant application fees, registration fees, consulting fees, agency fees, translation fees and legal fees, in order to further protect our proprietary technologies and commercialize our products and services both domestically and internationally; and

- **approximately [REDACTED]% (or HK$[REDACTED]) is expected to be used to improve our commercialization capabilities in and beyond the PRC in the next five years. In particular,**

  - approximately [**REDACTED**]% (or HK$[**REDACTED**]) is expected to be used for expanding our business development and marketing team in the PRC with a focus on development of relationship with potential customers in healthcare facility, factory and commercial building scenarios and tapping into the consumer market to diversify our revenue sources and enhance our growth potential. Specifically, we plan to further expand our dedicated sales and marketing team across the nation to strengthen our sales and service network in healthcare facility, factory and commercial building scenarios, and establish comprehensive support centers in the PRC to undertake local sales, delivery, operation, support and value-added services for customers, improving our comprehensive AI-powered support for our robots and functional kits. Moreover, we plan to expand our existing market promotion system for new scenarios and new products, participate in national exhibitions and marketing activities in vertical scenarios, enhance the operation of our social media platform and establish membership programs for our individual customers. See "Business — Our Strategies — Enhancing Commercialization Capabilities through Exploring Broader Use Cases and Creating a Vibrant Ecosystem" for more details;

- approximately [**REDACTED**]% (or HK$[**REDACTED**]) is expected to be used for establishing sales and marketing centers in overseas markets, such as Japan, Hong Kong, Southeast Asia, Europe and Middle East, for which we will conduct market research, establish overseas subsidiaries, lease offices and recruit personnel to support local business development and marketing activities. Moreover, we plan to launch seminars and participate in exhibitions and forums overseas to promote our brand and share the up-to-date trends of the robotic-based AI agent industry for our overseas potential customers and collaboration partners. We also intend to establish comprehensive support systems overseas to undertake local sales, delivery, operation, support and value-added services for overseas customers, improving our comprehensive AI-powered support for our robots and functional kits. See "Business — Our Strategies — Expanding Our Global Presence" for more details; and

- approximately [**REDACTED**]% (or HK$[**REDACTED**]) is expected to be used for the development of customized HDOS, APPs and mini programs for overseas customers; and

- **approximately [REDACTED]% (or HK$[REDACTED]) for working capital and other general corporate purposes.**

If the [**REDACTED**] is fixed at HK$[**REDACTED**] per [**REDACTED**] (being the high-end of the [**REDACTED**] range stated in this document) and assuming the [**REDACTED**] is not exercised, we will receive additional [**REDACTED**] of approximately HK$[**REDACTED**]. If the [**REDACTED**] is fixed at HK$[**REDACTED**] per [**REDACTED**] (being the low-end of the [**REDACTED**] range stated in this document) and assuming the [**REDACTED**] is not exercised, the [**REDACTED**] we receive will be reduced by approximately HK$[**REDACTED**]. The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-end of the estimated [**REDACTED**] range.

To the extent that the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit the [**REDACTED**] into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions.

In the event of any material change in our use of [**REDACTED**] of the [**REDACTED**] from the purposes described above or in our allocation of the [**REDACTED**] among the purposes described above, a formal announcement will be made.

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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The following is the text of a report set out on pages I-1 to I-50, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING YUNJI TECHNOLOGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Beijing Yunji Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-50, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and 2024 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-50 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "**Document**") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 27(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[**REDACTED**]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by 畢馬威華振會計師事務所(特殊普通合夥) (KPMG Huazhen LLP) in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Year ended December 31,		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	161,280	145,153	244,775
Cost of sales		(122,009)	(105,996)	(138,357)
Gross profit		39,271	39,157	106,418
Research and development expenses		(67,761)	(69,443)	(57,386)
Selling and marketing expenses		(103,565)	(56,790)	(58,188)
Administrative expenses		(106,510)	(56,553)	(56,121)
Other net income	*5*	15,809	18,818	22,007
Impairment losses recognized on trade receivables		(10,075)	(7,647)	(9,657)
Loss from operations		(232,831)	(132,458)	(52,927)
Finance costs	*6(a)*	(1,081)	(557)	(167)
Changes in the carrying amount of redemption liabilities	*24*	(131,508)	(131,508)	(131,869)
Loss before taxation		(365,420)	(264,523)	(184,963)
Income tax	*7*	–	–	–
Loss and total comprehensive income for the year attributable to equity shareholders of the Company		(365,420)	(264,523)	(184,963)
Loss per share				
Basic and diluted (RMB)	*10*	(5.91)	(4.28)	(2.99)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31,		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property and equipment	*11*	26,500	16,296	16,936
Intangible assets	*12*	4,402	3,266	2,130
Time deposits with banks	*18(b)*	–	81,585	63,230
		30,902	101,147	82,296
Current assets				
Inventories	*14*	68,707	58,255	48,766
Trade receivables	*15*	42,403	16,524	61,159
Prepayments, deposits and other receivables	*16*	26,900	22,670	18,652
Time deposits with banks	*18(b)*	54,123	20,000	30,769
Financial assets measured at fair value through profit or loss ("FVPL")	*17*	307,276	113,629	141,928
Restricted cash	*18(a)*	5,395	10,833	21,876
Cash and cash equivalents	*18(a)*	111,656	174,133	105,481
		616,460	416,044	428,631
Current liabilities				
Bank loans	*22*	15,008	5,000	–
Trade and bills payables	*19*	21,116	31,373	50,752
Contract liabilities	*21*	33,738	40,351	44,718
Other payables and accruals	*20*	34,662	30,377	44,148
Lease liabilities	*23*	8,778	3,775	352
Redemption liabilities	*24*	1,606,943	1,738,451	1,870,320
		1,720,245	1,849,327	2,010,290
Net current liabilities		(1,103,785)	(1,433,283)	(1,581,659)
Total assets less current liabilities		(1,072,883)	(1,332,136)	(1,499,363)
Non-current liabilities:				
Contract liabilities	*21*	3,948	5,042	4,896
Lease liabilities	*23*	8,200	218	–
Deferred income	*25*	19,060	18,660	14,463
		31,208	23,920	19,359
NET LIABILITIES		(1,104,091)	(1,356,056)	(1,518,722)
CAPITAL AND RESERVES				
Share capital	*27*	61,818	61,818	61,818
Reserves	*27*	(1,165,909)	(1,417,874)	(1,580,540)
TOTAL DEFICITS		(1,104,091)	(1,356,056)	(1,518,722)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at December 31, 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	11	19,184	11,817	13,796
Intangible assets	12	4,402	3,266	2,130
Interest in subsidiaries	13	331,115	356,600	403,626
Time deposits with banks	18(b)	–	81,585	63,230
		354,701	453,268	482,782
Current assets				
Inventories	14	66,562	54,761	44,561
Trade receivables	15	41,767	16,356	58,527
Prepayments, deposits and other receivables	16	21,668	17,053	10,460
Time deposits with banks	18(b)	54,123	20,000	30,769
Financial assets measured at FVPL	17	272,189	113,629	141,928
Restricted cash	18(a)	5,395	10,832	21,876
Cash and cash equivalents	18(a)	109,146	168,843	100,789
		570,850	401,474	408,910
Current liabilities				
Bank loans	22	15,008	5,000	–
Trade and bills payables	19	19,408	30,006	50,316
Contract liabilities	21	32,154	39,133	44,368
Other payables and accruals	20	26,721	22,131	35,251
Lease liabilities	23	7,147	2,972	–
Redemption liabilities	24	1,606,943	1,738,451	1,870,320
		1,707,381	1,837,693	2,000,255
Net current liabilities		(1,136,531)	(1,436,219)	(1,591,345)
Total assets less current liabilities		(781,830)	(982,951)	(1,108,563)
Non-current liabilities:				
Contract liabilities	21	3,948	5,042	4,896
Lease liabilities	23	6,736	–	–
Deferred income	25	1,560	1,160	1,963
		12,244	6,202	6,859
NET LIABILITIES		(794,074)	(989,153)	(1,115,422)
CAPITAL AND RESERVES				
Share capital	27	61,818	61,818	61,818
Reserves	27	(855,892)	(1,050,971)	(1,177,240)
TOTAL DEFICITS		(794,074)	(989,153)	(1,115,422)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Share capital	Capital reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 27(b)	*Note 27(c)(i)*	*Note 27(c)(ii)*		
Balance at January 1, 2022	61,818	(262,177)	–	(538,312)	(738,671)
Changes in equity for 2022:					–
Loss and total comprehensive income for the year	–	–	–	(365,420)	(365,420)
Balance at December 31, 2022	61,818	(262,177)	–	(903,732)	(1,104,091)
Balance at January 1, 2023	61,818	(262,177)	–	(903,732)	(1,104,091)
Changes in equity for 2023:					
Loss and total comprehensive income for the year	–	–	–	(264,523)	(264,523)
Equity settled share-based transactions	–	–	12,558	–	12,558
Balance at December 31, 2023	61,818	(262,177)	12,558	(1,168,255)	(1,356,056)
Balance at January 1, 2024	61,818	(262,177)	12,558	(1,168,255)	(1,356,056)
Changes in equity for 2024:					
Loss and total comprehensive income for the year	–	–	–	(184,963)	(184,963)
Equity settled share-based transactions	–	–	22,297	–	22,297
Balance at December 31, 2024	61,818	(262,177)	34,855	(1,353,218)	(1,518,722)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash used in operations	*18(c)*	(170,392)	(76,370)	(41,482)
Tax paid		–	–	–
Net cash used in operating activities		(170,392)	(76,370)	(41,482)
Investing activities				
Payments for the purchase of property and equipment		(6,761)	(5,376)	(7,606)
Proceeds from disposal of property and equipment		27	712	650
Advances to related parties	*30(c)*	–	(386)	(1,000)
Repayment of advances to related parties	*30(c)*	–	193	1,193
Payments for the purchase of intangible assets		(2,830)	–	–
Payments for purchase of financial assets at FVPL		(567,500)	(702,000)	(462,000)
Proceeds from disposals of financial assets at FVPL		862,767	904,866	440,304
Purchase of time deposits with banks		(54,000)	(100,000)	(10,000)
Maturity of time deposits with banks		–	55,215	20,410
Net cash generated from/(used in) investing activities		231,703	153,224	(18,049)
Financing activities				
Capital element of lease payments	*18(d)*	(10,168)	(3,806)	(2,827)
Interest element of lease payments	*18(d)*	(1,038)	(245)	(54)
Proceeds from new bank loans	*18(d)*	15,000	5,000	–
Repayment of bank loans	*18(d)*	–	(15,000)	(5,000)
Issuance costs of the proposed issuance of new shares		–	–	(229)
Repayment of advance received from a related party	*30(c)*	–	–	(898)
Interest paid	*18(d)*	(35)	(320)	(113)
Net cash generated from/(used in) financing activities		3,759	(14,371)	(9,121)
Net increase/(decrease) in cash and cash equivalents		65,070	62,483	(68,652)
Cash and cash equivalents at the beginning of the year		46,582	111,656	174,133
Effects of exchange rate changes on the balance of cash held in foreign currencies		4	(6)	–
Cash and cash equivalents at the end of the year		111,656	174,133	105,481

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Beijing Yunji Technology Co., Ltd. (北京雲迹科技股份有限公司) (the "Company") was incorporated in Beijing, the People's Republic of China (the "PRC") on January 29, 2014 as a limited liability company under the Companies Law of the PRC. On November 29, 2021, the board of directors of the Company resolved to convert the Company from a limited liability company into a joint stock limited liability company. The conversion was completed on December 6, 2021.

The Company and its subsidiaries (together, "the Group") are principally engaged in sales of robots and functional kits and provision of artificial intelligence (the "AI")-driven robotic fundamental services and AI agent applications.

The financial statements of the Company and its subsidiaries for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated or established. The Company's statutory financial statements for the years ended December 31, 2022 and 2023 were audited by Beijing Dongshen Certified Public Accountants (Special General Partnership) (北京東審會計師事務所(特殊普通合夥)).

As at the date of this report, the Company has direct interests in the following principal subsidiaries:

Company name	Place of incorporation and business and date of incorporation	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities
Henan Yunji Intelligent Technology Co., Ltd. (河南雲迹智能技術有限公司) *(Notes (i) and (ii))*	PRC/October 29, 2021	RMB10,000,000	100%	Sales of robots and intelligent solutions
Shanghai Renyun Technology Co., Ltd. (上海人雲科技 有限公司) *(Notes (i) and (ii))*	PRC/December 27, 2016	RMB2,000,000	100%	Sales of robots and intelligent solutions
Chengdu Yunkuo Technology Co., Ltd. (成都雲擴科技有限公司) *(Notes (i) and (ii))*	PRC/February 8, 2021	RMB4,000,000	100%	Ancillary service on installation of robots

Notes:

(i) These entities were registered as limited liability companies under the laws and regulations in the PRC. The official names of these entities are in Chinese. The English translation is included for identification only.

(ii) No audited statutory financial statements for the years ended December 31, 2022, 2023 and 2024 of these entities have been prepared.

All companies now comprising the Group have adopted December 31 as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has consistently applied all applicable new and revised IFRS Accounting Standards throughout the Track Record Period. The Group has not applied any new and revised accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2024, the detail of which are set out in Note 33.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

As at December 31, 2024, the Group had net current liabilities and net liabilities of RMB1,581,659,000 and RMB1,518,722,000, respectively, primarily due to the significant amount of the redemption liabilities of RMB1,870,320,000 arising from the financing with redemption rights from the investors before its [**REDACTED**]. The directors of the Company are of the opinion that no payment is expected for the settlement of the redemption liabilities as the related redemption rights would be terminated and the redemption liabilities would be converted into equity upon the qualified [**REDACTED**] of the Company's H shares on the Stock Exchange. Taken the above into consideration, and together with cashflow forecast for the twelve months from the date of this report prepared by management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Company and the Group has its functional currency in RMB and the Historical Financial Information is presented in RMB.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– Financial assets at FVPL (see Note 2(d));

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)).

(d) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)(a)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

– FVOCI recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in other comprehensive income (the "OCI"). When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

(e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(h)).

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

– Office equipment, furniture and fixtures	3-5 years
– Machinery and production equipment	4-5 years
– Leasehold improvement	shorter of the lease term and 5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(f) Intangible assets

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

– Software and copyrights	5 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(e) and 2(h)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

The rental income from operating leases is recognized in accordance with Note 2(s).

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivables, time deposits with banks and restricted cash).

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Inventories

Inventories are measured at the lower of cost and net realizable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognized for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(s)(i).

(j) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(s)(i)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(k)).

(k) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL (see Note 2(h)(i)).

(m) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs.

Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(t).

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The difference between the subscription price and the fair value of the awarded shares granted to employees is recognized as an employee cost with a corresponding increase in share-based payments reserve within equity. The fair value of the share awards is the difference between the subscription price paid by the employees and the fair value of the ordinary shares at grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total difference between the subscription price and the fair value of the ordinary shares is spread over the vesting period, taking into account the probability that the share awards will be vested.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(p) Redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortized cost with interest expense being included in change in the carrying amounts of redemption liabilities.

The redemption liabilities were classified as current liabilities as some of the redemption events could occur anytime. The carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty's redemption right.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract (see Note 2(h)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services and the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates the transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the observable prices charged to customers when the Group sells that good or service separately. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of information. Assumptions and estimations have been made in estimating the standalone selling price, and changes in those assumptions and estimates may impact the revenue recognition.

The Group generates revenue from (i) the sales of robots and functional kits, primarily including robots, related hardware and other kits; (ii) AI digitalization system, which includes (a) the provision of AI-driven robotic fundamental services, primarily including subscription of our robot operating system and comprehensive AI-powered support for our robots and functional kits; and (b) the provision of AI agent applications, primarily including subscription service for our standard hospitality digital operating system ("HDOS"), development service for customized HDOS, and YJ-Platform, which includes sales of merchandise through our smart vending machines.

(a) Sales of robots, functional kits and merchandises

Revenue is recognized when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the products promised under the contract on a relative stand-alone selling price basis.

The Group offers certain customers for the sale of products with rights of return. Such rights of return give rise to variable consideration.

The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of products, the Group recognizes revenue after taking into account adjustment to transaction price arising from returns as mentioned above. A refund liability is recognized for the expected returns and is included in other payables. A right to recover returned products (included in inventories) and corresponding adjustment to cost of sales are also recognized for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

(b) Provision of AI digitalization system

Revenue from AI digitalization system (excluding sales of merchandise through our smart vending machines, see Note (s)(i)(a)) is recognized on a straight-line basis over the performance period for which the services are rendered, or recognized when the Group fulfilled the specific performance obligation under the contract terms with customers.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(h)(i)).

(b) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

(c) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGMENT AND ESTIMATES

Note 28 contain information about the assumptions and their risk factors relating to fair value of financial instruments. Other significant sources of estimation uncertainty and accounting judgments are as follows:

(i) Share-based payments arrangement and its fair value measurement

The Group measures the cost of share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The determination of the fair value of the share-based payments is affected by the significant assumptions such as the underlying equity value, the expected volatility of share price and risk free interest rate. The Group also has to estimate the vesting periods of the share awards which is variable and subject to an estimate of when an [**REDACTED**] ("[**REDACTED**]") of the Company will occur. Details of share-based payments are contained in Note 26.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are (i) the sales of robots and functional kits, primarily including robots, related hardware and other kits; (ii) AI digitalization system, which include (a) the provision of AI-driven robotic fundamental services, primarily including subscription of our robot operating system and comprehensive AI-powered support for our robots and functional kits; and (b) the provision of AI agent applications, primarily including subscription service for our standard HDOS, development service for customized HDOS, and YJ-Platform, which includes sales of merchandise through our smart vending machines.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and timing of revenue recognition are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Robots and functional kits	134,750	119,230	186,605
AI digitalization system	26,384	25,470	55,881
AI-driven robotic fundamental services	20,158	22,298	44,364
AI agent applications	6,226	3,172	11,517
	161,134	144,700	242,486
Revenue from other sources			
Rental income from robots and functional kits	146	453	2,289
Total	161,280	145,153	244,775
Disaggregated revenue from contracts with customers within the scope of IFRS 15 by timing of revenue recognition			
Point in time	147,523	125,670	201,514
Over time	13,611	19,030	40,972
	161,134	144,700	242,486

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by geographical location of customers			
Chinese Mainland	157,964	143,430	234,852
Other countries or regions	3,316	1,723	9,923
	161,280	145,153	244,775

During the Track Record Period, there were no customers which individually contributed more than 10% of total revenue of the Group. Details of concentrations of credit risk of the Group are set out in Note 28(a).

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As of December 31, 2022, 2023 and 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was RMB5.2 million, RMB6.0 million and RMB8.1 million. This amount mainly represents revenue expected to be recognized in the future from maintenance service contracts and subscription service contracts for the proprietary software and algorithms entered into by the customers with the Group. The Group will recognize the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 24 months.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 and to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales that had an original expected duration of one year or less.

(b) Segment reporting

(i) Segment results

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the Track Record Period.

(ii) Geographic information

The geographical location of the Group's revenue from external customers are set out in the Note 4(a)(i). The geographical location of customers is based on the location at which the goods delivered or the services were provided. The Group's non-current assets, including property and equipment and intangible assets are all located in the PRC, and accordingly, no geographical information of non-current assets is presented.

