You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial conditions and prospects. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment.

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

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 related to our research and development, (ii) risks related to our commercialization, (iii) risks related to our operations, (iv) risks related to our financial condition and need for additional capital, (v) risks related to doing business in the jurisdictions we operate, and (vi) risks related 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, financial condition and prospects. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATED TO OUR RESEARCH AND DEVELOPMENT

The industrial embodied AI robotic industry is characterized by constant change. If we fail to meet evolving customer needs or the pace of industry innovation by improving our existing solutions and developing new solutions in a timely and cost-effective manner, our competitive position would be impacted and our business, results of operations and financial condition may be materially adversely affected.

We primarily compete in the industrial embodied AI robotic industry, which is characterized by constant changes, including rapid technological evolution, frequent introductions of new solutions, continual shifts in customer demands and periodic emergence of new industry standards and practices. Thus, our future success will depend on our ability to research and develop high quality industrial embodied AI robotic solutions that incorporate the latest technological advancements to satisfy evolving customer demands and regulatory and safety requirements in a timely manner and cost-effective manner. We may encounter unforeseen design or engineering challenges in our research and development process. To maintain our market position, we must:

- design innovative functions and improve the existing functions of our industrial embodied AI robotic solutions that differentiate us from those of our competitors;
- continuously improve the reliability of our proprietary software and underlying models and algorithms;
- follow and respond effectively to technological advancements and new solution launches; and
- quickly and cost-effectively adjust to evolving customer demands, market conditions and industry trends.

If we fail to enhance existing solutions or launch new ones that gain market acceptance in response to rapid industry changes, our business, results of operations and financial condition could be could be adversely affected.

We have been and intend to continue investing heavily in our R&D and such investments may not generate the results we expect to achieve.

We have been investing substantially in our R&D efforts to drive innovation and sustain our competitive edge in the rapidly-evolving industrial embodied AI robotic industry. In 2023, 2024 and 2025, our research and development expenses amounted to RMB67.4 million, RMB62.4 million and RMB83.0 million, respectively. The industrial mobile manipulation robots we operate in is subject to rapid technological changes and developments. We need to invest significant resources, including financial resources, in R&D to make technological advances in order to stay competitive in the market. As a result, our R&D capabilities will remain important to our business operations. However, R&D activities are inherently uncertain, and we might encounter practical difficulties in developing, conceptualizing and commercializing our R&D results. Our significant expenditure on R&D may not generate corresponding benefits, which may adversely affect our business, results of operations and financial condition.

If we fail to recruit, retain and motivate key employees, especially our senior management and R&D team, we could lose the innovation, collaboration and focus that contribute to our business.

We believe our strong research and development capabilities are a core competitive strength. Our future success depends on the continued contributions of senior management and R&D team, many of whom are difficult to replace. If there are changes in our senior management team, the normal course of our business might be disrupted. The loss of the services of any of our senior management could harm our business.

In addition, our R&D team, especially core R&D members, have significant industry experience and their knowledge and expertise would be difficult to replace. However, competition for qualified talent is intense. We compete with many other companies for engineers and R&D professionals with meaningful experience in designing and developing industrial embodied AI robotic solutions, and we may not be successful in attracting and retaining the professionals we need. If one or more of our core R&D members were unable or unwilling to continue contributing their services to us, we may not be able to replace them in a timely manner, or at all. If we are not able to effectively hire, train and retain employees, our ability to achieve our strategic objectives may be adversely impacted and our business, financial condition and results of operations may be harmed.

RISKS RELATED TO OUR COMMERCIALIZATION

The development of our industry and market demand for our solutions may fall short of expectations, which could materially and adversely affect our business, financial condition and results of operations.

We operate in the industrial embodied AI robotic industry, which is at an early stage of development. Our business growth depends heavily on the continued expansion of the industry and the increasing adoption of industrial embodied AI robotic solutions across diverse industrial sectors. However, given the nascent and dynamic nature of the market, it is inherently difficult to predict the pace and scale of development, customer acceptance, and the overall size of our addressable market. Our industry forecasts and internal estimates are based on publicly available sources, third-party reports, and our own assumptions regarding factors such as technology penetration, customer readiness, and macroeconomic trends. These projections involve significant uncertainty and may be affected by variables beyond our control, such as slower-than-expected adoption of automation technologies, delayed transformation by industrial customers, and fluctuations in government incentives or regulatory support. If our underlying assumptions prove inaccurate or the market evolves differently than anticipated, our business opportunities could be significantly narrower than projected.