5 OTHER NET INCOME

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants	2,771	3,538	6,217
Investment income	10,700	9,219	6,603
Value added tax and other tax refund	3,150	2,364	5,403
Interest income	407	3,193	3,013
Net gains on disposal of property and equipment	58	179	151
Others	(1,277)	325	620
	15,809	18,818	22,007

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	43	312	113
Interest on lease liabilities	1,038	245	54
	1,081	557	167

(b) Staff costs

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	185,093	108,837	98,562
Contributions to defined contribution retirement plan *(Note)*	15,478	10,878	9,324
Share-based payments expenses *(Note 26)*	–	12,558	22,297
	200,571	132,273	130,183

Note: The employees of the subsidiaries of the Group participate in defined contribution retirement benefit scheme managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes during the Track Record Period. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) Other items

		Year ended December 31,		
	Note	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories*	*14*	85,309	71,234	106,876
Depreciation charge*	*11*			
– owned property and equipment		2,349	3,755	5,127
– right-of-use assets		10,930	4,177	3,001
Amortization of intangible assets	*12*	1,136	1,136	1,136
[**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Increase in warranty liabilities	*20*	4,728	5,492	6,349

* Cost of inventories include RMB13.6 million, RMB11.0 million and RMB12.6 million relating to depreciation and amortization expenses and RMB217,000, RMB889,000 and RMB662,000 relating to write down of inventories for each of the years ended December 31, 2022, 2023 and 2024, respectively, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX

(a) Reconciliation between tax expense and accounting loss at applicable tax rates

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Loss before taxation	(365,420)	(264,523)	(184,963)
National tax on loss before taxation at PRC statutory tax rate *(Note (i))*	(91,355)	(66,131)	(46,241)
Effect of additional deduction on research and development expenses *(Note (ii))*	(12,448)	(10,786)	(13,236)
Effect of preferential tax rate *(Note (ii))*	24,718	14,315	5,675
Tax effect of non-deductible expenses *(Note (iii))*	32,392	34,365	36,432
Tax effect of unused tax losses and temporary differences not recognized	46,693	28,237	17,370
Income tax	–	–	–

Note:

(i) The Company and the subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% during the Track Record Period.

(ii) Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise (the "HNTE") is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis.

The Company qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2020 to 2026. Shanghai Renyun Technology Co., Ltd. qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2021 to 2024. In addition to the preferential PRC Corporate Income Tax rate, the above two entities are also entitled to an additional tax deductible allowance calculated at 100% of their qualified research and development costs incurred in corresponding period, other subsidiaries are entitled to an additional tax deductible allowance calculated at 75% of their qualified research and development costs incurred before October 1, 2022, and at 100% of qualified research and development costs incurred from October 1, 2022.

(iii) Tax effect of non-deductible expenses mainly represent the changes in the carrying amount of redemption liabilities, share-based payments expenses and certain other costs and expenses, which all are not deductible in accordance with relevant tax regulations in the PRC.

(b) Deferred tax assets not recognized

The Group has not recognized deferred tax assets in respect of cumulative tax losses RMB716 million, RMB897 million and RMB971 million as at December 31, 2022, 2023 and 2024, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of emoluments of directors and supervisors are as follows:

	Year ended December 31, 2022						
	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share-based payments expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*
Executive directors							
Ms. Zhi Tao	–	1,611	–	58	1,669	–	1,669
Mr. Hu Quan	–	1,575	–	58	1,633	–	1,633
Mr. Li Quanyin	–	1,277	–	96	1,373	–	1,373
	–	4,463	–	212	4,675	–	4,675
Non-executive directors							
Ms. Ma Hong	–	–	–	–	–	–	–
Mr. Wu Minghui	–	–	–	–	–	–	–
Ms. Ma Lan *(Note (i))*	–	–	–	–	–	–	–
Mr. Tu Hongchuan *(Note (i))*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Wang Dong	150	–	–	–	150	–	150
Mr. Xie Daxin	150	–	–	–	150	–	150
Mr. Zhang Lihua	150	–	–	–	150	–	150
	450	–	–	–	450	–	450
Supervisors							
Ms. Ai Baoshu	–	593	–	–	593	–	593
Mr. Xue Jinlong	–	472	–	58	530	–	530
Mr. Yu Junjie	–	–	–	–	–	–	–
	–	1,065	–	58	1,123	–	1,123
	450	5,528	–	270	6,248	–	6,248

	Year ended December 31, 2023						
	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share-based payments expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*
Executive directors							
Ms. Zhi Tao	–	834	–	63	897	199	1,096
Mr. Hu Quan	–	812	–	63	875	199	1,074
Mr. Li Quanyin	–	955	–	63	1,018	–	1,018
	–	2,601	–	189	2,790	398	3,188
Non-executive directors							
Ms. Ma Hong	–	–	–	–	–	–	–
Mr. Wu Minghui	–	–	–	–	–	–	–
Ms. Ma Lan *(Note (i))*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–

	Year ended December 31, 2023						
	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share-based payments expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*
Independent non-executive directors							
Mr. Wang Dong	150	–	–	–	150	–	150
Mr. Xie Daxin	150	–	–	–	150	–	150
Mr. Zhang Lihua	150	–	–	–	150	–	150
	450	–	–	–	450	–	450
Supervisors							
Ms. Ai Baoshu	–	555	–	–	555	295	850
Mr. Xue Jinlong	–	463	–	63	526	60	586
Mr. Yu Junjie	–	–	–	–	–	–	–
	–	1,018	–	63	1,081	355	1,436
	450	3,619	–	252	4,321	753	5,074

	Year ended December 31, 2024						
	Director's fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Subtotal	Share-based payments expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*
Executive directors							
Ms. Zhi Tao	–	1,560	500	66	2,126	341	2,467
Mr. Hu Quan	–	1,518	500	66	2,084	341	2,425
Mr. Li Quanyin	–	1,338	280	66	1,684	–	1,684
	–	4,416	1,280	198	5,894	682	6,576
Non-executive directors							
Ms. Ma Hong	–	–	–	–	–	–	–
Mr. Wu Minghui	–	–	–	–	–	–	–
Ms. Ma Lan *(Note (i))*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Wang Dong	–	–	–	–	–	–	–
Mr. Xie Daxin	–	–	–	–	–	–	–
Mr. Zhang Lihua	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Supervisors							
Ms. Ai Baoshu	–	438	58	–	496	505	1,001
Mr. Xue Jinlong	–	458	52	62	572	103	675
Mr. Yu Junjie	–	–	–	–	–	–	–
	–	896	110	62	1,068	608	1,676
	–	5,312	1,390	260	6,962	1,290	8,252

Notes:

(i) Mr. Tu Hongchuan resigned as a non-executive director on June 30, 2022. Ms. Ma Lan was appointed as a non-executive director on the same day and resigned on February 6, 2025.

(ii) These represent the estimated value of share awards granted to the directors and supervisors under the Group's share award plan. The value of share awards is measured according to the Group's accounting policies for share-based payments transactions as set out in Note 2(o)(ii) and in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of awarded shares are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of awarded shares granted, are disclosed in Note 26.

(iii) Mr. Wang Dong and Mr. Xie Daxin resigned as independent non-executive directors on February 6, 2025, and Mr. Lai Yung Yuet and Mr. Wang Fangjun were appointed as independent non-executive directors on the same day.

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and other employees included in the five highest paid individuals for the years ended December 31, 2022, 2023 and 2024 are set forth below:

	Year ended December 31,		
	2022	2023	2024
	Number of individuals	*Number of individuals*	*Number of individuals*
Directors	2	–	2
Other employees	3	5	3

The emoluments of the directors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals, are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	4,972	5,152	3,668
Discretionary bonuses	–	–	720
Share-based payments expenses *(Note 26)*	–	9,384	14,933
Retirement scheme contributions	167	325	203
	5,139	14,861	19,524

The emoluments of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended December 31,		
	2022	2023	2024
	Number of individuals	*Number of individuals*	*Number of individuals*
HK$1,000,001 – HK$1,500,000	–	1	–
HK$1,500,001 – HK$2,000,000	2	1	–
HK$2,000,001 – HK$2,500,000	1	1	–
HK$3,500,001 – HK$4,000,000	–	1	1
HK$5,000,001 – HK$5,500,000	–	–	1
HK$7,500,001 – HK$8,000,000	–	1	–
HK$12,000,001 – HK$12,500,000	–	–	1

During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office in connection with the management of the affairs of any member of the Group.

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share during the Track Record Period is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue.

Loss for the year attributable to ordinary shareholders of the Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year attributable to all equity shareholders of the Company	(365,420)	(264,523)	(184,963)
Allocation of loss for the year attributable to the ordinary shares with redemption rights *(Note 24)*	250,487	181,325	126,788
Loss for the year attributable to ordinary equity shareholders of the Company	(114,933)	(83,198)	(58,175)

Weighted average number of ordinary shares

	Year ended December 31,		
	2022	2023	2024
	No. of shares '000	*No. of shares '000*	*No. of shares '000*
Issued ordinary shares at 1 January	61,818	61,818	61,818
Effect of ordinary shares with redemption rights *(Note 24)*	(42,375)	(42,375)	(42,375)
Weighted average number of ordinary shares at 31 December	19,443	19,443	19,443

(b) Diluted loss per share

Ordinary shares issued to investors with redemption rights (Note 24) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share each year during the Track Record Period were the same as basic loss per share for the respective years.

11 PROPERTY AND EQUIPMENT

The Group

	Office equipment, furniture and fixtures	Machinery and production equipment	Leasehold improvement	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2022	3,394	4,638	–	32,221	40,253
Additions	840	6,129	–	3,640	10,609
Disposals	(436)	(16)	–	(11,112)	(11,564)
At December 31, 2022 and January 1, 2023	3,798	10,751	–	24,749	39,298
Additions	105	6,314	962	6,434	13,815
Disposals	(316)	(2,081)	–	(23,490)	(25,887)
At December 31, 2023 and January 1, 2024	3,587	14,984	962	7,693	27,226
Additions	263	9,820	–	–	10,083
Lease modification	–	–	–	(561)	(561)
Disposals	(240)	(862)	–	(2,958)	(4,060)
At December 31, 2024	3,610	23,942	962	4,174	32,688
Accumulated depreciation:					
At 1 January 2022	(1,764)	(1,070)	–	(2,428)	(5,262)
Charge for the year	(750)	(1,599)	–	(10,930)	(13,279)
Written back on disposal	375	5	–	5,363	5,743
At December 31, 2022 and January 1, 2023	(2,139)	(2,664)	–	(7,995)	(12,798)
Charge for the year	(775)	(2,543)	(437)	(4,177)	(7,932)
Written back on disposal	282	1,108	–	8,410	9,800
At December 31, 2023 and January 1, 2024	(2,632)	(4,099)	(437)	(3,762)	(10,930)
Charge for the year	(566)	(4,036)	(525)	(3,001)	(8,128)
Written back on disposals	206	142	–	2,958	3,306
At December 31, 2024	(2,992)	(7,993)	(962)	(3,805)	(15,752)
Net book value:					
At December 31, 2022	1,659	8,087	–	16,754	26,500
At December 31, 2023	955	10,885	525	3,931	16,296
At December 31, 2024	618	15,949	–	369	16,936

The Company

	Office equipment, furniture and fixtures	Machinery and production equipment	Leasehold improvement	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2022	1,589	2,349	–	20,736	24,674
Additions	410	3,754	–	–	4,164
Disposals	(4)	(11)	–	–	(15)
At December 31, 2022 and January 1, 2023	1,995	6,092	–	20,736	28,823
Additions	105	4,743	962	5,681	11,491
Disposals	(264)	(113)	–	(20,736)	(21,113)
At December 31, 2023 and January 1, 2024	1,836	10,722	962	5,681	19,201
Additions	261	8,792	–	–	9,053
Lease modification	–	–	–	(561)	(561)
Disposals	(161)	(697)	–	(2,958)	(3,816)
At December 31, 2024	1,936	18,817	962	2,162	23,877
Accumulated depreciation:					
At 1 January 2022	(1,008)	(651)	–	–	(1,659)
Charge for the year	(327)	(746)	–	(6,912)	(7,985)
Written back on disposal	2	3	–	–	5
At December 31, 2022 and January 1, 2023	(1,333)	(1,394)	–	(6,912)	(9,639)
Charge for the year	(327)	(1,308)	(437)	(3,128)	(5,200)
Written back on disposal	237	18	–	7,200	7,455
At December 31, 2023 and January 1, 2024	(1,423)	(2,684)	(437)	(2,840)	(7,384)
Charge for the year	(255)	(2,936)	(525)	(2,190)	(5,906)
Written back on disposals	131	120	–	2,958	3,209
At December 31, 2024	(1,547)	(5,500)	(962)	(2,072)	(10,081)
Net book value:					
At December 31, 2022	662	4,698	–	13,824	19,184
At December 31, 2023	413	8,038	525	2,841	11,817
At December 31, 2024	389	13,317	–	90	13,796

The analysis of expense items in relation to leases recognized in the Group's profit or loss is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	10,930	4,177	3,001
Expense relating to short-term leases	2,574	2,103	1,543
Interest on lease liabilities *(Note 6(a))*	1,038	245	54

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(e) and 23, respectively.

12 INTANGIBLE ASSETS

The Group and The Company

	Software and copyrights
	RMB'000
Cost:	
At January 1, 2022	2,851
Additions	2,830
At December 31, 2022, 2023 and 2024	5,681
Accumulated amortization:	
At January 1, 2022	(143)
Charge for the year	(1,136)
At December 31, 2022 and January 1, 2023	(1,279)
Charge for the year	(1,136)
At December 31, 2023 and January 1, 2024	(2,415)
Charge for the period	(1,136)
At December 31, 2024	(3,551)
Net book value:	
At December 31, 2022	4,402
At December 31, 2023	3,266
At December 31, 2024	2,130

The amortization charge for the Track Record Period is included in "Research and development expenses" and "Cost of sales" in the consolidated statements of profit or loss and other comprehensive income.

13 INTEREST IN SUBSIDIARIES

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	58,983	58,983	67,588
Amounts due from subsidiaries *(Note)*	272,132	297,617	336,038
	331,115	356,600	403,626

Note:

Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The directors regard the amounts as non-current as they do not intend to request repayment of the amounts within twelve months from the end of the reporting period.

14 INVENTORIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	48,196	37,647	36,505
Work in progress	1,994	3,907	833
Raw materials	21,454	17,982	13,371
	71,644	59,536	50,709
Less: Write down of inventories	(2,937)	(1,281)	(1,943)
	68,707	58,255	48,766

The analysis of the amount of inventories recognized as an expense and included in profit or loss of the Group is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	85,092	70,345	106,214
Write down of inventories	217	889	662
	85,309	71,234	106,876

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	46,015	35,963	32,474
Work in progress	1,994	3,903	833
Raw materials	21,453	16,139	13,160
	69,462	56,005	46,467
Less: Write down of inventories	(2,900)	(1,244)	(1,906)
	66,562	54,761	44,561

15 TRADE RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from:			
– Related parties	–	–	–
– Third parties	61,883	31,541	79,767
Less: loss allowance	(19,480)	(15,017)	(18,608)
	42,403	16,524	61,159

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from:			
– Related parties	–	–	–
– Third parties	61,198	31,281	76,504
Less: loss allowance	(19,431)	(14,925)	(17,977)
	41,767	16,356	58,527

All of the trade receivables are expected to be recovered within one year.

Aging analyses

As at the end of each reporting period, the aging analysis of trade receivables, based on the invoice date, is as follows:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	41,958	17,192	74,337
1 to 2 years	19,925	14,349	5,430
	61,883	31,541	79,767

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 28(a).

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	41,390	17,061	71,342
1 to 2 years	19,808	14,220	5,162
	61,198	31,281	76,504

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for inventories and services	4,726	4,057	5,843
Prepayments for costs incurred in connection with the proposed [**REDACTED**] *(Note (ii))*	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	4,726	4,057	6,629
Deductible value-added tax	14,430	13,807	6,619
Deposits	5,866	3,716	3,796
Others	1,878	1,090	1,608
	22,174	18,613	12,023
Total	26,900	22,670	18,652

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for inventories and services	4,164	3,594	3,867
Prepayments for costs incurred in connection with the proposed [**REDACTED**] *(Note (ii))*	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	4,164	3,594	4,653
Deductible value-added tax	11,461	9,325	1,023
Deposits	5,183	3,404	3,556
Others	860	730	1,228
	17,504	13,459	5,807
Total	21,668	17,053	10,460

Notes:

(i) All of the prepayments, deposits and other receivables are expected to be recovered or recognized as expenses or transferred to equity within one year.

(ii) The balances will be transferred to the capital reserve account within equity upon the [**REDACTED**] of the Company's H shares on the Stock Exchange.

17 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products *(Note (i))*	307,276	113,629	141,928

The Company

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products *(Note (i))*	272,189	113,629	141,928

Note:

(i) As at December 31, 2022, 2023 and 2024, the wealth management products were issued by reputable financial institutions in the PRC. The principal amount and expected returns of these wealth management products are not guaranteed. Further information on the fair value measurement is disclosed in Note 28(e).

18 CASH AND CASH EQUIVALENTS, TIME DEPOSITS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank balances	117,051	184,966	127,357
Less: restricted cash *(Note)*	5,395	10,833	21,876
Cash and cash equivalents	111,656	174,133	105,481

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank balances	114,541	179,675	122,665
Less: restricted cash *(Note)*	5,395	10,832	21,876
Cash and cash equivalents	109,146	168,843	100,789

Note:

As at December 31, 2022, 2023 and 2024, restricted cash was mainly held at bank as security deposits for bank acceptance bills.

(b) Time deposits with bank

The Group and The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Time deposits:			
– Current	54,123	20,000	30,769
– Non-current	–	81,585	63,230
	54,123	101,585	93,999

(c) Reconciliation of loss before taxation to cash used in operations

		Year ended December 31,		
	Note	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Loss before taxation		(365,420)	(264,523)	(184,963)
Adjustments for:				
Amortization and depreciation	*11&12*	14,415	9,068	9,264
Impairment loss on trade receivables		10,075	7,647	9,657
Impairment loss on inventories	*14*	217	889	662
Finance costs	*6(a)*	1,081	557	167
Equity settled share-based payment expenses	*6(b)*	–	12,558	22,297

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Changes in the carrying amount of redemption liabilities	*24*	131,508	131,508	131,869
Gain on disposal of property and equipment	*5*	(58)	(179)	(151)
Investment income	*5*	(10,700)	(9,219)	(6,603)
Interest income		(123)	(2,677)	(2,824)
Changes in working capital:				
Increase in restricted cash		(3,147)	(5,438)	(11,043)
Decrease/(increase) in trade receivables		9,427	18,238	(54,292)
(Increase)/decrease prepayments, deposits and other receivables		(17,030)	4,423	4,055
(Decrease)/increase in trade and bills payables		(10,418)	10,257	19,379
Increase/(decrease) in other payables and accruals		16,483	(4,344)	14,669
(Decrease)/increase in contract liabilities		(9,041)	7,707	4,221
Increase/(decrease) in deferred income		19,060	(400)	(4,197)
Decrease in inventories		43,279	7,558	6,351
Cash used in operations		(170,392)	(76,370)	(41,482)

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank loans	Lease liabilities	Redemption liabilities	Other payables and accruals	Total
	RMB'000 *(Note 22)*	*RMB'000* *(Note 23)*	*RMB'000* *(Note 24)*	*RMB'000*	*RMB'000*
At January 1, 2022	–	29,357	1,475,435	898	1,505,690
Changes from financing cash flows:					
Proceeds from new bank loans	15,000	–	–	–	15,000
Interest paid	(35)	–	–	–	(35)
Capital element of lease rentals paid	–	(10,168)	–	–	(10,168)
Interest element of lease rentals paid	–	(1,038)	–	–	(1,038)
Total changes from financing cash flows	14,965	(11,206)	–	–	3,759
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	3,640	–	–	3,640
Decrease in lease liabilities from termination of leases	–	(5,851)	–	–	(5,851)
Changes in the carrying amount of redemption liabilities	–	–	131,508	–	131,508
Interest on lease liabilities *(Note 6(a))*	–	1,038	–	–	1,038
Interest expenses *(Note 6(a))*	43	–	–	–	43
Total other changes	43	(1,173)	131,508	–	130,378
At December 31, 2022	15,008	16,978	1,606,943	898	1,639,827

	Bank loans	Lease liabilities	Redemption liabilities	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 22)	*(Note 23)*	*(Note 24)*		
At January 1, 2023	15,008	16,978	1,606,943	898	1,639,827
Changes from financing cash flows:					
Proceeds from new bank loans	5,000	–	–	–	5,000
Repayment of bank loans	(15,000)	–	–	–	(15,000)
Interest paid	(320)	–	–	–	(320)
Capital element of lease rentals paid	–	(3,806)	–	–	(3,806)
Interest element of lease rentals paid	–	(245)	–	–	(245)
Total changes from financing cash flows	(10,320)	(4,051)	–	–	(14,371)
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	6,434	–	–	6,434
Decrease in lease liabilities from termination of leases	–	(15,613)	–	–	(15,613)
Changes in the carrying amount of redemption liabilities	–	–	131,508	–	131,508
Interest on lease liabilities *(Note 6(a))*	–	245	–	–	245
Interest expenses *(Note 6(a))*	312	–	–	–	312
Total other changes	312	(8,934)	131,508	–	122,886
At December 31, 2023	5,000	3,993	1,738,451	898	1,748,342

	Bank loans	Lease liabilities	Redemption liabilities	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 22)	*(Note 23)*	*(Note 24)*		
At January 1, 2024	5,000	3,993	1,738,451	898	1,748,342
Changes from financing cash flows:					
Repayment of bank loans	(5,000)	–	–	–	(5,000)
Interest paid	(113)	–	–	–	(113)
Repayment of advance received from a related party	–	–	–	(898)	(898)
Capital element of lease rentals paid	–	(2,827)	–	–	(2,827)
Interest element of lease rentals paid	–	(54)	–	–	(54)
Total changes from financing cash flows	(5,113)	(2,881)	–	(898)	(8,892)
Other changes:					
Decrease in lease liabilities from lease modification	–	(814)	–	–	(814)
Changes in the carrying amount of redemption liabilities	–	–	131,869	–	131,869
Interest on lease liabilities *(Note 6(a))*	–	54	–	–	54
Interest expenses *(Note 6(a))*	113	–	–	–	113
Total other changes	113	(760)	131,869	–	131,222
At December 31, 2024	–	352	1,870,320	–	1,870,672

(e) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases represent lease rental paid and comprise the following:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	(2,574)	(2,103)	(1,543)
Within financing cash flows	(11,206)	(4,051)	(2,881)
	(13,780)	(6,154)	(4,424)

19 TRADE AND BILLS PAYABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	9,912	15,947	21,684
Bills payable	11,204	15,426	29,068
	21,116	31,373	50,752

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	8,204	14,580	21,248
Bills payable	11,204	15,426	29,068
	19,408	30,006	50,316

As at the end of each reporting period, the aging analysis of trade and bills payables, based on the invoice date, is as follows:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within one year or on demand	21,116	31,373	50,752

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within one year or on demand	19,408	30,006	50,316

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

20 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	13,828	8,054	17,331
Payables for services	4,959	3,449	6,808
Deposits and others	4,804	7,506	4,792
Financial liabilities measured at amortized cost	23,591	19,009	28,931
Value added tax and other tax payables	6,293	6,827	7,547
Refund liabilities	2,414	2,061	4,127
Warranty liabilities *(Note (ii))*	2,364	2,480	3,543
	34,662	30,377	44,148

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	9,467	5,705	13,619
Payables for services	4,008	2,353	4,914
Deposits and others	3,238	3,575	2,168
Financial liabilities measured at amortized cost	16,713	11,633	20,701
Value added tax and other tax payables	5,425	6,040	7,035
Refund liabilities	2,315	2,022	4,046
Warranty liabilities *(Note (ii))*	2,268	2,436	3,469
	26,721	22,131	35,251

Notes:

(i) All of the other payables and accruals are expected to be settled within one year or are repayable on demand.

(ii) Movement of provision for warranties is as below:

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,628	2,364	2,480
Additional provisions made	4,728	5,492	6,349
Provisions utilized	(5,992)	(5,376)	(5,286)
At the end of the year	2,364	2,480	3,543

The Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At January 1	3,628	2,268	2,436
Additional provisions made	2,388	2,793	4,980
Provisions utilized	(3,748)	(2,625)	(3,947)
At December 31	2,268	2,436	3,469

Under the terms of the Group's sales agreements, the Group will rectify any product defects mainly arising within 12 months of the date of sales. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the 12 months prior to the end of each reporting period. The amount of provision takes into account the Group's recent experience and is only made where a warranty claim is probable.

21 CONTRACT LIABILITIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Current			
– Billing in advance of performance	33,738	40,351	44,718
Non-current			
– Billing in advance of performance	3,948	5,042	4,896
	37,686	45,393	49,614

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Current			
– Billing in advance of performance	32,154	39,133	44,368
Non-current			
– Billing in advance of performance	3,948	5,042	4,896
	36,102	44,175	49,264

Movements in contract liabilities are as below:

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1	42,115	37,686	45,393
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(34,525)	(32,920)	(39,491)
Increase in contract liabilities as a result of billing in advance of performance	30,096	40,627	43,712
Balance at December 31	37,686	45,393	49,614

The Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1	40,032	36,102	44,175
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(32,531)	(31,417)	(38,270)
Increase in contract liabilities as a result of billing in advance of performance	28,601	39,490	43,359
Balance at December 31	36,102	44,175	49,264

All of the current contract liabilities are expected to be recognized as income within one year.

22 BANK LOANS

At December 31, 2022 and 2023, the bank loans were all unsecured and repayable within 1 year.

During the years ended December 31, 2022 and 2023, the bank loans bear interest ranging from 2.50% to 2.80% per annum and 2.65% per annum, respectively.

23 LEASE LIABILITIES

The lease liabilities were repayable as follows as of the end of each reporting period:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	8,778	3,775	352
After 1 year but within 2 years	7,982	218	–
After 2 years but within 5 years	218	–	–
	8,200	218	–
	16,978	3,993	352

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	7,147	2,972	–
After 1 year but within 2 years	6,736	–	–
	13,883	2,972	–

24 REDEMPTION LIABILITIES

The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Redemption liabilities	1,606,943	1,738,451	1,870,320

The movements of the redemption liabilities during the Track Record Period are set out below:

The Group and the Company

	Redemption liabilities
	RMB'000
At January 1, 2022	1,475,435
Changes in the carrying amount of redemption liabilities	131,508
At December 31, 2022 and January 1, 2023	1,606,943
Changes in the carrying amount of redemption liabilities	131,508
At December 31, 2023 and January 1, 2024	1,738,451
Changes in the carrying amount of redemption liabilities	131,869
At December 31, 2024	1,870,320

From 2014 to 2021, the Company conducted several rounds of financing by issuing registered capital or ordinary shares to investors and the investors were granted a right to put back to the Company the registered capital or ordinary shares acquired upon the occurrence of any of the following events: (i) no qualified [**REDACTED**] (the "Qualified [**REDACTED**]") has been consummated as at September 30, 2024; (ii) any material breach of the agreements made with the financing investors under the transaction documents; (iii) the ordinary shares directly held by any management shareholder is less than 50% of the ordinary shares directly held by such management shareholder at the closing of the [**REDACTED**] round financing.

The redemption price is the investment amount paid by the investors, plus an annual simple interest rate of 10% on the investment amount for the period commencing from the relevant payment date of investment amount to the date on which the investors receive payments for redemption, and any undistributed accumulated profits attributable to the investors.

Pursuant to a supplemental agreement entered into in March 2025, the redemption rights were suspended on the date immediately before the date of the first submission of [**REDACTED**] application to the Stock Exchange, and shall be restored upon the earlier of (i) the date when the Company's [**REDACTED**] application is withdrawn or rejected; or (ii) 18 months after the first submission of the [**REDACTED**] application to the Stock Exchange if the [**REDACTED**] has not completed by then. The redemption rights will automatically expire upon the qualified [**REDACTED**] of the Company's H shares on the Stock Exchange.

25 DEFERRED INCOME

Deferred income of the Group mainly includes various conditional government grants for research and development projects, which will be recognized as income in the same periods in which the expenses for the development project are incurred and the conditions are met. Movements of the balances during the Track Record Period are as follows:

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	19,060	18,660
Government grants received during the year	19,060	1,000	803
Amortization during the year	–	(1,400)	(5,000)
	19,060	18,660	14,463

The Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	1,560	1,160
Government grants received during the year	1,560	1,000	803
Amortization during the year	–	(1,400)	–
At the end of the year	1,560	1,160	1,963

26 EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS

In December 2020, the Group adopted a share incentive plan (the "Plan"), pursuant to which the Group was authorized to grant awarded shares to eligible employees and consultants of the Group. The maximum number of shares available for the awards under this Plan is 4,376,375 shares, which is held by Beijing Yunji Angel Management Partnership Enterprise (Limited Partnership) (the "Yunji Angel"). The Yunji Angel is controlled and managed by the controlling shareholder of the Company.

The awards are conditional upon the successful completion of an [**REDACTED**]. The Group determines the share-based payments expenses at a date of grant of awarded shares with reference to the estimation of the probability and timing of successful [**REDACTED**] since [**REDACTED**] condition is considered as a vesting condition. As at December 31, 2023 and 2024, the Group assessed that it is probable that the [**REDACTED**] condition will be achieved in the foreseeable future, and share-based payments expenses were recognized accordingly.

(a) Restricted shares

The awarded shares granted to employees vest upon the condition that the employees remain in service after consummation of an [**REDACTED**] of the Company.

The movements of the awarded shares of the Group during the Track Record Period are summarized as follows:

	Year ended December 31,					
	2022		2023		2024	
	Weighted average subscription price	Number of awarded shares	Weighted average subscription price	Number of awarded shares	Weighted average subscription price	Number of awarded shares
	RMB	*'000*	*RMB*	*'000*	*RMB*	*'000*
Outstanding at the beginning of the year	0.14	4,363	0.14	4,109	0.14	3,145
Granted during the year	–	–	0.14	76	0.14	65
Forfeited during the year	0.14	(254)	0.14	(1,040)	0.14	(42)
Outstanding at the end of the year	0.14	4,109	0.14	3,145	0.14	3,168

The fair value of the awarded shares at the date of grant was determined by an external valuer taking into the terms and conditions upon which the awarded shares were granted. The Group has used the discounted cash flow method or back solve method to determine the underlying equity fair value of the Company and adopted equity value allocation model to determine the fair value of the underlying ordinary shares.

The fair value of the awarded shares granted and the key assumptions to the valuation at the grant date are summarized as below:

	Year ended December 31,	
	2023	2024
Fair value per awarded share	RMB34.13	RMB42.50
Risk-free interest rate	2.24%	1.47%
Expected dividend yield	0.00%	0.00%
Expected volatility	43.02%	47.52%

Expected dividend yield is estimated based on the Company's expected dividend policy over the expected life of the awarded shares. The expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the awarded shares.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

The Company

	Share capital	Capital reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022	61,818	(262,177)	–	(347,026)	(547,385)
Changes in equity for 2022:					
Loss and total comprehensive income for the year	–	–	–	(246,689)	(246,689)
Balance at December 31, 2022 and January 1, 2023	61,818	(262,177)	–	(593,715)	(794,074)
Changes in equity for 2023:					
Loss and total comprehensive income for the year	–	–	–	(201,503)	(201,503)
Equity settled share-based transactions	–	–	6,424	–	6,424
Balance at December 31, 2023 and January 1, 2024	61,818	(262,177)	6,424	(795,218)	(989,153)
Changes in equity for 2024:					
Loss and total comprehensive income for the year	–	–	–	(137,997)	(137,997)
Equity settled share-based transactions	–	–	11,728	–	11,728
Balance at December 31, 2024	61,818	(262,177)	18,152	(933,215)	(1,115,422)

(b) Share capital

(i) Authorized share capital

As at December 31, 2022, 2023 and 2024, the authorized share capital of the Company comprises 61,818,182 ordinary shares with par value of RMB1 per share.

(ii) Issued ordinary shares

	No. of shares	Share capital
	'000	*RMB'000*
Ordinary shares issued and fully paid:		
At January 1, 2022 and December 31, 2022, 2023 and 2024	61,818	61,818

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; (ii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company; and (iii) the amounts in relation to the recognition of the redemption liabilities as set out in Note 24.

(ii) Share-based payments reserve

The share-based payments reserve comprises the Company's equity settled share-based payments (see Note 26).

(d) Dividends

No dividends were paid by the companies comprising the Group during the Track Record Period. The Company did not declare and pay any dividends since its incorporation.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, time deposits and restricted cash is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk. Deposits and other receivables have been classified as other receivables. For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default. As at the end of each reporting period, in view of the nature of these balances and historical settlement record, the Group considers that the provision of ECL allowance for these assets was not significant.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are mainly due within a period of 0-180 days from the date of billing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2022, 2023 and 2024, 10%, 10% and 9% of the total trade receivables, respectively, were due from the Group's largest debtor, and 27%, 27% and 22% of the total trade receivables, respectively, were due from the Group's five largest debtors.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at December 31, 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	21%	41,958	8,665
1 to 2 years	54%	19,925	10,815
		61,883	19,480

	As at December 31, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	24%	17,192	4,169
1 to 2 years	76%	14,349	10,848
		31,541	15,017

	As at December 31, 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	19%	74,337	13,878
1 to 2 years	87%	5,430	4,730
		79,767	18,608

Expected loss rates are based on actual loss experience over the past recent years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at January 1	14,231	19,480	15,017
Amounts written off during the year	(4,826)	(12,110)	(6,066)
Impairment losses recognized during the year	10,075	7,647	9,657
Balance at December 31	19,480	15,017	18,608

(b) Liquidity risk

The treasury function is centrally managed by the Group, which includes the short-term investment of cash surpluses and the raising of funds to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and investors to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2022				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans *(Note 22)*	15,355	–	–	15,355	15,008
Lease liabilities *(Note 23)*	10,945	6,817	229	17,991	16,978
Trade and bill payables *(Note 19)*	21,116	–	–	21,116	21,116
Other payables and accruals *(Note 20)*	23,591	–	–	23,591	23,591
	71,007	6,817	229	78,053	76,693

	As at December 31, 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans *(Note 22)*	5,123	–	–	5,123	5,000
Lease liabilities *(Note 23)*	4,040	354	–	4,394	3,993
Trade and bill payables *(Note 19)*	31,373	–	–	31,373	31,373
Other payables and accruals *(Note 20)*	19,009	–	–	19,009	19,009
	59,545	354	–	59,899	59,375

	As at December 31, 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities *(Note 23)*	354	–	–	354	352
Trade and bill payables *(Note 19)*	50,752	–	–	50,752	50,752
Other payables and accruals *(Note 20)*	28,931	–	–	28,931	28,931
	80,037	–	–	80,037	80,035

The carrying amounts of redemption liabilities were RMB1,606.9 million, RMB1,738.5 million and RMB1,870.3 million as of December 31, 2022, 2023 and 2024, respectively. These carrying amounts represented the maximum amounts that the Company could be required to pay upon occurrence of specified contingent events which are further disclosed in Note 24. As some of these triggering events, such as material breach of the agreements could happen at any time from the end of years presented, the Group may be required to pay the carrying amounts upon such events. These contingent redemption obligations will automatically expire at the closing of a Qualified [**REDACTED**].

(c) Interest rate risk

The Group does not have significant exposure to the risk of changes in market interest rates during the Track Record Period as the Group does not have any significant loans which are subject to floating interest rate.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

(e) Fair value measurement

(i) Assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at the end of each reporting dates:

	Fair value at December 31, 2022	Fair value measurements as at December 31, 2022 categorized into		
		Level 1	Level 2	Level 3
		RMB'000	*RMB'000*	*RMB'000*
Wealth management products	307,276	–	307,276	–

	Fair value at December 31, 2023	Fair value measurements as at December 31, 2023 categorized into		
		Level 1	Level 2	Level 3
		RMB'000	*RMB'000*	*RMB'000*
Wealth management products	113,629	–	113,629	–

	Fair value at December 31, 2024	Fair value measurements as at December 31, 2024 categorized into		
		Level 1	Level 2	Level 3
		RMB'000	*RMB'000*	*RMB'000*
Wealth management products	141,928	–	141,928	–

Financial instruments in level 2

Financial assets at FVPL

The fair value of the financial assets in Level 2, is determined based on the unit price published on the counterparty bank's or financial institution's websites. The published unit price is the unit price at which a holder could redeem the fund units at the end of each reporting period presented.

During the Track Record Period, there were no transfers between Level 2 and Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at December 31, 2022, 2023 and 2024.

29 COMMITMENTS

The Group did not have any significant capital commitments as at December 31, 2022, 2023 and 2024.

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	9,843	7,327	8,931
Discretionary bonuses	–	–	2,094
Share-based payments *(Note 27)*	–	7,502	12,438
Retirement scheme contributions	516	447	465
	10,359	15,276	23,928

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Names and relationships of the related parties that had material transactions with the Group during the Track Record Period:

Name of related parties	Relationship with the Group
Mr. Li Quanyin	Director of the Company
Mr. Ying Fuchen	Key management of the Group
Beijing Yunji Angel Management Partnership Enterprise (Limited Partnership)	Entity controlled by the controlling shareholder of the Company
Wuhan Zhongtian Huatuo Intelligent Technology Co., Ltd.	Entity controlled by a close family member of the controlling shareholder of the Company

(c) Significant transactions with related parties

The Group entered into the following material related party transactions during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sales of products			
Wuhan Zhongtian Huatuo Intelligent Technology Co., Ltd.	–	–	140
Advances granted to related parties			
Mr. Li Quanyin	–	386	–
Mr. Ying Fuchen	–	–	1,000
	–	386	1,000
Repayments of advances granted to related parties			
Mr. Li Quanyin	–	193	193
Mr. Ying Fuchen	–	–	1,000
	–	193	1,193
Repayments of advances received from related parties			
Beijing Yunji Angel Management Partnership Enterprise (Limited Partnership)	–	–	898

(d) Balances with related parties as at the end of each reporting period

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-trade in nature:			
Other receivables			
Mr. Li Quanyin	–	193	–
Other payables and accruals			
Beijing Yunji Angel Management Partnership Enterprise (Limited Partnership)	898	898	–

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2024, the directors consider the immediate and ultimate controlling party of the Group to be Ms. Zhi Tao.