In addition, the commercialization cycle for industrial embodied AI robotic solutions often involves extensive customer education and customization. Any delay in market development or lower-than-expected customer demand could limit our revenue growth and profitability, and materially and adversely affect our business, financial condition and results of operations.

If we fail to maintain existing customers and attract new customers, or fail to do so in a cost-effective manner, our business may be adversely affected.

Our success depends, in part, on our ability to attract new customers and retain our existing customers in a cost-effective way. We spend on advertising, promotion and other marketing activities to acquire new customers, and we expect our sales and marketing expenses to increase in the future in absolute amount as we continue to implement strategies to increase awareness of our brand and our industrial embodied AI robotic solutions.

While we seek to structure our marketing activities in the manner that we believe is most likely to encourage customers to purchase our industrial embodied AI robotic solutions, we may fail to identify opportunities that satisfy our anticipated return on sales and marketing expenses as we scale our investments or to fully understand or estimate the conditions and factors that drive customer behavior. If any of our marketing activities prove less successful than anticipated in retaining existing customers or attracting new customers, we may not be able to recover such expenses and our sales results may fail to meet our expectations, either of which could have an adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO OUR OPERATIONS

We may not be able to fully maintain quality control over our solutions. Any undetected defects or serious errors contained in our solutions could result in accidents, reduce market adoption, damage our brand image, subject us to product recalls or expose us to product liability and other claims that could materially and adversely affect our business.

Despite our efforts to implement stringent quality assurance protocols throughout our R&D and production process, we cannot assure you that our solutions will be free from defects, malfunctions, software bugs or security vulnerabilities. The development of industrial embodied AI robotic solutions, particularly those involving complex control systems, navigation models and embedded software and algorithms, can present technical challenges. Some defects or errors may not be identified until after the solutions have been delivered and used in real-world environments. Defects in our solutions may compromise safety, disrupt critical operations, or lead to unintended consequences for our customers, many of whom rely on our solutions for key automation tasks within their production lines. Any such issues may require costly recalls, repairs or replacements, delay customer adoption, or trigger warranty claims. In more severe cases, we may be subject to product liability lawsuits or contractual claims seeking compensation for operational disruptions or losses suffered by our customers.

Furthermore, product defects, whether actual or perceived, could significantly harm our brand image and undermine customer trust, especially as we scale our presence across different markets and industries. Even isolated incidents may receive heightened scrutiny or negative publicity, particularly in sectors where safety, reliability and stability are paramount. If we are unable to detect and address such issues promptly, or if our remedies fail to meet customer expectations, we may suffer a loss of reputation, reduced customer retention and diminished competitive positioning, which could materially and adversely affect our business, financial condition, results of operations and growth 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]**." 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 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 the desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business, financial condition and results of operations may be materially and adversely affected.

We have a limited track record in commercialization of our business, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

We have a limited track record in launching, sales and marketing and commercialization of our industrial embodied AI robotic solutions. Our ability to successfully commercialize our business may involve inherent risks, longer timelines and higher costs as the consumer market for industrial embodied AI robotic solutions is still at its early stage of development. Any failure to achieve sustained market acceptance, meet evolving customer needs, or maintain product quality could result in reputational harm, lower sales, and a material and adverse effect on our business, financial condition and results of operations.

Additionally, our ability to accurately forecast future results is subject to uncertainties. Although our business has grown substantially during the Track Record Period, historical results may not be a meaningful basis for evaluation. We may face unforeseen expenses or delays and cannot assure similar growth rates to the past. Our revenue growth could slow or decline due to factors such as slowing demand, intensified competition, technological changes, a declining total addressable market, or our failure to capitalize on growth opportunities. If our assumptions regarding these risks and our future growth prove incorrect, our operation could be adversely affected.

We are susceptible to supply shortages and increased costs of components, which may materially and adversely affect our business, financial condition and results of operations.