32 SUBSEQUENT EVENTS

There were no material subsequent events after December 31, 2024 and up to date of this report.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR BEGINNING ON JANUARY 1, 2024

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the year beginning on January 1, 2024 and which have not been adopted in the Historical Financial Information, including:

	Effective for accounting period beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	January 1, 2025
Amendments to IFRS 9 and IFRS 7: *Amendments to the classification and measurement of financial instruments*	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without public accountability: Disclosures*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2024.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

PRC TAXATION

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current law and practice and has not taken into account the expected change or amendment to the relevant laws or policies. The discussion has no intention to cover all possible tax consequences resulting from the [**REDACTED**] in H Shares, nor does it take the specific circumstances of any particular [**REDACTED**] into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of the Latest Practicable Date, which is subject to change and may have retrospective effect.

Taxation on Dividends

Individual Investors

Under the provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), last amended on August 31, 2018, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), last amended on December 18, 2018 (collectively referred to as the "IIT Law"), dividends disbursed by Chinese enterprises are subject to a flat individual income tax rate of 20%. For foreign individuals who are not residents of China, dividends received from a Chinese enterprise are generally taxed at 20%, unless there are specific exemptions granted by the State Council's tax authority or reductions under an applicable tax treaty.

According to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》), which came into effect on 1 January 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities. For withholding at source and designated withholding, a non-resident taxpayer asserting that it satisfies the criteria for claiming treaty benefits and need to claim such benefits shall complete an "Information Report on Non-resident Taxpayers Claiming Treaty Benefits" truthfully, submit to the withholding agent voluntarily, gather and retain the relevant materials pursuant to the relevant provisions.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents, including both natural persons and legal entities. The tax levied shall not exceed 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company and meets certain conditions as the beneficial owner of the equity, the tax imposed shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), in effect since December 6, 2019, introduces specific criteria determining entitlement to treaty benefits. According to this protocol, treaty benefits will not be granted if, upon careful consideration of all relevant facts and conditions, it is reasonably determined that obtaining these benefits was a primary purpose of the arrangement or transactions, thereby providing direct or indirect benefits under the Arrangement. Exceptions are made when such benefits align with the Arrangement's relevant objectives and goals.

Additionally, the application of the dividend clause of tax agreements is bound by the stipulations outlined in the PRC tax laws and regulations, including the guidelines specified in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81). Compliance with these regulations is essential in determining the taxation applicable to dividends under the Arrangement.

Enterprise Investors

Pursuant to the provisions outlined in the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), enacted by the National People's Congress of the PRC (NPC) on March 16, 2007, and enforced from January 1, 2008, subsequently amended on February 24, 2017, and December 29, 2018, and in alignment with the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, last amended on December 6, 2024 and effective on January 20, 2025 (collectively referred to as the "EIT Law"), it is established that a non-resident enterprise is generally liable to a 10% enterprise income tax on income sourced within the PRC. Such income includes dividends and bonuses received from a PRC resident enterprise. This taxation applies to non-resident enterprises that lack a physical establishment or premises in the PRC. Alternatively, if an establishment or premise exists within the PRC, but the PRC-sourced income is unrelated to said establishment or premise, it is subject to the aforementioned taxation.

The withholding tax for non-resident enterprises is mandated to be deducted at the source, whereby the entity making the payment assumes the role of the withholding agent. Consequently, the withholding agent is obligated to withhold the income tax from the payment or due payment each time it is disbursed or becomes due.

The Circular of the State Taxation Administration (STA) on Issues Relating to the Withholding and Remitting of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the STA and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題

的批覆》) (Guo Shui Han [2009] No. 394) which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with relevant jurisdictions, where applicable. Accordingly, dividends paid to non-PRC resident enterprise (including HKSCC Nominees) shall be subject to withholding enterprise income tax at a rate of 10%.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the PRC Government is authorized to impose taxes on dividends disbursed by a PRC company to Hong Kong residents, including both individuals and legal entities, not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax shall not surpass 5% of the total dividends if the Hong Kong resident qualifies as the beneficial owner of the equity, and specific conditions are met.

Furthermore, the Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, introduces additional criteria for qualifying for treaty benefits. While other provisions may exist within the Arrangement, treaty benefits shall not be granted for relevant gains if, based on all relevant facts and conditions, it is reasonably determined that one of the main purposes of the arrangement or transactions, which result in direct or indirect benefits under the Arrangement, is to obtain such treaty benefits. This exception applies unless the grant of benefits aligns with the objectives and goals outlined in the Arrangement.

It is important to note that the application of the dividend clause of tax agreements is contingent upon compliance with PRC tax laws and regulations, including the guidelines provided in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-resident investors residing in jurisdictions that have established treaties or arrangements for the avoidance of double taxation with the PRC may qualify for a reduction in the PRC enterprise income tax levied on dividends received from PRC companies. Currently, the PRC has entered into Avoidance of Double Taxation Treaties or Arrangements with several countries and regions, including the Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Non-PRC resident enterprises eligible for preferential tax rates under these relevant taxation treaties or arrangements are required to submit an application to the PRC tax authorities for a refund of the enterprise income tax that exceeds the agreed tax rate. The approval of the refund application is subject to the evaluation and decision of the PRC tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Under the guidelines outlined in the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (referred to as "Circular 36"), effective from May 1, 2016, and subsequently amended on July 11, 2017, December 25, 2017, and March 20, 2019, individuals and entities conducting service transactions within the PRC are obligated to pay Value-Added Tax (VAT). "Sales of services within the PRC" are defined as transactions where either the service provider or the recipient is situated within the PRC.

Furthermore, Circular 36 specifies that the transfer of financial products, including the ownership transfer of marketable securities, is subject to a VAT rate of 6% on the taxable income. Taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, in accordance with the Circular of the Ministry of Finance (MOF) and the STA on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

However, on December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167). This circular, effective from January 1, 2010, stipulates that individuals' income derived from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange remains exempt from individual income tax. This exemption applies to shares not subject to sales restrictions, as defined in the Supplementary Notice on Issues Concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70), jointly issued by the three aforementioned departments and effective from November 10, 2010.

As of the Latest Practicable Date, there are no provisions expressly stating that individual income tax shall be imposed on non-PRC resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

In accordance with the Enterprise Income Tax (EIT) Law and the Implementation Provisions of the Enterprise Income Tax Law of the PRC, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments.

The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

In compliance with the PRC Stamp Duty Law (《中華人民共和國印花稅法》), as issued by the SCNPC on June 10, 2021, and enforced from July 1, 2022 (referred to as the "Stamp Duty Law"), all entities and individuals involved in securities transactions within the PRC are obligated to pay stamp duty as per the regulations outlined in the Stamp Duty Law. Consequently, the stipulations concerning stamp duty applied to the transfer of shares of PRC-listed companies do not extend to the transfer and disposal of H Shares by non-PRC investors outside the PRC.

Estate duty

Under prevailing PRC legislation, there is presently no imposition of estate duty within the jurisdiction.

Major Taxes on the Company in the PRC

Please refer to the section headed "Regulatory Overview" of this document.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations of the PRC on the Management of Foreign Exchange (《中華人民共和國外匯管理條例》, the "Regulations on the Management of Foreign Exchange"), which was promulgated by the State Council on January 29, 1996 and effective on April 1, 1996, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administrative authorities, while capital items are subject to the approval of foreign exchange administrative authorities. According to the Regulations on the Management of Foreign Exchange as amended on January 14, 1997 and August 5, 2008, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》, the "Settlement Regulations"), which was promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16), which was issued by the PBOC on July 21, 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies from July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

On August 5, 2008, the State Council promulgated the revised Regulation on the Management of Foreign Exchange, which has made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, it has improved the RMB exchange rate formation mechanism based on market supply and demand; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment from foreign exchange accounts opened at the designated foreign exchange banks, on the strength of valid transaction receipt or proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the Board of Directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE implemented the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), pursuant to which, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the PRC or deposited overseas, but the use of the proceeds shall be consistent with the contents as specified in the document and other disclosure documents.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, and amended on December 30, 2019, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled, the foreign exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. The proportion of discretionary settlement of domestic institutions' foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which stipulated that on the basis that investing foreign-funded enterprises may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (the "Constitution") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (2023 Revision) (《中華人民共和國立法法(2023修正)》) (the "Legislation Law"), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The SCNPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

The PRC Judicial System

Under the Constitution, the Law of Organization of the People's Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People's Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various levels, and other special people's courts. The local people's courts at various levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up a number of people's tribunals based on the facts of the region, population and cases. The Supreme People's Court is the highest judicial authority. The Supreme People's Court shall supervise the judicial work of the local people's courts at all levels and special people's courts, and people's courts at higher levels shall supervise the judicial work of people's courts at lower levels. The Chinese People's Procuratorates are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates and specialized people's procuratorates at all levels, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels.

The people's court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people's court are final. The parties may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. The first judgments or rulings of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court discovers an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each party to a civil action conducted within the PRC must comply with the relevant provisions of the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

The Company Law of the PRC, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for the Articles of Association of Listed Companies

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "PRC Company Law") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised PRC Company Law has been implemented on July 1, 2024.

On February 17, 2023, 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"), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

On December 15, 2023, the CSRC Promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidelines for the Articles of Association"). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules — Overseas Listing Category No. 1, domestic enterprises that are directly listed overseas shall formulate its Articles of Association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or raising. A joint stock limited company shall be incorporated by one to 200 promoters, provided that at least more than half of the promoters must reside in the PRC. Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association. If a joint stock limited company is to be established by means of raising, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

A prospectus shall be published and a subscription letter shall be prepared when the promoters offer shares to the public. The subscriber shall fill in the number of shares subscribed for, amount and domicile and affix his/her signature or seal to the subscription letter. The subscriber shall make full payment for the shares subscribed for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established under PRC laws, and an underwriting agreement shall be concluded thereon. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the share capital for a public offering has been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The Board of Directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority.

A company's promoter shall be liable for the followings: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (2) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights or creditor's rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the PRC Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the type and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

Increase In Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholder's meeting. The Articles of Association or the shareholders' meeting may authorize the Board of Directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. Where the Board of Directors is authorized and decides to issue shares, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders' meeting may not be needed to revise such item set forth in the Articles of Association of the company. Where the Articles of Association or the shareholders' meeting of a company authorizes the Board of Directors to decide on issuing new shares, a resolution of the Board of Directors shall be adopted by two thirds of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders' information and other information.

Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

(I) the company shall prepare a balance sheet and an inventory of properties;

(II) make a resolution at a shareholders' meeting to reduce the registered capital;

(III) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;

(IV) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and

(V) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the Articles of Association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the PRC Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, the item (III) and item (IV) mentioned above shall not apply, but the resolution to reduce the registered capital shall be made by the shareholders' meeting within 30 days from the date of the announcement in the newspapers or on the National Enterprise Credit Information Publicity System. After a company reduces its registered capital in accordance with the provisions of the preceding paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

When a company reduces its registered capital in violation of the provisions of the PRC Company Law, its shareholders shall refund the funds they have received, and if the capital contributions of the shareholders are reduced or exempted, such capital contributions shall be restored to the original status; if any loss is caused to the company, the shareholders and the liable directors, supervisors and senior management shall bear the liability for compensation.

Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

(I) reduction of the registered capital of the company;

(II) merger with another company that holds its shares;

(III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;

(IV) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the company to acquire their shares by the company;

(V) use of shares for conversion of convertible corporate bonds issued by the listed company; and

(VI) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a shareholders' meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (I) or item (II) above; for a company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (I) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders' meeting, provide financial aids for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds of all the directors.

Any director, supervisor or senior management who is liable for any loss to the company due to violation of the provisions of the preceding paragraph shall make compensations.

Transfer of Shares

The shares held by a shareholder of a company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the Articles of Association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the Articles of Association. Under the PRC Company Law, a shareholder should effect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors, supervisors and senior management of the company shall declare to the company the shares they hold and the changes thereof during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The Articles of Association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and appoint the domestic company to file with the CSRC.

Shareholders

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights:

(I) to be legally entitled to assets income, participate in significant decision-making and select management personnel;

(II) to petition the people's court to revoke any resolution of a shareholders' meeting, a shareholders' meeting or a meeting of the Board of Directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the Articles of Association of the company, or any resolution the contents of which is in violation of the laws, administrative regulations or the Articles of Association of the company, provided that such petition shall be submitted to the people's court within 60 days of the passing of such resolution;

(III) to transfer his/her shares legally;

(IV) to attend or appoint a proxy to attend shareholders' meeting and exercise the voting rights;

(V) to inspect and copy the Articles of Association of the company, share register, the minutes of shareholders' meeting, board resolutions, resolutions of the Board of Supervisors and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(VI) to receive dividends in respect of the number of shares held;

(VII) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(VIII) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the Articles of Association of the company.

The obligations of shareholders include the obligation to abide by the Articles of Association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's responsibilities in respect of the shares taken up by them and any other shareholder obligation specified in the Articles of Association of the company.

Shareholders' meeting

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' meeting may exercise its powers:

(I) to elect or replace the directors and supervisors and to decide on their remunerations;

(II) to consider and approve the reports of the Board of Directors;

(III) to consider and approve the reports of the Board of Supervisors;

(IV) to consider and approve the company's profit distribution and loss recovery proposals;

(V) to decide on any increase or reduction of the company's registered capital;

(VI) to decide on the issue of corporate bonds;

(VII) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(VIII) to amend the Articles of Association of the company; and

(IX) to exercise any other authority stipulated in the Articles of Association of the company.

The shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An interim shareholders' meeting is required to be held within two months upon the occurrence of any of the following:

(I) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;

(II) the total outstanding losses of the company amounted to one-third of the company's total capital stock;

(III) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an interim shareholders' meeting;

(IV) the Board of Directors deems necessary;

(V) the Board of Supervisors so proposes; or

(VI) any other circumstances as provided for in the Articles of Associations of the company.

A shareholders' meeting is convened by the Board of Directors and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by more than half of directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders' meeting, the Board of Supervisors shall convene and preside over such meeting in a timely manner; if the Board of Supervisors fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the Board of Directors and the Board of Supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders' meeting is convened. Notice of the interim shareholders' meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders' meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the shareholder's meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the shareholders' meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The shareholders' meeting shall not make any resolution on any matter not specified in the notice.

According to the PRC Company Law, shareholders present at shareholders' meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders' meeting. Under the accumulative voting system, when the shareholders' meeting elects directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively.

Under the PRC Company Law, the passing of any resolution at the shareholder's meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholder's meeting except in cases of proposed amendments to a Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder's meeting.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the Board of Directors and have one director to exercise the functions and powers of the Board of Directors as prescribed by the PRC Company Law. If the Board of Directors of a company has more than three members, it may include an employees' representative of the company. Where a company has 300 or more employees, the Board of Directors shall include the employees' representatives of the company unless the Board of Supervisors has been established and includes employees' representatives of the company. The employees' representatives in the Board of Directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means.

The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the day when the company receives the notice.

However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue performing his/her duties.

Under the PRC Company Law, the Board of Directors may exercise the following powers:

(I) to convene shareholders' meeting and report on its work to the shareholders' meeting;

(II) to implement the resolutions passed by the shareholders at the shareholders' meeting;

(III) to decide on the Company's operational plans and investment proposals;

(IV) to formulate the Company's proposals for profit distribution and for recovery of losses;

(V) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;

(VI) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;

(VII) to decide on the setup of the Company's internal management organs;

(VIII) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company's deputy general manager and financial officer and his/her remuneration matters;

(IX) to formulate the Company's basic management system; and

(X) other authority stipulated in the Articles of Association or granted by the shareholders' meeting.

Any restrictions on the functions and powers of the Board of Directors set out in the Articles of Association may not be asserted against any bona fide third party.

Under the PRC Company Law, a company may, under the Articles of Association, set up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. It may not have a Board of Supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the Board of Directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the Articles of Association, unless it is otherwise provided under the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

Meeting of the Board of Directors shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Supervisors 10 days before the meeting. Interim board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Board of Supervisors. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the board meeting. The Board of Directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the Board of Directors.

No meeting of the Board of Directors may be held unless more than half of the directors are present. A resolution made by the Board of Directors shall be adopted by more than half of all the directors. For voting on a resolution of the Board of Directors, each director shall have one vote. The Board of Directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the Board of Directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the Board of Directors. Where a resolution of the Board of Directors is in violation of any law, administrative regulation, Article of Association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the PRC Company Law, the following person may not serve as a director of the company:

(I) devoid of or with restricted civil conduct ability;

(II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence;

(III) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;

(IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and

(V) being listed as a dishonest person subject to enforcement by the people's court due to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

In addition, the Guidelines for Articles of Association of Listed Companies further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (1) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (2) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

Under the PRC Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meeting and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Board of Supervisors

A joint stock limited company shall have a Board of Supervisors composed of three members or more. However, a joint stock limited company (i) with a relatively small scale or relatively small number of shareholders may dispense with the Board of Supervisors, but may have one supervisor, who shall exercise the functions and powers of the Board of Supervisors, and (ii) may not have a Board of Supervisors or supervisors if it sets up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. The Board of Supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the Company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the Articles of Association. Representatives of the Company's staff at the Board of Supervisors shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise.

The Board of Supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by more than half of all the supervisors. Directors and senior management shall not act concurrently as supervisors. The chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the vice chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the Board of Supervisors meeting.

The supervisors serve three-year terms. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The Board of Supervisors may exercise its powers:

(I) to review the company's financial position;

(II) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of the shareholders' meeting;

(III) when the acts of a director or senior management are detrimental to the company's interests, to require the director and senior management to correct these relevant acts;

(IV) to propose the convening of extraordinary shareholders' meeting and to convene and preside over shareholders' meeting when the board fails to perform the duty of convening and presiding over shareholders' meeting under the PRC Company Law;

(V) to submit proposals to the shareholders' meeting;

(VI) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(VII) to exercise any other authority stipulated in the Articles of Association.

Supervisors may be present at board meeting and make inquiries or proposals in respect of the resolutions of the Board of Directors. The Board of Supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the Board of Directors. The manager shall be responsible to the Board of Directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager shall attend the meeting of the Board of Directors as a non-voting member.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the Board of Directors of a listed company and other personnel as stipulated in the Articles of Association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management shall comply with laws, administrative regulations and the Articles of Association.

Directors, supervisors and senior management shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. The directors, supervisors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

The provisions of the preceding paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but actually executes the affairs of the company.

In the meantime, directors, supervisors and senior management are prohibited from:

(I) embezzling the property or misappropriating the funds of the company;

(II) depositing company funds into accounts under their own names or the names of other individuals;

(III) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(IV) accept commissions from transactions between others and the company for their own benefits;

(V) unauthorized divulgence of confidential information of the company; and

(VI) other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes laws, administrative regulations or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. The Board of Supervisors may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the Board of Supervisors, none of them may impede the exercise of powers by the Board of Supervisors or supervisors.

Where the directors and senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the Board of Supervisors to initiate proceedings in the people's court.

Where the supervisors violate the laws, administrative regulations or the Articles of Association in performance of duties resulting in any loss to the company, the aforementioned shareholder(s) may request in writing that the Board of Directors institute litigation at a people's court. Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Board of Supervisors or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

If a director, supervisor or senior management of a wholly-owned subsidiary of the company violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholders of a limited liability company or shareholders of a joint stock limited company individually and jointly holding 1% or more of the total shares of the company for 180 consecutive days or more may request the Board of Supervisors or the Board of Directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people's court or directly files a lawsuit with the people's court in their own name.

Finance, Accounting and Profit Distribution

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual shareholder's meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the PRC company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior management shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the Board of Directors shall do so within six months after the resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the Board of Directors or the Board of Supervisors in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board of Directors or the Board of Supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or misrepresentation of information.

Amendment to Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's Articles of Association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association approved by the resolution of the shareholder's meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Dissolution and Liquidation

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

(I) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;

(II) the shareholders' meeting has resolved to dissolve the company;

(III) the company is dissolved by reason of its merger or division;

(IV) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(V) Where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in Items (I) or (II) of the paragraph above and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders' meeting is required.

Where the company is dissolved under the circumstances set forth in item (I), (II), (IV) or (V) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation committee may exercise following powers during the liquidation:

(I) to verify the Company's assets and to prepare a balance sheet and an inventory of assets;

(II) to inform creditors by notice or announcement;

(III) to deal with and settle any outstanding business of relevant company;

(IV) to pay all outstanding taxes and the taxes arising during the liquidation process;

(V) to settle claims and debts;

(VI) to distribute the company's remaining assets after its debts have been paid off; and

(VII) to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

The creditors shall explain matters relating to their claims and provide evidential documents. The liquidation committee shall register the creditor's claims. In the claims declaration period, the liquidation committee shall not make repayment to the creditors.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon a commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances:

(I) the listing and financing fall under specific prohibition in the laws, administrative regulations, and relevant national provisions;

(II) the overseas offering and listing may constitute endangerment to national security as reviewed and determined by competent authorities under the State Council in accordance with law;

(III) the domestic company and its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;

(IV) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;

(V) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

(I) change of control;

(II) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;

(III) change of the listing status or transfer of listing board;

(IV) voluntary or compulsory termination of listing.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises, which was issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating, and supervising all securities related institutions in the PRC, and administering CSRC. The CSRC is the regulatory executive body of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

The Securities Law of the PRC (《中華人民共和國證券法》) (the "PRC Securities Law") took effect on July 1, 1999, and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revised PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "PRC Arbitration Law") was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The PRC Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties had entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the SCNPC declared that (I) the PRC would only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (II) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People's Court of China issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which went into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in mainland China. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may be ignored.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND THE PRC COMPANY LAW

As a joint stock limited company established in the PRC that is seeking an [**REDACTED**] of shares on the stock exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing in accordance with the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

According to the PRC Company Law, a joint stock limited company may be incorporated by promotion or raising.

Share Capital

Under the PRC Securities Law, an application for listing shall comply with the listing rules of the stock exchange.

According to the PRC Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation. The non-monetary property as capital contributions shall be assessed and verified, which may not be overvalued or undervalued. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

Restrictions on Shareholding and Transfer of Shares

Under the PRC law, the Unlisted Shares, which are denominated and subscribed for in Renminbi, can only be subscribed for and traded by PRC investors, qualified overseas institutional investors or qualified overseas strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for, and traded by, investors from countries and regions outside the PRC or other qualified PRC institutional investors. If the H Shares are eligible securities under the Southbound Trading Link, they are also available for subscription and trading by domestic investors in the PRC pursuant to the rules and restrictions of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

According to the PRC Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior management of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Notice of Shareholders' Meeting

According to the PRC Company Law, notice of annual shareholder's meeting must be given not less than 20 days before the meeting, while notice of an interim shareholders' meeting must be given not less than 15 days before the meeting.

Quorum for Shareholder's meeting

The PRC Company Law does not specify any quorum requirement for a shareholder's meeting.

Voting at Shareholder's meeting

According to the PRC Company Law, a resolution made by the shareholders' meeting shall be adopted by the shareholders representing more than half of the voting rights.

A resolution made by the shareholders' meeting on modifying the articles of association, increasing or decreasing the registered capital, as well as merger, division, dissolution or change of corporate form of the company shall be adopted by the shareholders representing more than two thirds of the voting rights.

Variation of Class Rights

According to the PRC Company Law, where any of the matters occurs to a company that issues classified shares and may affect the rights of the classified shareholders, it shall not only be decided by the shareholders' meeting, but also be adopted by shareholders representing two thirds of the voting rights who are present at the classified shareholders' meeting.

Directors

According to the PRC Company Law, where any director directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to the articles of association. Where any of the near relatives of the directors, or any of the enterprises directly or indirectly controlled by the directors, or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, concludes a contract or conducts a transaction with the company, the aforesaid provisions shall apply. Where a director is removed prior to the expiration of term of office without any justifiable reason, the director may require the company to make compensation.

The PRC Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Board of Supervisors

According to the PRC Company Law, if a joint stock limited company has a board of supervisors, the directors and senior management of the company are subject to the supervision of the board of supervisors.

Derivative Action by Minority Shareholders

According to the PRC Company Law, where any director, supervisor or senior management violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. If the supervisors violate the relevant provisions of the Company Law, the above shareholders may request in writing the board of directors to initiate litigation at the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Guidelines for the articles of association of Listed Companies also provide other remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Protection of Minorities

The PRC Company Law provides that where a company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of the company may request the people's court to dissolve the company.

The Guidelines for the articles of association of Listed Companies also provide other remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Financial Disclosure

According to the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' meeting. In addition, a joint stock limited company of which the public offering Shares are offered should publish its financial report.

According to the PRC Company Law, a company shall at the end of each accounting year prepare a financial report which shall be audited by the accounting firm in accordance with the laws.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect and copy the Articles of Association, minutes of the shareholders' meeting, resolutions of meetings of the board of directors or board of supervisors, and financial and accounting reports.

Corporate Reorganization

According to the PRC Company Law, the merger, demerger, dissolution or change to the forms of a joint stock limited company has to be approved by shareholders at shareholder's meeting.

Statutory Deductions

According to the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it distributes any profits after taxation. When the aggregate amount of the company's statutory reserve fund reaches 50% of the company's registered capital, the company may no longer make allocations from the statutory reserve fund. After a company has made an allocation to its statutory reserve fund from its after-tax profit, it may make an allocation to its discretionary reserve fund from its after-tax profit upon a resolution approved at the shareholders' meeting.

Remedies of Company

According to the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages.

Dividend

Under the PRC Company Law, the residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the articles of association.

Fiduciary Duties

Under the PRC Company Law, directors, supervisors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall abide by the articles of association of the company, perform their duties honestly and diligently, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Closure of Register of Members

According to the PRC Company Law, the register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

This Appendix sets out summaries of the main clauses of our Articles of Association adopted on February 6, 2025 which shall become effective as at the date on which the H shares are [**REDACTED**] *on the Stock Exchange. As the main purpose of this appendix is to provide potential* [**REDACTED**] *with an overview of the Articles of Association, it may not necessarily contain all information that is important to potential* [**REDACTED**]. *As discussed in the appendix headed "Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and on Display," the full document of the Articles of Association is available on display.*

DIRECTORS AND BOARD OF DIRECTORS

Power to allocate and issue Shares

The Articles of Association contain clauses that authorize the Board of Directors to issue shares. The Shareholders' Meeting of our Company may authorize the Board of Directors to decide on the issuance of not more than 50% of the issued shares within 3 years. However, if the capital contribution is made at the price of non-monetary property, it shall be resolved by the Shareholders' meeting.

Power to dispose assets of our Company or any subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the Shareholders' Meeting for approval.

Compensation or payments for loss of office

There are no provisions in the Articles of Association relating to compensation or payments for loss of office.

Loans to Directors

There are no provisions in the Articles of Association relating to loans to directors.

Provision of financial assistance for acquiring the Shares of the Company or shares of any subsidiary

There are no provisions in the Articles of Association relating to provide financial assistance for acquiring the Shares of the Company or shares of any subsidiary, unless for the purpose of Company's equity incentive plan(s) and employee shareholding schemes.

Disclosure of interests in contracts with the Company or any subsidiary

Directors shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the Shareholder's Meeting and Board of Directors.

Remuneration

The appointment and removal of the members of the Board of Directors as well as their remuneration and payment methods, shall be adopted by the Shareholders' Meeting by ordinary resolution.

Retirement, appointment, removal

The Board of Directors is composed of no less than eight Directors. The Directors of the Company are elected by the Shareholders' Meeting. At any time, the Board of Directors should have more than one-third independent non-executive directors, and the total number of independent non-executive directors should not be less than three.

The Board of Directors has one chairman and may have a vice chairman. The chairman and the vice chairman of the Board of Directors shall be elected by more than half of all Directors.

Directors serve three-year terms, and the Director can be re-elected and reappointed at the end of the term. The term of office of a Director shall be calculated from the date of appointment until the expiration of the term of office of the current Board of Directors. If the term of office of a Director expires without timely re-election, the original Director shall still perform the duties of a Director in accordance with laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are [**REDACTED**] ("**the [REDACTED] Place Rules**") and the provisions of these Articles of Association before the newly elected Director takes office.

The Articles of Association do not contain provisions regarding the shareholding qualification and age limit for Directors.

None of the following persons shall serve as our Director:

(I) a person who has no capacity for civil conduct or having limited capacity for civil conduct;

(II) a person who has been sentenced to criminal punishment for corruption, bribery, encroachment on property, misappropriation of property or sabotage of the order of the socialist market economy, and less than five years have elapsed since the completion of the sentence, or having been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed, two years have not yet elapsed from the date on which the probationary period of probation has expired;

(III) a person who has served as a Director, factory chief, or manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the insolvency and liquidation of the company or enterprise is completed;

(IV) a person who has served as the legal representative of a company or enterprise whose business license has been revoked or ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation occurs;

(V) a person who is listed by the people's court as a judgment defaulter because the amount of debt he bears is relatively large and the debt is not paid off when it is due;

(VI) a person who has been prohibited from entering the securities market by the CSRC, and the time limit has not expired;

(VII) other contents stipulated by laws, administrative regulations, departmental rules, or the [**REDACTED**] Place Rules.

The election, appointment or employment of the Directors shall be invalid if such election, appointment or employment is against the Articles of Association. If a Director falls into the situations provided in the above-mentioned situations during his/her term of office, the Director shall promptly report to the Company on his own initiative and leave office within one month from the date of the occurrence of the fact. The Board of Directors shall, from the date it becomes aware of the occurrence of the relevant circumstances, immediately cease the performance of the duties of the Director concerned and recommend to the Shareholders' Meeting that the Director should be removed from office.

Borrowing Powers

The Board of Directors shall be entitled to make resolutions for our Company to issue bonds and its Shares under the authorization of Shareholders' Meeting.

Powers of the Board of Directors

The Board of Directors shall exercise the following functions and powers:

(I) to convene Shareholders' Meeting and report to the Shareholders' Meeting;

(II) to implement resolutions of the Shareholders' Meeting;

(III) to decide on our Company's business plans and investment plans;

(IV) to formulate our Company's profit distribution plans and plans on making up losses;

(V) to formulate proposals for the increase or reduction of our Company's registered capital, the issuance of bonds or other securities of our Company and [**REDACTED**] of Shares of our Company;

(VI) to formulate plans for the issuance of bonds of our Company (including Convertible Bond);

(VII) to make a resolution on external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management and connected transactions as authorized by the Shareholders' Meeting;

(VIII) to decide on establishment of internal management organs of our Company;

(IX) to decide on the appointment or dismissal of our Company's general manager and secretary of the Board and other senior management personnel, and decide on their remuneration, rewards and punishments; to decide to appoint or dismiss our Company's deputy general manager, financial director and other senior management personnel according to the nomination of the general manager, and decide on their remuneration, rewards and punishments;

(X) to formulate the basic management system of our Company;

(XI) to formulate proposals to amend the Articles of Association;

(XII) to manage our Company's disclosures;

(XIII) to propose to the Shareholders' Meeting the appointment or replacement of the accounting firm that provides audit service to our Company;

(XIV) to listen to the work report of the general manager of the company and inspect the work of the general manager;

(XV) to propose the election and replacement of the Director to the Shareholders' Meeting;

(XVI) to review and approve external guarantees and financial assistance matters beyond the scope of authority of the Shareholders' Meeting;

(XVII) other powers stipulated by laws, administrative regulations, departmental rules, the [**REDACTED**] Place Rules, the Articles of Association, or powers granted by Shareholders' Meeting.

Matters beyond the scope of authorization of the Shareholders' Meeting shall be submitted to the Shareholders' Meeting for deliberation.

Secretary of the Board of Directors

Our Company shall establish a secretary to the Board of Directors, responsible for the preparation of our Company's Shareholders' Meeting and Board of Directors' meeting, retention of documents, management of our investor relations and our Company's Shareholder materials, and handling of information disclosure matters.

ALTERNATIONS TO CONSTITUTIONAL DOCUMENTS

In any of the following circumstances, the Company shall amend its articles of association:

(I) after the revision of the PRC Company Law or relevant laws, administrative regulations and the [**REDACTED**] Place Rules, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations and the [**REDACTED**] Place Rules;

(II) the situation of the Company changes and is inconsistent with the matters recorded in the articles of association;

(III) the Shareholders' Meeting has decided to amend the articles of association.

If the amendment of the articles of association approved by the Shareholders' Meeting resolution requires approval by the competent authority, it must be submitted to the competent authority for approval; if it involves Company registration matters, change registration shall be handled in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders' Meeting and the approval opinions of relevant competent authorities.

The amendment of the Articles of Association constitutes to the information required to be disclosed by laws and regulations and shall be announced in accordance with regulations.

SPECIAL RESOLUTIONS — MAJORED REQUIRED

The resolutions of the Shareholders' Meeting are categorized as ordinary resolutions and special resolutions. An ordinary resolution shall be adopted by a simple majority of the votes held by the Shareholders (including proxies) attending the Shareholders' Meeting. A special resolution shall be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the Shareholders' Meeting.

VOTING RIGHTS (GENERALLY AND ON A POLL)

Shareholders (including proxy) shall exercise their voting rights according to the number of voting Shares they represent, and each Share shall have one vote.

Any Shareholder who, in accordance with the [**REDACTED**] Place Rules, is required to waive their voting rights or is limited to only casting affirmative or negative votes on a certain matter shall waive their voting rights in accordance with the provisions. Any Shareholder vote or representative vote that violates relevant regulations or restrictions will not be counted in the voting results.

The Shares held by the Company do not have voting rights, and these Shares are not included in the total number of Shares with voting rights present at the Shareholders' Meeting.

When the Shareholders' Meeting deliberates on related transactions, affiliated Shareholders shall not participate in voting.

The Shareholders' Meeting adopts a registered voting method. The same voting right can only choose one of on-site, online or other voting methods. In case of repeated voting with the same voting right, the first voting result shall prevail.

Shareholders attending the Shareholders' Meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention.

Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his shares shall be deemed as an "abstention".

The Articles of Association do not contain provisions regarding variation of rights of existing shares or classes of shares.

REQUIREMENTS FOR ANNUAL SHAREHOLDERS' MEETING

The Shareholders' Meeting are divided into annual Shareholders' Meeting and extraordinary Shareholders' Meeting. The annual Shareholders' Meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

ACCOUNTING AND AUDITS

Financial and accounting policies

The Company formulates its financial and accounting system in accordance with laws, administrative regulations, the [**REDACTED**] Place Rules and the provisions of the Chinese accounting standards.

The Company shall prepare a financial report at the end of each fiscal year, which shall be reviewed and verified in accordance with the law.

The Company shall not establish other accounting books except for statutory accounting books. The assets of the Company shall not be deposited in any account opened in the name of any individual.

Appointment and Dismissal of Accountants

The Company engages accounting firms that comply with the provisions of the Securities Law and the [**REDACTED**] Place Rules to conduct accounting statement auditing, net asset verification, and other related consulting services. The term of employment is one year and can be renewed. The appointment of an accounting firm by the Company must be decided by a majority of Shareholders at the Shareholders' Meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made at the Shareholders' Meeting. The Company guarantees to provide the accounting firm it engages with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or falsely report.

The remuneration of an accounting firm or the method of determining remuneration shall be determined by the Shareholders' Meeting. When the Company dismisses or no longer renews the appointment of an accounting firm, the Shareholders' Meeting shall make a decision and notify the accounting firm 10 days in advance. When the Company's Shareholders' Meeting votes on the dismissal of an accounting firm, the accounting firm is allowed to state its opinions. If the accounting firm proposes to resign, it shall explain to the Shareholders' Meeting whether the Company has any improper circumstances.

NOTICE AND AGENDA OF GENERAL SHAREHOLDERS' MEETING

The Shareholders' Meeting is the organ of authority of the Company. The Company shall convene an extraordinary Shareholders' Meeting within two months from the date of the fact:

(I) the number of Directors is less than two-thirds of the number specified in the PRC Company Law or the Articles of Association;

(II) where the Company's unfunded losses reach one-third of the total Share capital paid in;

(III) where the Shareholder(s) who individually or jointly hold no less than 10% of the Company's Shares request(s) holding of such a meeting;

(IV) when deemed necessary by the Board of Directors;

(V) when the Board of supervisors proposes to convene such a meeting;

(VI) in other circumstances stipulated by laws, administrative regulations, departmental rules, the [**REDACTED**] Place Rules, or the Articles of Association.

The Supervisory Committee has the right to propose to the Board of Directors the convening of an extraordinary Shareholders' Meeting and shall submit it in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, provide written feedback on whether to agree or disagree with the convening of an extraordinary Shareholders' Meeting within ten days after receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' Meeting, a notice of convening the Shareholders' Meeting shall be issued within five days after the Board of Directors' resolution is made. Any changes to the original proposal in the notice shall require the consent of the Supervisory Committee. If the Board of Directors does not agree to convene an extraordinary Shareholders' Meeting or fails to provide feedback within ten days after receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to fulfill its duty to convene a Shareholders' Meeting, and the Supervisory Committee may convene and preside over it on its own.

Shareholders who individually or collectively hold 10% or more of the Company's Shares (excluding Treasury Shares) have the right to request the convening of an extraordinary Shareholders' Meeting from the Board of Directors and shall submit it in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, provide written feedback on whether to agree or disagree with the convening of an extraordinary Shareholders' Meeting within ten days after receiving the request. If the Board of Directors agrees to convene an extraordinary Shareholders' Meeting, it shall issue a notice of convening the Shareholders' Meeting within five days after making the Board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Board of Directors does not agree to convene an extraordinary Shareholders' Meeting or fails to provide feedback within ten days after receiving the request, Shareholders who individually or collectively hold 10% or more of the Company's Shares have the right to propose to the Supervisory Committee to convene an extraordinary Shareholders' Meeting and shall submit a request in writing to the Supervisory

Committee. If the Supervisory Committee agrees to convene an extraordinary Shareholders' Meeting, it shall issue a notice of convening the Shareholders' Meeting within five days after receiving the request. Any changes to the original proposal in the notice shall be approved by the relevant Shareholders. If the Supervisory Committee fails to issue a notice of the Shareholders' Meeting within the prescribed period, it shall be deemed that the Supervisory Committee has not convened and presided over the Shareholders' Meeting. Shareholders who individually or collectively hold 10% or more of the Company's Shares for more than 90 consecutive days may convene and preside over the Shareholders' Meeting on their own.