Our ability to meet production targets and customer demand depends on the timely and sufficient supply of components from suppliers. We source the majority of our components from domestic suppliers, with a localization rate exceeding 90%. During the Track Record Period, purchase from our largest supplier accounted for 13.1%, 7.8% and 8.2% of our total purchases in 2023, 2024 and 2025, respectively, while our five largest suppliers collectively accounted for 33.2%, 23.2% and 19.4% of our total purchases in the same years. 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. Finding and qualifying alternative or additional suppliers and vendors is often a lengthy process and can lead to production delays, interruptions to our services, or additional costs, and such alternatives are sometimes not available at all.

We face risks which could have an adverse effect on our ability to meet customer demand, scale our supply chain and/or negatively impact our business operations and/or financial results, including: (i) any accidents and natural disasters faced by our suppliers at their facilities, (ii) bankruptcy or challenges of financial solvency faced by our suppliers, (iii) a failure by our suppliers to procure raw materials or to provide or allocate adequate, or any, manufacturing or test capacity for our hardware, (iv) a failure by our suppliers to develop, obtain or successfully implement technologies, (v) a lack of direct control over delivery schedules or quantity and quality of our processing hardware and (vi) delays in hardware and materials shipments, shortages, a decrease in hardware quality and/or higher expenses in the event our partners prioritize our competitors' orders over our orders or otherwise.

Furthermore, we face risks of supply shortage caused by force majeure events. As demand for industrial embodied AI robotic solutions increases, shortages in components may drive up procurement costs. If we fail to mitigate these supply chain risks or secure sufficient quantities of components in a timely and cost-effective manner, our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

We are exposed to risks when we expand our business overseas.

In 2023, 2024 and 2025, revenue from markets outside of Chinese mainland was RMB5.9 million, RMB14.8 million and RMB21.4 million, respectively, accounting for 5.5%, 5.8% and 6.3% of our total revenue in the same years, respectively. As international markets are expected to be a significant contributor to our long-term growth, we intend to continue expanding our global footprint. However, international expansion entails a number of inherent challenges and risks, including: (i) challenges in providing solutions, services and support, in recruiting personnel in non-domestic markets, and in managing sales channels and distribution networks effectively, (ii) revenue fluctuation from period to period in the future due to unfavorable market conditions, intensified competition, unattractive solutions and services, downward pressure on our selling price and any other inherent risks associated with our international business operations, (iii) challenges in commercializing our solutions in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure, (iv) challenges in tailoring our strategies to the unique needs of different geographic regions as we have limited understanding of local customer preferences and purchasing behaviors, (v) fluctuations in the price and availability of key components and raw materials required for our products and solutions, or shortages of such materials, which could increase our procurement costs or cause delays in production and delivery, (vi) difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture or import, market and sell solutions in or to various jurisdictions, (vii) potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights, (viii) differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses, (ix) inability to effectively enforce contractual or legal rights and (x) changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions.

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

Our business growth might be affected by our channel partner network.

Our channel partners play an important role in expanding our geographic footprints and driving sales of our solutions. In 2023, 2024 and 2025, channel partner sales accounted for 53.7%, 40.3% and 36.3% of our revenue in relation to the sales of our solutions, respectively. For further information on our channel partners, see "Business — Sales and Marketing — Our Sales Network."

A channel partnership model is inherently risky. We have limited control over the business operation of our channel partners and we cannot assure you that channel partners will operate their business in compliance with our channel partnership agreements, sales policies and the relevant laws and regulations. There is no assurance that our channel partners will be able to maintain a stable sales level. In the event of any material interruption to our relationship with channel partners, or upon termination of our relationship for whatever reasons, there is no assurance that we may be able to replace a distributor with comparable sales capability in a timely and cost-effective manner, or at all. There can be no assurance as to the financial interest of our channel partners and that they will not give higher priority to our competitors' solutions, thereby reducing their efforts to sell our solutions. As independent companies, channel partners make their own business decisions that may not always align with our interests. To enhance the marketability of our brands and the sales performance of our solutions, we generally allow our channel partners to use our brand names in the sales and promotion of our solutions. Nevertheless, the actual actions of our channel partners may be beyond our control and any wrongdoings (such as corruption, bribery or other illegal acts or actions generally considered detrimental to our brand value) committed by them while selling or promoting solutions, or otherwise using our brand names, will subject us to material reputation risks.