The Company holds a Shareholders' Meeting, and the Board of Directors, Supervisory Committee, and Shareholders who individually or jointly hold more than 1% of the Company's Shares have the right to submit proposals to the Company. Shareholders who individually or collectively hold more than 1% of the Company's Shares may submit temporary proposals and submit them in writing to the convener ten days prior to the convening of the Shareholders' Meeting. The convener shall issue a supplementary notice of the Shareholders' Meeting within two days after receiving the proposal, announcing the content of the temporary proposal.

Except for the circumstances specified in the preceding paragraph, the convener shall not modify the proposals listed in the notice of the Shareholders' Meeting or add new proposals after issuing the notice of the Shareholders' Meeting. Proposals that are not listed in the notice of the Shareholders' Meeting or do not comply with the provisions of the Articles of Association shall not be voted on and a resolution shall not be made by the Shareholders' Meeting.

The convener will notify all Shareholders by announcement 21 days before the annual Shareholders' Meeting is held, and the extraordinary Shareholders' Meeting will notify all Shareholders by announcement 15 days before the meeting is held. The notice of the Shareholders' Meeting shall be in writing and include the following contents:

(I) the time, location, and duration of the meeting;

(II) submit matters and proposals for review at the meeting;

(III) clearly state in writing that all Shareholders have the right to attend the Shareholders' Meeting and may appoint a proxy in writing to attend and vote at the meeting. The proxy does not need to be a Shareholder of the Company;

(IV) share registration date of the Shareholders entitled to attend the Shareholders' Meeting;

The interval between the share registration date and the date of the meeting shall comply with the [**REDACTED**] Place Rules. Once the share registration date is confirmed, it may not be changed; if it needs to be changed, the procedures stipulated in the [**REDACTED**] Place Rules must be followed.

(V) name and phone number of the permanent contact person for conference affairs;

(VI) online or other voting time and voting procedure;

(VII) other requirements stipulated by laws, administrative regulations, departmental rules, the [**REDACTED**] Place Rules, and the Articles of Association.

The notice and supplementary notice of the Shareholders' Meeting shall fully and completely disclose all specific contents of all proposals. If the matter to be discussed requires independent non-executive directors to express their opinions, the independent non-executive directors' opinions and reasons will be disclosed simultaneously when the notice of the Shareholders' Meeting or supplementary notice is issued.

The resolutions of the Shareholders' Meeting are divided into ordinary resolutions and special resolutions.

The following matters shall be passed by ordinary resolution at the Shareholders' Meeting:

(I) work reports of the Board of Directors and the Supervisory Committee;

(II) to review and approve the profit distribution plan and loss recovery plan;

(III) appointment or dismissal of the members of the Board of Directors and the Supervisory Committee, and formulate their salary plans;

(IV) to make decisions on the hiring and dismissal of accounting firms and the determination of remuneration for our Company;

(V) to review the Company's purchase, sale, and provision of guarantees within one year of material assets exceeding 30% of the company's total assets;

(VI) to resolve on the issuance of bonds of the company;

(VII) to review and approve changes in the Use of [**REDACTED**];

(VIII) to review and approve of guarantees as provided for in Article 46 of these Articles of Association;

(IX) to review the Company's equity incentive plan(s) and employee shareholding schemes;

(X) other matters other than those required by laws, administrative regulations, the [**REDACTED**] Place Rules, or the Articles of Association to be passed through special resolutions.

The following matters shall be passed by special resolution of the Shareholders' Meeting:

(I) the increase or decrease in registered capital of the company;

(II) the divisions, mergers, dissolutions and liquidations;

(III) the amendment to the Articles of Association;

(IV) other matters required by laws, administrative regulations, the [**REDACTED**] Place Rules or the Articles of Association, as well as those determined by ordinary resolutions of the Shareholders' Meeting with significant impact on the Company, and which require special resolutions to be passed.

TRANSFER OF SHARES

The Shares of our Company issued before the company's [**REDACTED**] shall not be transferred within one year from the date of [**REDACTED**] and [**REDACTED**] of the Company's shares on the stock exchange.

The Directors, Supervisors, and senior management of our Company shall declare, to our Company, information on their holdings of the Shares of our Company and the changes thereto. The Shares transferrable by them during each year of their term of office shall not exceed 25% of their total holdings of a single class of Shares of our Company. The Shares that they hold in our Company shall not be transferred within one year from the date of [**REDACTED**] and [**REDACTED**] of the Company's shares. The aforesaid persons shall not transfer their Shares of our Company within half a year from the date of their resignation.

If the Shares are pledged within the period of restriction on transfer stipulated by relevant laws and regulations, the pledgee shall not exercise the pledge within the period of restriction on transfer.

POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

The Company shall not acquire its own Shares. However, except for one of the following situations:

(I) to reduce the registered capital of the Company;

(II) to merger with other companies holding Shares in the Company;

(III) to use Shares for employee shareholding schemes or as equity incentives;

(IV) to acquire the Shares of shareholders (upon their request) who vote against any resolution adopted at any Shareholders' Meeting regarding the merger or division of the Company;

(V) to use the Shares to satisfy the conversion of the convertible corporate bonds into Shares issued by the Company;

(VI) to safeguard corporate value and Shareholders' interests as the Company deems necessary;

(VII) other situations permitted by laws, administrative regulations, [**REDACTED**] Place Rules and other relevant authorities such as the CSRC.

The Company may choose one of the following ways to purchase its shares:

(I) Centralized trading on Stock Exchanges;

(II) the manner of the offer;

(III) other ways permitted by laws, administrative regulations, the [**REDACTED**] Place Rules and other methods recognized by the CSRC.

POWER OF ANY SUBSIDIARY OF THE ISSUER TO OWN SHARES IN ITS PARENT

The Company's holding subsidiaries are not allowed to acquire the Company's shares. If a holding subsidiary of the Company holds shares of the Company due to the merger of the Company, the exercise of pledge rights, etc., it shall not exercise the voting rights corresponding to the shares it holds, and shall dispose of the shares of the Company in a timely manner.

PROXIES

Any Shareholder who has the right to attend and vote at the Shareholders' Meeting may attend the meeting in person or entrust one or more persons (who may not be shareholders) as their proxy to attend and vote on their behalf. The power of attorney issued by Shareholders authorizing others to attend the Shareholders' Meeting shall include the following contents:

(I) the name of the proxy;

(II) voting rights;

(III) respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the Shareholders' Meeting's agenda;

(IV) date of issuance and validity period of the power of attorney;

(V) signature (or seal) of the Shareholder; If the Shareholder is a corporate Shareholder, the seal of the legal entity shall be affixed.

The power of attorney shall indicate the Shareholder's proxy can vote according to its own will if the Shareholder does not provide specific instructions.

CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association relating to calls on Shares and forfeiture of Shares of the Company.

INSPECTION OF REGISTER OF MEMBERS

Our Company establishes a register of members based on the vouchers provided by the securities registration and settlement institution, which is sufficient evidence to prove that shareholders hold our Company's Shares. Shareholders shall enjoy rights and assume obligations according to the types of Shares they hold. Shareholders holding the same type of Shares shall have equal rights and assume the same obligations.

The transfer of Shares must be recorded in the register of members. In the register of shareholders of overseas listed foreign shares, the original part of the register of shareholders of holders of shares [**REDACTED**] on the Hong Kong Stock Exchange shall be kept in Hong Kong.

When our Company convenes a Shareholders' Meeting, distributes dividends, liquidates, or engages in other activities that require confirmation of Shareholder identity, the Board of Directors or the convener of the Shareholders' Meeting shall determine the share registration date. After the share registration date is closed, the registered Shareholders shall be the Shareholders who enjoy the relevant rights and interests.

QUORUM FOR SHAREHOLDERS' MEETING

There are no provisions in the Articles of Association relating to quorum for Shareholders' Meeting of the Company.

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

If Directors and senior management personnel violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, causing losses to our Company, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days have the right to request in writing that the Supervisory Committee file a lawsuit with the people's court; If the Supervisory Committee violates laws, administrative regulations, or the provisions of the Articles of Association while performing its duties, causing losses to our Company, the aforementioned Shareholders may request in writing that the Board of Directors file a lawsuit with the people's court. If the Supervisory Committee or the Board of Directors refuses to file a lawsuit after receiving a written request from the Shareholders specified in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receiving the request, or if the situation is urgent and the failure to file a lawsuit immediately will cause irreparable damage to our Company's interests, the Shareholders specified in the preceding paragraph have the right to directly file a lawsuit in their own name to the people's court for the benefit of our Company. If another person infringes on the legitimate rights and interests of our Company and causes losses to our Company, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days may file a lawsuit with the people's court in accordance with the provisions of the preceding two paragraphs.

If Directors, Supervisors and senior management personnel of the Company's wholly-owned subsidiaries violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, causing losses to our Company, or others infringing on the legitimate rights and interests of the Company's wholly-owned subsidiaries resulting in losses, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days have the right to request in writing in accordance with the aforementioned provisions that the Supervisory Committee or the Board of Directors file a lawsuit with the people's court or file lawsuit on Shareholders' own name.

PROCEDURES ON LIQUIDATION

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(I) the expiration of the business term specified in these articles of association or the occurrence of other dissolution reasons specified in the Articles of Association;

(II) the Shareholders' Meeting resolves for dissolution;

(III) dissolution is required due to the merger or division of our Company;

(IV) the business license has been revoked, ordered to close down or dissolved in accordance with the law; and

(V) the Company is dissolved by a people's court in response to the request of Shareholders holding Shares that represent more than 10% of the voting rights of all Shareholders, on the grounds that there are serious difficulties in the operation and management of our Company and its continued existence will cause significant losses to the interests of Shareholders, which cannot be resolved through other means.

If our Company has the reasons for dissolution provided for in the preceding paragraph, it shall publicize the reasons for dissolution through the national enterprise credit information publicity system within 10 days.

The liquidation group shall notify creditors within 10 days of its establishment, and make an announcement in a newspaper or the national enterprise credit information publicity system within 60 days. Creditors shall declare their claims to the liquidation team within 30 days from the date of receiving the notice, or within 45 days from the date of announcement if they have not received the notice.

When applying for creditor's rights, creditors shall explain the relevant matters of the creditor's rights and provide proof materials. The liquidation committee shall register the creditor's rights. During the period of declaring creditor's rights, the liquidation committee shall not pay off the creditor.

After clearing our Company's assets, preparing a balance sheet and inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the Shareholders' Meeting or the people's court for confirmation. The remaining assets of our Company after paying the liquidation expenses, employee salaries, social insurance expenses, and statutory compensation, paying the outstanding taxes, and paying off our Company's debts shall be distributed by our Company according to the proportion of Shares held by Shareholders. During the liquidation period, our Company exists but cannot carry out business activities unrelated to liquidation. Our Company's assets will not be distributed to Shareholders until they have been paid off in accordance with the provisions of the preceding paragraph.

Upon liquidation of the Company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration of bankruptcy by the people's court, the people's court shall take over the administration of the liquidation procedure from the liquidation committee.

After the liquidation of our Company is completed, the liquidation committee shall prepare a liquidation report, submit it to the Shareholders' Meeting or the people's court for confirmation, and submit it to our Company registration authority to apply for deregistration of our Company, and announce the termination of our Company. Members of the liquidation committee shall perform their obligation in compliance with laws and shall have the duty of loyalty and duty of care. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or gross negligence.

Liquidation of a company which is declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

OTHER PROVISIONS MATERIAL TO THE ISSUER OR THE SHAREHOLDERS THEREOF

General Provisions

Our Company is a permanently existing joint stock limited company.

All the assets of our Company are divided into Shares of equal value. The Shareholders are responsible for our Company to the extent of their subscribed Shares, and our Company is responsible for our Company's debts with all its assets.

From the effective date, this Articles of Association shall become a legally binding document regulating the organization and behavior of our Company, the rights and obligations between our Company and its Shareholders, and between Shareholders, and shall have legal binding force on our Company, Shareholders, Directors, Supervisors, and senior management.

Share and Transfer

In light of our Company's operational and developmental needs, our Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the Shareholders' Meeting, by any of the following methods:

(I) a public offering of shares;

(II) a private placement of shares;

(III) allotment of bonus shares to existing shareholders;

(IV) conversion of reserve funds to share capital;

(V) other methods permitted by laws, regulations, and Listing Place Rules or approved by CSRC and other competent authorities.

Our Company may reduce its registered capital. Any reduction of our Company's registered capital shall be subject to the procedures prescribed in the PRC Company Law and other relevant regulations, as well as the Articles of Association.

Shareholders

Shareholders are entitled to rights and assumes obligations pursuant to the classification of their shares.

Shareholders holding the same classified Share have the same rights and assume the same obligations. Shareholders of our Company shall enjoy the following rights:

(I) the right to dividends and other distributions in proportion to the number of Shares held;

(II) the right to apply for, convene, preside, attend or appoint proxies to attend Shareholders' Meeting and to exercise the corresponding right to speak and vote;

(III) the right to supervise, present proposals or raise enquiries in respect of our Company's business operations;

(IV) the right to transfer, give as a gift or pledge the Shares it holds in accordance with laws, administrative regulations and the Articles of Association;

(V) the right to inspect and copy the Articles of Association, Register of Shareholders, minutes of Shareholders' Meeting, resolutions of the Board of Directors and resolutions of the Board of Supervisors and accounting reports of Our Company and Subsidiaries, eligible shareholders shall enjoy the right to inspect the accounting books and documents of the Company and its wholly-owned subsidiaries;

(VI) in the event of the termination or liquidation of our Company, the right to participate in the distribution of the remaining property of our Company in proportion to the number of Shares held;

(VII) Shareholders who object to resolutions of merger or division made by the Shareholders' Meeting may request our Company to purchase Shares held;

(VIII) other rights provided for by laws, administrative regulations, departmental rules or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to our Company written documents proving the class(es) and number of Shares he holds. Our Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

Shareholders of our Company shall have the following obligations:

(I) to abide by laws, administrative regulations and the Articles of Association;

(II) to pay the Share subscription price based on the Shares subscribed for by them and the method of acquiring such Shares;

(III) not to return Shares unless prescribed otherwise in laws and regulations;

(IV) not to abuse Shareholders' rights to infringe upon the interests of our Company or other Shareholders; not to abuse our Company's status as an independent legal entity or the limited liability of Shareholders to harm the interests of our Company's creditors;

(V) to assume other obligations required by laws, administrative regulations and the Articles of Association.

Any Shareholder who abuses Shareholders' rights and causes our Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of our Company as an independent legal entity or the limited liability of Shareholders to evade debts and severely harm the interests of our Company's creditors shall assume joint and several liability for our Company's debts.

The Articles of Association do not contain provisions regarding the time limit after which the entitlement to dividends lapses, or the party in whose favor the lapse operates.

Board of Supervisors

Our Company has a Supervisory Committee. The Supervisory Committee consists of three supervisors, including one chairman. The chairman of the Supervisory Committee shall be elected by more than half of all supervisors. The chairman of the Supervisory Committee convenes and presides over meeting of the Supervisory Committee; If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor jointly elected by more than half of all supervisors shall convene and preside over the Supervisory Committee meeting.

The proportion of employee representatives in the Supervisory Committee shall not be less than 1/3 of the number of the Supervisory Committee. The employee representative in the Supervisory Committee shall be democratically elected by our Company's employees through the employee representative assembly, employee assembly, or other forms.

The Supervisory Committee shall exercise the following functions and powers:

(I) to review and give written opinions on the periodic reports of our Company prepared by the Board of Directors;

(II) to examine our Company's financial matters;

(III) to supervise the performance by the Directors and senior management of their duties to our Company, to request Directors and senior management to submit reports on the execution of their duties if necessary and propose the dismissal of the Directors and senior management who violates laws, administrative regulations, the Articles of Association, the [**REDACTED**] Place Rules or the resolutions of the Shareholders' Meeting;

(IV) to demand rectification from the Directors and senior management when the acts of such persons are harmful to our Company's interests;

(V) to propose the convening of extraordinary Shareholders' Meeting; to convene and preside the Shareholders' Meeting in the event that the Board of Directors fails to perform its duties to convene and preside the Shareholders' Meeting in accordance with the PRC Company Law;

(VI) to submit proposals to the Shareholders' Meeting;

(VII) to file lawsuits against Directors and senior management in accordance with laws, administrative regulations, or the Articles of Association;

(VIII) in case of any queries or any abnormal matters during the business operation of our Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by our Company;

(IX) other functions and powers as specified in the Articles of Association or granted by the Shareholders' Meeting.

General Manager

Our Company has one general manager and may have one or more deputy general manager, appointed or dismissed by the Board of Directors. The general manager, deputy general manager, financial director, secretary of the Board of Directors and other senior management personnel determined by the Board of Directors of the Company are the senior management personnel of the Company. The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(I) to be in charge of the production, operation and management of our Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;

(II) to organize the implementation of our Company's annual business plans and investment plans;

(III) to draft plans for the establishment of our Company's internal management organization;

(IV) to draft our Company's basic management system;

(V) to formulate the specific rules and regulations of our Company;

(VI) to propose to the Board of Directors appointment or dismissal of deputy general manager or other senior management;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) To decide on the purchase of raw materials, fuel and power, the sale of products, the provision of services, daily business operations, and daily administration and personnel management affairs, provided that the purchase and sale of such assets are matters that must be considered and approved by the shareholders' meeting and the Board of Directors, then the corresponding procedures shall still be carried out in accordance with other provisions of these Articles of Association;

(IX) to review and approve transactions, external investments, and related party transactions that are not required to be deliberated and approved by the Shareholders' Meeting or the Board of Directors as stipulated in this Articles of Association;

(X) such other functions and powers conferred by the Articles of Association, the Board of Directors.

The general manager shall attend the Board meeting as a non-voting delegate and shall be responsible to the Board of Directors.

Reserves

In distributing its current-year after-tax profits, our Company shall allocate 10% of its profit to its statutory reserve fund.

Allocations to Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of our Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of our Company, and subject to the adoption of a resolution by the Shareholders' Meeting, an allocation may be made to the discretionary reserve fund.

The remaining after-tax profit after our Company makes up for losses and withdraws provident fund shall be distributed according to the proportion of Shares held by Shareholders, unless prohibited by the Articles of Association.

If our Company distributes profits to shareholders in violation of laws, administrative regulations, regulatory rules of the place where the company's shares are [**REDACTED**], and the regulations of the relevant national competent authorities such as the CSRC, the shareholders shall return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the shareholders and the directors, supervisors and senior managers who are responsible shall be liable for compensation.

Profits shall not be distributed to Shares held by the Company itself.

Our Company's provident fund is used to compensate for its losses, expand its production and operation, or convert it into an increase in our Company's capital.

The provident fund to make up for the Company's losses should first use the arbitrary provident fund and the statutory provident fund; if it still cannot be made up, the capital reserve may be used in accordance with the regulations.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on January 29, 2014 and was converted into a joint stock company with limited liability under the laws of the PRC on December 6, 2021. Our registered office is situated at Room B01, 7/F, Jinqiu International Building, No. 6, Zhichun Road, Haidian District, Beijing, the PRC. As of the Latest Practicable Date, the registered capital of our Company was RMB61,818,182.

Our Company has established a principal place of business in Hong Kong at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on February 20, 2025. Ms. Ng Wai Kam (伍偉琴) has been appointed as the authorized representative of our Company for acceptance of service of process and notices required to be served on our Company in Hong Kong. The address for acceptance of service of process and notices is the same as our principal place of business in Hong Kong.

As our Company was established in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this document. A summary of the Articles of Association is set out in Appendix V to this document.

2. Changes in the Share Capital of our Company

On January 29, 2014, our Company was established with a registered capital of RMB2 million. On December 6, 2021, our Company was converted into a joint stock company with limited liability under the laws of the PRC with a registered share capital of RMB53,030,303 divided into 53,030,303 Shares of RMB1.00 par value each, which were subscribed by all the then existing Shareholders.

There has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

Immediately after the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming the [**REDACTED**] is not exercised), our registered share capital will be RMB[**REDACTED**], consisting of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares, which represent approximately [**REDACTED**]% and [**REDACTED**]% of our total issued share capital, respectively.

3. Resolutions Passed by Our Shareholders in Relation to the [REDACTED]

At the general meeting of our Company held on February 6, 2025, the following resolutions, among others, were passed by our Shareholders:

(1) the [**REDACTED**] be approved and the Board and its authorized representatives be authorized to handle all matters relating to, among others, the [**REDACTED**] and the [**REDACTED**] of H Shares on the Stock Exchange;

(2) the issuance by our Company of the H Shares with a nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Stock Exchange. The number of H Shares to be issued shall not be more than [**REDACTED**]% of our enlarged total issued share capital immediately following the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) and the number of H Shares to be issued under the [**REDACTED**] shall not be more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(3) the specific terms and conditions of the Conversion of Unlisted Shares into H Shares shall be determined by the Board after taking into account the international capital market conditions and regulatory approval progress and the final scale of the Conversion of Unlisted Shares into H Shares shall be subject to the filing with CSRC; and

(4) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the [**REDACTED**], and the Board be authorized to revise and amend the Articles of Association in accordance with the requirements of the laws, regulations and Listing Rules.

4. Changes in the Share Capital of Our Subsidiaries

Particulars of our principal subsidiaries are included in Note 1 to the Accountants' Report set out in Appendix I to this document.

Save as disclosed below, there has been no alteration in the registered share capital of any of our subsidiaries within the two years immediately preceding the date of this document:

HK Yunji

On September 20, 2024, HK Yunji was incorporated in Hong Kong with an issued share capital of HK$100,000.

5. Restriction on Share Repurchase

For details of the restrictions on the share repurchase by our Company, see "Appendix V — Summary of the Articles of Association."

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of our Group within the two years preceding the date of this document and is or may be material:

(1) the [**REDACTED**].

2. Intellectual Property Rights of Our Group

(1) Trademarks

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration number	Registered owner	Class	Registration date	Expiry date
1. . . .	YJ UP time	PRC	72381968	Our Company	9	December 7, 2023	December 6, 2033
2. . . .	YUNJI UP time	PRC	72363647	Our Company	9	December 7, 2023	December 6, 2033
3. . . .	YJ Upstore	PRC	71719948	Our Company	42	November 21, 2023	November 20, 2033
4. . . .	YJ Upstore	PRC	71712260	Our Company	9	November 21, 2023	November 20, 2033
5. . . .	YUNJI UPStore	PRC	71731343	Our Company	9	November 21, 2023	November 20, 2033
6. . . .	YUNJI UPStore	PRC	71727565	Our Company	42	November 21, 2023	November 20, 2033
7. . . .	UPStore	PRC	71731667	Our Company	12	November 28, 2023	November 27, 2033
8. . . .	UPStore	PRC	71705228	Our Company	9	February 14, 2024	February 13, 2034
9. . . .		PRC	67988678	Our Company	42	July 7, 2023	July 6, 2033
10. . .	HDOS	PRC	60669740	Our Company	9	July 21, 2022	July 20, 2032
11. . .	HDOS	PRC	57166986	Our Company	7	January 14, 2022	January 13, 2032
12. . .	HDOS	PRC	46099471	Our Company	43	December 21, 2020	December 20, 2030
13. . .	云迹机器人	PRC	57173651	Our Company	7	May 14, 2022	May 13, 2032
14. . .	云迹机器人	PRC	57168624	Our Company	35	March 28, 2022	March 27, 2032
15. . .	云迹机器人	PRC	57172871	Our Company	12	January 7, 2022	January 6, 2032
16. . .	YUNJI TECHNOLOGY	PRC	56898536	Our Company	7	May 21, 2022	May 20, 2032
17. . .	云迹格格	PRC	54884539	Our Company	12	October 28, 2021	October 27, 2031
18. . .	云迹云酷	PRC	50448130	Our Company	35	June 14, 2021	June 13, 2031
19. . .	YUNJI SAIL	PRC	39424021	Our Company	42	March 7, 2020	March 6, 2030

No.	Trademark	Place of registration	Registration number	Registered owner	Class	Registration date	Expiry date
20. . .	YUNJI SAIL	PRC	39420196	Our Company	35	February 28, 2020	February 27, 2030
21. . .	云迹云帆	PRC	37619541	Our Company	35	December 14, 2019	December 13, 2029
22. . .	云迹润	PRC	37622114	Our Company	7	December 14, 2019	December 13, 2029
23. . .	YUNJI TECHNOLOGY	PRC	35271555	Our Company	7	December 14, 2019	December 13, 2029
24. . .	WATER ROBOT	PRC	22183874	Our Company	12	January 28, 2018	January 27, 2028
25. . .	WATER ROBOT	PRC	22184138	Our Company	42	January 21, 2018	January 20, 2028
26. . .		PRC	16791271	Our Company	9	June 14, 2016	June 13, 2026
27. . .		PRC	16791592	Our Company	42	June 14, 2016	June 13, 2026

(2) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
1. . .	Six-wheel chassis system, vehicle, and wheeled robot (六輪底盤系統及車輛和輪式機器人)	Utility model	CN201620672839.4	Our Company	PRC	June 29, 2016	June 29, 2026
2. . .	Automatic dialing system, method, vehicle and robot (自動撥打電話的系統及方法以及車輛和機器人)	Invention	CN201610352884.6	Our Company	PRC	May 25, 2016	May 25, 2036
3. . .	Chassis (hexapod) (底座(六輪))	Design	CN201630291198.3	Our Company	PRC	June 29, 2016	June 29, 2026
4. . .	An intelligent robot automatic charging method (一種智能機器人自動充電的方法)	Invention	CN201610203998.4	Our Company	PRC	April 1, 2016	April 1, 2036
5. . .	External elevator interaction system and method (外置式電梯交互系統及方法)	Invention	CN201610377987.8	Our Company	PRC	May 31, 2016	May 31, 2036

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
6.	External elevator interaction system and method (外置式電梯交互系統及方法)	Invention	CN201610377827.3	Our Company	PRC	May 31, 2016	May 31, 2036
7.	Telephone IoT system and method (電話物聯系統及方法)	Invention	CN201610377707.3	Our Company	PRC	May 31, 2016	May 31, 2036
8.	Automatic dialing system, method, vehicle and robot (自動撥打電話的系統及方法以及車輛和機器人)	Invention	CN201610353950.1	Our Company	PRC	May 25, 2016	May 25, 2036
9.	Automatic dialing system and method, vehicle and robot (自動撥打電話的系統及方法以及車輛和機器人)	Invention	CN201610354119.8	Our Company	PRC	May 25, 2016	May 25, 2036
10.	Vending machine and pushing mechanism (貨櫃及其推送機構)	Utility model	CN201820992075.6	Our Company	PRC	June 26, 2018	June 26, 2028
11.	Vending machine and pushing mechanism (貨櫃及其推送機構)	Utility model	CN201820992674.8	Our Company	PRC	June 26, 2018	June 26, 2028
12.	Remote monitoring system (遠程監控系統)	Invention	CN201610624597.6	Our Company	PRC	August 2, 2016	August 2, 2036
13.	Automatic elevator access system and method (自動進出電梯的系統及方法)	Invention	CN201610377877.1	Our Company	PRC	May 31, 2016	May 31, 2036
14.	Automatic elevator access system and method (自動進出電梯的系統及方法)	Invention	CN201610377765.6	Our Company	PRC	May 31, 2016	May 31, 2036
15.	Automatic elevator exit system and method (自動退出電梯的系統及方法)	Invention	CN201610377797.6	Our Company	PRC	May 31, 2016	May 31, 2036
16.	Automatic elevator access system and method (自動進出電梯的系統及方法)	Invention	CN201610377829.2	Our Company	PRC	May 31, 2016	May 31, 2036
17.	Multi-information hybrid metric mapping method and device (多信息的混雜度量地圖建圖方法和裝置)	Invention	CN201610377669.1	Our Company	PRC	May 31, 2016	May 31, 2036
18.	An intelligent robot automatic telecommunication interaction method (一種智能機器人自動語音交互方法)	Invention	CN201610298990.0	Our Company	PRC	May 6, 2016	May 6, 2036

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
19. . .	Robot localization method and device (機器人定位方法及裝置)	Invention	CN202010578439.8	Shanghai Renyun	PRC	June 23, 2020	June 23, 2040
20. . .	Path planning method, device and robot (路徑規劃方法、裝置及機器人)	Invention	CN202010445762.8	Our Company	PRC	May 25, 2020	May 25, 2040
21. . .	Image processing method, device and electronic equipment (圖像處理方法、裝置和電子設備)	Invention	CN202010526189.3	Our Company	PRC	June 11, 2020	June 11, 2040
22. . .	Robot scheduling mode switching method, primary robot, device and storage medium (機器人調度方式切換方法、第一機器人、設備及存儲介質)	Invention	CN202010699115.X	Our Company	PRC	July 20, 2020	July 20, 2040
23. . .	Robot localization accuracy assessment method and device (機器人定位精準度判定處理方法及裝置)	Invention	CN201810954673.9	Our Company	PRC	August 21, 2018	August 21, 2038
24. . .	A multi-elevator transfer method and device (一種多電梯換乘方法及裝置)	Invention	CN202010699122.X	Our Company	PRC	July 20, 2020	July 20, 2040
25. . .	Charging control system for mobile robots (適用於行走機器人的充電控制系統)	Invention	CN201910623473.X	Our Company	PRC	July 10, 2019	July 10, 2039
26. . .	Fall prevention method, device and electronic equipment (預防跌落方法、裝置及電子設備)	Invention	CN202010698510.6	Our Company	PRC	July 20, 2020	July 20, 2040
27. . .	End-to-end robot testing platform (機器人全流程測試平台)	Invention	CN201910582966.3	Our Company	PRC	June 28, 2019	June 28, 2039
28. . .	Cross-floor path planning method and system (跨樓層路徑規劃方法及系統)	Invention	CN201810891708.9	Our Company	PRC	August 7, 2018	August 7, 2038
29. . .	Method and device for semantic localization via surrounding objects (通過環境中物體進行語義定位的方法及裝置)	Invention	CN201810956564.0	Our Company	PRC	August 21, 2018	August 21, 2038
30. . .	Multi-line LiDAR-based road surface detection method and device (基於多線激光雷達的路面檢測方法及裝置)	Invention	CN201910365169.X	Our Company	PRC	April 30, 2019	April 30, 2039

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
31. . .	Multi-robot collision avoidance scheduling method, device and server (用於多機器人相互避讓的調度方法、裝置及服務器)	Invention	CN201810955738.1	Our Company	PRC	August 21, 2018	August 21, 2038
32. . .	Robot archival management method and device (機器人的檔案管理方法及裝置)	Invention	CN201910364330.1	Our Company	PRC	April 30, 2019	April 30, 2039
33. . .	Faulty robot rescue method and device (故障機器人救助方法及裝置)	Invention	CN201810969195.9	Our Company	PRC	August 23, 2018	August 23, 2038
34. . .	A named entity recognition method for dialogue information, device and electronic equipment (一種對話信息的命名實體識別方法、裝置和電子設備)	Invention	CN202111479645.4	Our Company	PRC	December 7, 2021	December 7, 2041
35. . .	Vending machine, robot and docking system (貨櫃、機器人及對接系統)	Utility model	CN202120634909.8	Our Company	PRC	March 26, 2021	March 26, 2031
36. . .	A question answering method, device and electronic equipment (一種問題回答方法、裝置和電子設備)	Invention	CN202111565813.1	Our Company	PRC	December 21, 2021	December 21, 2041
37. . .	Service robot system and network malfunction diagnosis method and device (服務機器人系統及其網絡故障的診斷方法和診斷裝置)	Invention	CN202110370764.X	Our Company	PRC	April 7, 2021	April 7, 2041
38. . .	A robot emergency stop auto-control method, device and robot (一種機器人急停模式自動控制方法、裝置及機器人)	Invention	CN202210314960.X	Our Company	PRC	March 29, 2022	March 29, 2042
39. . .	A voice recognition method and device (一種語音識別方法及裝置)	Invention	CN202110110749.1	Our Company	PRC	January 27, 2021	January 27, 2041
40. . .	Robot scheduling method and device (機器人調度方法和裝置)	Invention	CN202110325333.1	Our Company	PRC	March 26, 2021	March 26, 2041

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
41.	Text template generation method, device, equipment and storage medium (文本模板生成方法、裝置、設備及存儲介質)	Invention	CN202210732483.9	Our Company	PRC	June 27, 2022	June 27, 2042
42.	Robot chassis and split-body robot (一種機器人底盤以及分體機器人)	Utility model	CN202221815419.9	Our Company	PRC	July 13, 2022	July 13, 2032
43.	A split-body robot host and split-body robot for shelf docking (一種用於對接貨架的分體機器人主機和分體機器人)	Utility model	CN202221911165.0	Our Company	PRC	July 20, 2022	July 20, 2032
44.	A chassis front guide wheel assembly and robot chassis (一種底盤前導輪組件及機器人底盤)	Utility model	CN202221503816.2	Henan Yunji	PRC	June 15, 2022	June 15, 2032
45.	Shelf (貨架)	Design	CN202230443806.3	Our Company	PRC	July 13, 2022	July 13, 2037
46.	Shelf (貨架)	Design	CN202230444688.8	Our Company	PRC	July 13, 2022	July 13, 2037
47.	Split-body robot (分體機器人)	Design	CN202230445140.5	Our Company	PRC	July 13, 2022	July 13, 2037
48.	Robot auto-elevator selection method and device (機器人自動選擇電梯的方法及裝置)	Invention	CN202211254872.1	Our Company	PRC	October 13, 2022	October 13, 2042
49.	Dialogue corpus retrieval method and device (對話語料的檢索方法及裝置)	Invention	CN202211178248.8	Our Company	PRC	September 27, 2022	September 27, 2042
50.	Intelligent response method and device (智能回答方法及裝置)	Invention	CN202211062328.7	Our Company	PRC	August 30, 2022	August 30, 2042
51.	A path optimization method, device, electronic equipment and storage medium (一種路徑優化的方法、裝置、電子設備及存儲介質)	Invention	CN202110439686.4	Our Company	PRC	April 22, 2021	April 22, 2041
52.	Robot chassis (機器人底盤)	Design	CN202230727866.8	Our Company	PRC	November 2, 2022	November 2, 2037
53.	A split-body robot (一種分體式機器人)	Utility model	CN202222951363.6	Our Company	PRC	November 7, 2022	November 7, 2032
54.	Reward-based robot scheduling method, device, equipment and medium (基於獎勵的機器人調度方法、裝置、設備及介質)	Invention	CN202211595940.0	Our Company	PRC	December 13, 2022	December 13, 2042

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
55. . .	A localization method and device (一種定位方法及裝置)	Invention	CN202110445334.X	Our Company	PRC	April 23, 2021	April 23, 2041
56. . .	A latch mechanism and split-body robot (一種插銷機構及分體式機器人)	Utility model	CN202223090905.1	Henan Yunji	PRC	November 17, 2022	November 17, 2032
57. . .	A robot diagnostic method, device, electronic equipment and storage medium (一種機器人診斷方法、裝置、電子設備和存儲介質)	Invention	CN202111543250.6	Our Company	PRC	December 16, 2021	December 16, 2041
58. . .	Robot (機器人)	Design	CN202330321664.8	Our Company	PRC	May 29, 2023	May 29, 2038
59. . .	Cleaning robot (UP cleaning robot) (清潔機器人(UP清潔機器人))	Design	CN202330374308.2	Our Company	PRC	June 16, 2023	June 16, 2038
60. . .	An indoor localization method, device, electronic equipment and storage medium (一種室內定位方法、裝置、電子設備和存儲介質)	Invention	CN202111479873.1	Our Company	PRC	December 6, 2021	December 6, 2041
61. . .	A robot map update method and device (一種機器人地圖的更新方法及裝置)	Invention	CN202111461939.4	Our Company	PRC	December 2, 2021	December 2, 2041
62. . .	Split-body robot charging structure and split-body robot (分體式機器人充電結構及分體式機器人)	Utility model	CN202223059676.7	Henan Yunji	PRC	November 17, 2022	November 17, 2032
63. . .	Shelf (YJ-ST-1 shelf) (貨架(YJ-ST-1貨架))	Design	CN202330512385.X	Our Company	PRC	August 11, 2023	August 11, 2038
64. . .	Split-body robot cargo bay with bracket structure and robot (一種帶支架結構的分體式機器人貨倉和機器人)	Utility model	CN202221852973.4	Henan Yunji	PRC	July 13, 2022	July 13, 2032
65. . .	Drive wheel suspension, robot chassis and robot (驅動輪懸架、機器人底盤和機器人)	Utility model	CN201821604604.7	Our Company	PRC	September 29, 2018	September 29, 2028

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
66. . .	A device parameter configuration method, device, electronic equipment and storage medium (一種設備參數配置的方法、裝置、電子設備及存儲介質)	Invention	CN202111387941.1	Our Company	PRC	November 22, 2021	November 22, 2041
67. . .	Button control method, terminal and system (按鈕控制的方法、終端及系統)	Invention	CN202010551172.3	Our Company	PRC	June 16, 2020	June 16, 2040
68. . .	An elevator operating status determination method and device (一種電梯運行狀態判定方法及裝置)	Invention	CN201911264825.3	Our Company	PRC	December 10, 2019	December 10, 2039
69. . .	IoT module testing method, intermediate device, terminal device and testing system (物聯模塊測試方法、中間設備、終端設備和測試系統)	Invention	CN201911065300.7	Our Company	PRC	November 1, 2019	November 1, 2039
70. . .	A hand-held terminal for IoT connection, IoT establishment method, and system (一種用於建立物聯的手持終端、建立物聯的方法及系統)	Invention	CN201911020664.3	Our Company	PRC	October 24, 2019	October 24, 2039
71. . .	Smart device configuration method and device, electronic equipment and storage medium (智能設備的配置方法及裝置、電子設備、存儲介質)	Invention	CN201910992667.7	Our Company	PRC	October 18, 2019	October 18, 2039
72. . .	Automatic elevator call system and method (自動呼叫電梯的系統及方法)	Invention	CN201610073745.X	Our Company	PRC	February 2, 2016	February 2, 2036
73. . .	Automatic elevator access system and method (自動進出電梯的系統及方法)	Invention	CN201610074134.7	Our Company	PRC	February 2, 2016	February 2, 2036
74. . .	An intercom auto-play circuit (一種對講機自動播放電路)	Utility model	CN202123030126.8	Our Company	PRC	December 3, 2021	December 3, 2031
75. . .	Robot elevator card-swipe circuit, IC card and smart elevator (用於機器人乘梯刷卡的刷卡電路、IC卡和智能電梯)	Utility model	CN202023276287.0	Our Company	PRC	December 29, 2020	December 29, 2030