In addition, our business and our future growth are, in part, dependent on the ability of our channel partners to maintain and expand their distribution coverage. We may not be able to effectively maintain our business relationship with channel partners, or manage our distribution network, which could adversely affect our brand, results of operations and financial condition.

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

We must maintain and enhance our brand identity while increasing market awareness of the reputation of our business and solutions. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our solutions, attract and retain customers, maintain our current market position, and successfully differentiate our offerings from those of competitors. These efforts require substantial and increasing expenditures, and we cannot guarantee that these investments will yield sufficient revenue to offset the costs.

In addition, adverse publicity, with or without merit, may tarnish our reputation. Our brand value also depends on providing safe solutions that meet industry standards. Any damage to our reputation could reduce demand for our solutions, require significant resources to rebuild our brand, negatively affect our financial results, or reduce the **[REDACTED]** of our H Shares. A failure to enhance and protect our reputation could adversely affect our operation.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent the disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality, non-compete covenants with their prior employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality, non-compete covenants in a way that benefits us. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

Any failure to offer high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business.

Our ability to retain existing customers and attract new ones depends significantly on the quality of our after-sales services. During the Track Record Period, our customer base grew from 169 customers as of December 31, 2023 to 184 customers as of December 31, 2024 and further to 205 customers as of December 31, 2025. If we are unable to acquire new customers or retain our existing customers, we could experience a material decline in our revenue and market share. As our customer base and geographic presence expand, we must scale our support network. However, we may not be able to recruit sufficient qualified personnel, which could result in an inability to respond quickly to customer support demands or to modify our services to remain competitive.

During the Track Record Period, our employee benefit expenses related to our sales personnels amounted to RMB28.9 million, RMB32.2 million and RMB37.7 million. Increased demand for support and maintenance will raise our costs, particularly as we expand into regions with higher labor costs or more stringent regulations, which may harm our results of operations. While our customer repurchase rate exceeded 70% in 2025, there is no assurance that we will be able to maintain such repurchase rates in the future. Since our ability to attract new customers is highly dependent on our business reputation and positive customer recommendations, any failure to maintain high-quality support services, or the perception that we do not, would harm our business.

Our business is subject to a variety of local and overseas laws, rules, policies and other obligations regarding cybersecurity, privacy and data protection.

During our business operation, we may obtain the business contact information from customers, channel partners, or suppliers, or process other business information that does not contain personal information, to the extent necessary for facilitating our transactions with them and in accordance with the relevant laws and regulations on data privacy and security in China. See "Business — Data Security and Privacy." As we expand our global presence, we are subject to local and overseas laws relating to cybersecurity and data privacy. In many cases, these laws apply not only to third-party transactions, but also may affect transfers of personal information among us and our overseas subsidiaries. For instance, our operations in the United States are governed by a range of federal and state laws and regulations on data protection, privacy, and information security. See "Regulatory Overview — Regulations Relating to Cybersecurity, Privacy and Data Security." Several jurisdictions have enacted stringent laws governing data protection, and many others are actively considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices, which could adversely affect our business, results of operations and financial condition.

Failure to comply with these regulations could expose us to significant penalties, legal liability, and reputation damage.

We may be subject to the risks associated with export controls, economic sanctions and investment restrictions, and our business, financial condition and results of operations may be materially and adversely affected.

Our business operations and financial performance are subject to various international trade policies, trade protection measures, export controls and economic or trade sanctions. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based companies, notably through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"). These regulations impose extraterritorial restrictions and may affect non-U.S. entities if such activities involves a U.S.-nexus. The U.S. has also through executive orders, passing of legislations or other governmental means, implemented economic sanctions targeting specific countries, sectors, entities or individuals. Such laws and regulations are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control.

The aforementioned trade restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products and solutions. While our current business activities should not give rise to material risks under applicable international sanctions and export controls, we cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. In addition, because sanctions programs evolve over time, new requirements or restrictions could come into effect which may increase scrutiny on our business or result in our business activities being deemed to violate sanctions. Non-compliance with or violations of such international trade policies, trade protection measures, export controls and economic or trade sanctions could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations.