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
76. . .	Hand-held communication device (手持通信設備)	Utility model	CN201921170162.4	Our Company	PRC	July 23, 2019	July 23, 2029
77. . .	Signal conversion circuit and hand-held device (信號轉換電路和手持設備)	Utility model	CN201920619974.6	Chengdu Yunkuo	PRC	April 30, 2019	April 30, 2029
78. . .	Graphical user interface for mobile devices (用於手機的圖形用戶界面)	Design	CN201930522272.1	Our Company	PRC	September 23, 2019	September 23, 2029
79. . .	Data processing method, upgrade method, device, servo and mobile robot (數據處理方法、升級方法、裝置、伺服器及移動機器人)	Invention	CN202111502833.4	Our Company	PRC	December 10, 2021	December 10, 2041
80. . .	Camera dynamic calibration method, device, electronic equipment and storage medium (相機動態標定方法、裝置、電子設備及存儲介質)	Invention	CN202110677554.5	Our Company	PRC	June 18, 2021	June 18, 2041
81. . .	Obstacle avoidance method and device (障礙物的避讓方法及裝置)	Invention	CN201910357294.6	Our Company	PRC	April 29, 2019	April 29, 2039
82. . .	Point cloud data-based obstacle recognition method and device (基於點雲數據的障礙物識別方法及裝置)	Invention	CN201910363859.1	Our Company	PRC	April 30, 2019	April 30, 2039
83. . .	Robot and elevator riding control method, device and storage medium (機器人及控制機器人乘坐電梯的方法、裝置和存儲介質)	Invention	CN202111435660.9	Our Company	PRC	November 29, 2021	November 29, 2041
84. . .	Falling zone identification method and device (跌落區域識別的方法及裝置)	Invention	CN201910357288.0	Our Company	PRC	April 29, 2019	April 29, 2039
85. . .	A robot floor localization method and related equipment (一種機器人樓層定位方法及相關設備)	Invention	CN202211290601.1	Our Company	PRC	October 21, 2022	October 21, 2042
86. . .	Operational zone division method and device (運行區域劃分方法及裝置)	Invention	CN201910262289.7	Our Company	PRC	April 2, 2019	April 2, 2039

No.	Patent	Patent type	Registration number	Registered owner	Place of registration	Filing date	Expiry date
87. . .	Map generation method, device and equipment (地圖生成方法、裝置和設備)	Invention	CN202010520549.9	Our Company	PRC	June 10, 2020	June 10, 2040
88. . .	An intelligent waste removal robot (一種智能清廢機器人)	Utility model	CN202121278811.X	Our Company	PRC	June 8, 2021	June 8, 2031
89. . .	A negative pressure fan assembly and cleaning barrel (一種負壓風機組件及清潔桶)	Utility model	CN202123110465.7	Our Company	PRC	December 10, 2021	December 10, 2031
90. . .	A split-body robotic vacuum cleaner (一種分體式掃地機器人)	Invention	CN202111536240.X	Our Company	PRC	December 15, 2021	December 15, 2041
91. . .	A ground cleaning material delivery robot (一種地面清掃型送物機器人)	Invention	CN202211429724.9	Our Company	PRC	November 15, 2022	November 15, 2042
92. . .	A robot control method and device based on business strategy (基於業務策略的機器人的控制方法及裝置)	Invention	CN202111569491.8	Our Company	PRC	December 21, 2021	December 21, 2041

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Patent type	Application number	Applicant	Place of registration	Date of application
1. . .	A data annotation method, device, and medium for a large language model (一種大語言模型數據標註方法、設備和介質)	Invention	202510038426.4	Our Company	PRC	January 9, 2025
2. . .	A customer complaint early warning method, electronic device, and storage medium (客訴預警方法、電子設備及存儲介質)	Invention	202510168024.6	Our Company	PRC	February 14, 2025
3. . .	A dialogue interaction method and device (對話交互方法及裝置)	Invention	202510062588.1	Our Company	PRC	January 15, 2025
4. . .	An upper warehouse depth point cloud recognition method, device, electronic device, and medium (一種上倉深度點雲識別方法、裝置、電子設備和介質)	Invention	202310847758.8	Our Company	PRC	July 12, 2023

No.	Patent	Patent type	Application number	Applicant	Place of registration	Date of application
5. . .	An upper warehouse robot visual recognition method, device, electronic device, and medium (一種機器人上倉視覺識別方法、裝置、電子設備和介質)	Invention	202310847873.5	Our Company	PRC	July 12, 2023

(3) Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered owner	Registration number	Place of registration	Registration date
1.	Intelligent service robot order dispatching and scheduling system V1.0 (智能服務機器人派單調度系統 V1.0)	Our Company	2020SR1768118	PRC	March 10, 2022
2.	Robot intelligent device software release management system V1.0 (機器人智能設備軟件發版管理系統 V1.0)	Our Company	2020SR1766366	PRC	March 10, 2022
3.	Mid-Sales deployment field implementation system 2.6.1014.1420 (售中部署現場實施系統 2.6.1014.1420)	Our Company	2021SR1805161	PRC	March 14, 2022
4.	HDOS (AI-based telecommunication) script configuration system V1.0.0 (HDOS(AI語音)話術配置系統 V1.0.0)	Our Company	2021SR1870450	PRC	March 14, 2022
5.	HDOS (AI-based telecommunication) process configuration system V1.0.0 (HDOS(AI語音)流程配置系統 V1.0.0)	Our Company	2021SR1864899	PRC	March 10, 2022
6.	HDOS (AI-based telecommunication) order integration configuration system V1.0.0 (HDOS(AI語音)訂單對接配置系統 V1.0.0)	Our Company	2021SR1870477	PRC	March 10, 2022

No.	Copyright	Registered owner	Registration number	Place of registration	Registration date
7.	SKDL-P deep learning training software (abbreviation: SKDL training engine software) V2.0 (SKDL-P 深度學習訓練軟件 (簡稱:SKDL訓練引擎軟件) V2.0)	Our Company	2022SR0188200	PRC	January 28, 2022
8.	Robot intelligent delivery system V1.0 (機器人智能配送系統 V1.0)	Henan Yunji	2022SR1273429	PRC	August 25, 2022
9.	AI-based telecommunication configuration and evaluation system V1.0 (AI語音配置與評價系統 V1.0)	Henan Yunji	2022SR1360750	PRC	September 16, 2022
10. . . .	UP ontology App V1.0 (UP本體App V1.0)	Our Company	2023SR1373473	PRC	November 3, 2023

(4) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Registration date	Expiry date
1. . . .	yunjiai.cn	Our Company	October 26, 2017	October 26, 2029
2. . . .	yunjichina.com.cn	Our Company	January 16, 2014	January 16, 2028
3. . . .	yunjiai.com.cn	Our Company	October 26, 2017	October 26, 2029

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(1) Interests and Short Positions of the Directors, Supervisors and Chief Executive of Our Company in the Shares, Underlying Shares or Debentures of Our Company and Our Associated Corporation

Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the interests or short positions of our Directors, Supervisors and chief executive in any Shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which, once the H Shares are [**REDACTED**], will be required (a) to be notified to our Company and the Stock

Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of [**REDACTED**] Issuers contained in the Listing Rules, are as follows:

Interests in the Shares of Our Company

Name of Director/Supervisor/ chief executive	Nature of interest	Number of Shares	Description of Shares	Approximate percentage of shareholding in our total share capital(1)
Ms. Zhi(2)(3)(4)	Beneficial interest	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
	Interest of a party to an agreement regarding interest in the Company	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Mr. Hu Quan (胡泉)	Beneficial interest	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Mr. Li Quanyin (李全印)	Beneficial interest	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Mr. Wu Minghui (吳明輝)	Beneficial interest	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares in issue and [**REDACTED**] H Shares in issue immediately after completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) and the Conversion of Unlisted Shares into H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) Ms. Zhi acts as the general partner of Yunji Angel Management. Therefore, Ms. Zhi is deemed to be interested in all the Shares that Yunji Angel Management is deemed to be interested in by virtue of the SFO.

(3) Pursuant to the arrangements between the Individual Voting Grantors and Ms. Zhi, Ms. Zhi controls the exercise of the voting rights attaching to the Shares directly held by the Individual Voting Grantors. For details, see "History, Development and Corporate Structure — Voting Arrangements." Therefore, Ms. Zhi is deemed to be interested in all the Shares held by the Individual Voting Grantors by virtue of the SFO.

(4) Pursuant to the arrangements between the Investor Voting Grantors and Yunji Angel Management, Yunji Angel Management controls the exercise of the voting rights attaching to the Granted Investor Shares held by the Investor Voting Grantors. For details, see "History, Development and Corporate Structure — Voting Arrangements." Therefore, Yunji Angel Management is deemed to be interested in the Granted Investor Shares held by the Investor Voting Grantors by virtue of the SFO.

(2) Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

(i) Interests of Substantial Shareholders in Our Company

Save as disclosed in "Substantial Shareholders" of this document, our Directors are not aware of any other person who will, immediately following the [**REDACTED**], have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

(ii) Interests of Substantial Shareholders in Members of Our Group (Other Than Our Company)

So far as our Directors are aware, as of the Latest Practicable Date, the following persons were interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group (other than our Company).

Our Subsidiary	Parties with 10% or more equity interest	Approximate percentage of shareholding
Beijing Yunxuan	Ma Jun (馬駿)	49%

2. Particulars of Service Contracts and Letters of Appointment

Each of our Directors and Supervisors [has entered] into a service contract or letter of appointment with our Company. The service contracts and letters of appointment (a) are for a term of three years commencing from the date on which the relevant Shareholders' approvals for the appointment were obtained and (b) are subject to termination in accordance with their respective terms. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Compensation of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 8 to the Accountants' Report as set out in Appendix I to this document, none of our Directors or Supervisors received other remuneration or benefits in kind from our Company in respect of each of the three financial years ended December 31, 2022, 2023 and 2024.

4. Agency Fees or Commissions Received

Save as disclosed in this document, none of the Directors, Supervisors or any of the persons whose names are listed under "— E. Other Information — 9. Consent of Experts" had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

5. Disclaimers

Save as disclosed in this document:

(1) none of our Directors, Supervisors or experts referred to under "— E. Other Information — 8. Qualification of Experts" has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(2) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;

(3) taking no account of Shares which may be taken up under the [**REDACTED**], none of our Directors, Supervisors or chief executive is aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following completion of the [**REDACTED**], have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(4) so far as is known to our Directors, none of our Directors, Supervisors, their respective associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. [REDACTED] ESOP

The following is a summary of the principal terms of the [**REDACTED**] ESOP adopted by our Company on December 31, 2020 and amended on February 11, 2025. The source of awards granted to eligible participants pursuant to the [**REDACTED**] ESOP is the Shares of our Company held by Yunji Angel Management, our employee stock ownership platform. The [**REDACTED**] ESOP is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve grant of further share awards by our Company after the [**REDACTED**].

1. Purposes

The purposes of the [**REDACTED**] ESOP are to (i) establish a long-term effective incentive mechanism to enhance our employees' sense of responsibility, attract and retain our management members and key employees to encourage their contributions to our Company and provide incentives to them for our Company's long-term development; and (ii) align the interests of Shareholders, our Company, and employees to improve operational management and drive sustainable business performance for the achievement of the Company's long-term strategies.

2. Eligible Participants

Eligible participants are determined by our Company after taking into account certain key factors, such as position, individual abilities, years of service and contributions to our Company as approved by the Board. The eligible participants under [**REDACTED**] ESOP include: (i) senior management members of our Group; (ii) mid-level management members and senior technical staff of our Group; and (iii) other core technical personnel and employees and external consultants who have made significant contributions to our Group.

Each selected participant shall enter into a share award agreement (the "**Share Award Agreement(s)**") with our Company, which shall set forth specific terms with respect to conditions of granting and vesting of awards under the [**REDACTED**] ESOP.

3. Administration

The [**REDACTED**] ESOP shall be approved by the Shareholders' meeting and shall be administrated, executed and implemented by the Board. The Board may, within the scope of its authority, delegate certain matters related to the [**REDACTED**] ESOP to be managed by the chairman or chairwoman of the Board.

4. Adjustments

In the event of any capital reserve conversion into shares, distribution of dividends, share split, reduction of shares of the Company or allotment of shares of the Company before the awards fully granted, the number of the awarded Shares indirectly held by the selected participants through the employee stock ownership platforms will be adjusted accordingly. In the event of additional investment by the original investors or capital increase by new [**REDACTED**] while Yunji Angel Management does not exercise the pre-emptive right, the number of the awarded Shares indirectly held by the selected participants through the employee stock ownership platforms will not be adjusted.

5. Lock-up

Prior to [**REDACTED**], participants cannot require to dispose of their awards, including but not limited to transfer, pledge, or other encumbrances, during the period from the implementation of the [**REDACTED**] ESOP to [**REDACTED**] or termination or withdrawal of the [**REDACTED**] application. Upon [**REDACTED**], participants can not transfer or delegate management of or require our Company to repurchase their awards during the lock-up period.

6. Treatment under Special Circumstances

In the special circumstances including (i) voluntary resignation or retirement, (ii) death, and (iii) dismissal of the participants, the corresponding participants shall transfer the awards under the arrangement of the general partner of Yunji Angel Management pursuant to the [**REDACTED**] ESOP.

7. Details of the Awards Granted

As of the Latest Practicable Date, share awards corresponding to 4,376,375 underlying Shares, representing approximately [**REDACTED**]% of the total issued Shares of our Company immediately after the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) had been conditionally granted by our Company to a total of 77 participants under the [**REDACTED**] ESOP. No further share awards will be granted under the terms of the [**REDACTED**] ESOP after the [**REDACTED**].

Details of the grantees under the [**REDACTED**] ESOP that are entitled to the underlying Shares as of the Latest Practicable Date are set out below:

Name of participants	Position(s) held within our Group	Number of underlying Shares	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED](1)
Director			
Ms. Zhi	Chairwoman of the Board, executive Director and president	51,667	[**REDACTED**]%
Mr. Hu Quan (胡泉)	Executive Director and general manager	51,624	[**REDACTED**]%
Mr. Li Quanyin (李全印)	Executive Director and chief executive officer	7,811	[**REDACTED**]%
Supervisor			
Ms. Ai Baoshu (艾寶書)	Supervisor	79,987	[**REDACTED**]%
Mr. Xue Jinlong (薛金龍)	Supervisor	18,876	[**REDACTED**]%
Senior management (excluding those who are also Directors)			
Mr. Zhou Chuanbo (周傳波)	Chief financial officer	75,758	[**REDACTED**]%
Mr. Ying Fuchen (應甫臣)	Chief technology officer	1,492,024	[**REDACTED**]%
Mr. Zhao Yongbo (趙永波)	Chief marketing officer	207,971	[**REDACTED**]%
Ms. Liu Ying (劉螢)	Board secretary and financial vice president	48,172	[**REDACTED**]%

Name of participants	Position(s) held within our Group	Number of underlying Shares	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED][(1)]
Connected person (excluding those who are also Directors or Supervisors)			
Mr. Zhi Yong (支勇)	Head of system management department	532,132	[**REDACTED**]%
Other participants			
Other 67 participants[(2)]	Employee, former employee or consultant	1,810,353	[**REDACTED**]%
Total		**4,376,375**	[**REDACTED**]**%**

Notes:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]).

(2) These participants include 65 employees, one former employee and one consultant of our Group.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this document and so far as our Directors are aware, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions, taken as a whole.

3. Joint Sponsors

As of the date of this document, approximately 1.25% of the total number of issued Shares was held by CITIC Securities Investment, a wholly-owned subsidiary of CITIC Securities Company Limited (中信証券股份有限公司), being a company listed on the Stock Exchange (Stock Code: 6030) and a company listed on the Shanghai Stock Exchange (Stock Code: 600030). CITIC Securities (Hong Kong) Limited, one of the Joint Sponsors, is an indirect wholly-owned subsidiary of CITIC Securities Company Limited. CITIC Securities Investment is thus a member of a sponsor group as defined under the Listing Rules. Notwithstanding the aforesaid, (i) none of the Joint Sponsors, their directors or their directors' close associates collectively holds and will, immediately following the completion of the [**REDACTED**], hold, directly or indirectly, more than 5% of the number of issued Shares of the Company; and (ii) the Joint Sponsors, having conducted its own assessment taking into consideration the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules, considers themselves to be independent under Rule 3A.07 of the Listing Rules. Our Company has entered into engagement agreements with the Joint Sponsors, pursuant to which our Company agreed to pay an aggregate of USD1,000,000 to the Joint Sponsors to act as the sponsors to our Company in connection with the [**REDACTED**].

The Joint Sponsors has made an application on our behalf to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, our H Shares. All necessary arrangements have been made to enable the H Shares to be admitted into [**REDACTED**].

4. Compliance Advisor

We have appointed SPDB International Capital Limited as our compliance advisor effective upon the [**REDACTED**] in compliance with Rules 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses.

6. Promoter

The promoters of our Company comprised all of the 25 then shareholders of our Company as at December 6, 2021 before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

7. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the [**REDACTED**] of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

8. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	A corporation licensed to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
CCB International Capital Limited	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Haiwen & Partners	PRC legal advisors to our Company as to PRC laws (including PRC data compliance laws)
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

9. Consent of Experts

Each of CITIC Securities (Hong Kong) Limited, CCB International Capital Limited, Haiwen & Partners, KPMG and Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or certificates and/or legal opinion (as the case may be), which is made as of the date of this document, and references to its name included herein in the form and context in which it respectively appears.

Save as disclosed in "[**REDACTED**]" and "— E. Other Information — 3. Joint Sponsors," none of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided under Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

Save as disclosed in this document,

(1) within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(2) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

(3) our Company has no outstanding convertible debt securities or debentures;

(4) there is no restriction affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(5) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(6) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2024 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(7) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(8) all necessary arrangements have been made to enable the H Shares to be admitted to [**REDACTED**];

(9) no company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any [**REDACTED**] of, or permission to [**REDACTED**] in, the share or loan capital of our Company on any other stock exchange;

(10) our Company is a joint stock company with limited liability and is subject to the PRC Company Law; and

(11) there is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in "Appendix VI — Statutory and General Information — E. Other Information — 9. Consent of Experts" in this document; and

(b) a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.yunjichina.com.cn** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this document;

(c) the report on unaudited [**REDACTED**] financial information of our Group from KPMG, the text of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Group for the financial years ended December 31, 2022, 2023 and 2024;

(e) the legal opinion issued by Haiwen & Partners, our PRC Legal Advisors, in respect of certain aspects of our Group in the PRC;

(f) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., from which information in "Industry Overview" of this document is extracted;

(g) the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in this document;

(h) the service contracts and letters of appointment referred to in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 2. Particulars of Service Contracts and Letters of Appointment" in this document;

(i) the written consents referred to "Appendix VI — Statutory and General Information — E. Other Information — 9. Consent of Experts" in this document;

(j) the terms of the [**REDACTED**] ESOP; and

(k) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures together with their unofficial English translation.