The current U.S. administration has also frequently imposed tariffs pursuant to various legal authorities. Particularly targeting Chinese-origin goods, the U.S. has since February 2025 imposed various tariffs, mainly under (i) section 301 of the Trade Act of 1974 of the U.S. (generally 7.5% to 25% across product lists covering electronics and machinery); (ii) section 232 of the Trade Expansion Act of 1962 of the U.S.; and (iii) the International Emergency Economic Powers Act ("**IEEPA**") tariffs (10% fentanyl-related tariffs and 10% baseline tariffs on all products from China). Since the U.S. Supreme Court struck down all tariffs imposed under the IEEPA tariffs on February 20, 2026, the current administration has announced a 15% cross-the-board tariffs instead.

We may also be affected by laws governing foreign investment. In particular, we believe we are a "covered foreign person" under the U.S. Outbound Investment Security Program (the "**OISP**", established by Executive Order 14105), because our Group engages in the development of artificial intelligence systems intended to be used for the control of robotic systems, which is a covered activity under the OISP, although there is no assurance that the U.S. Department of the Treasury will take the same view. Given the nature of our activities, we believe that the purchase of shares through the **[REDACTED]** would not be a prohibited transaction under the OISP, but that U.S. persons would be required to notify the U.S. Department of Treasury of their participation in the **[REDACTED]**. Under U.S. Department of the Treasury guidance published in December 2025, a U.S. person's acquisition of an equity interest pursuant to a subscription agreement or similar arrangement (including a standby underwriting agreement) qualifies as an excepted transaction if, at the time of acquisition, the equity interest constitutes a "publicly traded security" under the OISP, regardless of when the agreement was entered into, and assuming the U.S. person would not also be afforded rights beyond "standard minority shareholder protections." Neither the OISP nor the Treasury guidance defines the exact time of acquisition. We believe that a conservative approach would assume acquisition occurs at settlement, when the investor receives the shares. If settlement of H shares purchased by U.S. persons occurs after 9:00 a.m. on the Listing Date, those shares would qualify as publicly traded securities. However, if settlement occurs before 9:00 a.m. on the Listing Date — when the H shares are not yet publicly traded (as is the case for **[REDACTED]**) — it remains uncertain whether the publicly traded securities exception applies. While the provisions of the OISP itself have no implications on our Group's business operations and financial performance, and the OISP also has no impact on the **[REDACTED]** Investments made by U.S. persons in us made before the OISP's effective date (i.e., January 2, 2025), including those by SIG China, SOSV IV and SOSV Select, the OISP may nonetheless increase compliance burdens on U.S. investors and negatively impact our ability to raise capital in the future. The OISP may be subject to future changes due to recent regulatory developments such as the enactment of the Comprehensive Outbound Investment National Security Act of 2025 ("**COINS Act**"), and we cannot predict how the OISP will be enforced, nor can we guarantee that there will not be a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. In such a case, the **[REDACTED]**, the future prevailing market price and the liquidity of our H shares may be adversely affected. It could also be detrimental to our business, financial condition and prospects.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate, our business, financial conditions and results of operations may be materially and adversely affected.

The industrial embodied AI robotic industry and the industry sectors in which we provide our industrial embodied AI robotic solutions are subject to the regulatory oversight of a number of governmental authorities, including but not limited to the Market Supervision Administration and China Customs. We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. See "Business — Licenses, Approvals and Permits." Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to penalties. There is no assurance that we can successfully update or renew the licenses, permits, certificates and approvals required for our business in a timely manner or at all, or that these licenses, permits, certificates and approvals are sufficient to conduct all of our present or future business. There are uncertainties regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. If we fail to complete, obtain or maintain any of the required licenses, permits, certificates and approvals or make the necessary filings, we may be subject to various penalties, such as imposition of fines and the discontinuation or restriction of our operations. Any such penalties may affect our business operations and materially and adversely affect our business, financial condition and results of operations.

We may not be able to protect our intellectual property rights globally, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.

Our success depends in a large part on our ability to protect our proprietary technologies as well as our solutions from competition by obtaining, maintaining and enforcing our intellectual property rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of the Latest Practicable Date, we had 241 registered patents and filed 130 patent applications which were pending approval domestically and internationally . See "Business — Intellectual Property."

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 fail to identify patentable aspects of our research and development 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 solutions in all such fields. Patents may be invalidated, and patent applications may be denied for several reasons, including known or unknown deficiencies in the patent application or the lack of novelty in the underlying invention or technology. Even if our patent applications are successfully granted, the scope of protection may be limited and may not effectively prevent competitors from developing similar or alternative technologies or solutions without infringing our rights. As a result, granted patents may not offer meaningful protection or competitive advantage. Our patents may also be challenged in courts or by patent offices in other jurisdictions, and the grant of a patent does not guarantee its validity, scope, enforceability or rightful inventorship.

Further, the life of a patent and the protection it affords are limited. We may face competition for any approved solutions even if we successfully obtain patent protection once the patent life expires for such solutions. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and competitive position.

We may infringe intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims, and we may have to redesign or discontinue selling relevant solutions.

Competitors with large patent portfolios may claim our solutions infringe their patents. We cannot assure you that our solutions will not infringe third-party intellectual property rights. We face risks from infringement claims arising from our operations or solutions. Licensed technologies we rely on may also be subject to infringement claims.

Companies in our industry may use intellectual property litigation for competitive advantage. Infringement analysis involves complex and uncertain issues. We face risks that employees may use proprietary information from previous employers, or that patents they file could be claimed by former employers, resulting in disputes or loss of rights. Competitors may also have non-public patent applications or unsearched trademark rights. Our efforts to avoid infringing third-party rights may not be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could: (i) be expensive and time-consuming to defend; (ii) cause us to pay substantial damages to third parties; (iii) forbid us from making or selling solutions that incorporate the challenged intellectual property; (iv) require us to redesign, reengineer or rebrand our solutions; (v) cause us to enter into royalty or licensing agreements in order to obtain the right to use a third-party intellectual property, which may not be available on terms acceptable to us or at all; (vi) divert the attention of our management; or (vii) result in customers terminating, deferring or limiting their purchase of the affected solutions until resolution of the litigation.

If we fail to successfully defend against such claims, we may be prohibited from using certain intellectual property, be subject to substantial damages or fines, or be ordered to cease certain operations. This could adversely affect our operation and tarnish our reputation.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how as well as our copyrights.

We rely on unpatented proprietary information, such as trade secrets and know-how, which we protect through confidentiality agreements with our employees, consultants, and other third parties. These agreements may be breached, fail to prevent disclosure or misappropriation, or offer an inadequate remedy. We have limited control over trade secrets used by our partners, and our proprietary information could become known or be independently developed by competitors. Disputes may also arise over rights to inventions if our personnel use intellectual property owned by others. Enforcing our rights could require costly and time-consuming litigation, and a failure to protect our proprietary information could adversely affect our competitive position, especially as laws in certain markets may offer little protection for trade secrets. While we selectively register copyrights for software, the absence of internationally harmonized laws makes consistent protection difficult. We also use physical and electronic security measures, but cannot assure they will not be breached. There is a risk that third parties may improperly obtain our proprietary information, and we may be unable to detect this or take timely steps to enforce our rights.

Any interruption in our operation process may have an adverse impact on our business.

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

Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyber-attacks.

We have two industry-specific software systems: YOUI TMS and YOUI INS. Users must be continuously connected to our MAIC model using YOUI TMS and YOUI INS software systems in order to control and monitor our robots. All of our software systems are designed for continuous 24/7 operation. Therefore, the stability and reliability of our underlying technology infrastructure are critical to our customers' operations. Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload. Our technology infrastructure may be vulnerable to damage or interruption caused by telecommunication failures, power loss, human error, cyber-attacks or other accidents. Despite any precautionary measures we may take, the occurrence of unanticipated problems that affect our technology infrastructure could result in interruptions in the availability of our solutions and services. There is no assurance that we can respond to such interruptions in a timely manner, or at all. Such interruptions may affect the ability of customers to use cloud-based features of our solutions and services, which would damage our reputation, reduce our future revenues, harm our future profits, subject us to regulatory scrutiny and lead our customers and end-users to seek alternative solutions and services.

Furthermore, our technology infrastructure is also vulnerable to damages from fires, floods, earthquakes and other natural disasters, power loss and telecommunication failures. Any network interruption or inadequacy that causes interruptions to our operations, or failure to maintain the network and server or solve such problems in a timely manner, could reduce our customer and user satisfaction, which in turn could adversely affect our reputation, business and financial condition.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers 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, suppliers, customers, channel partners or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. We cannot assure you that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and 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, suppliers, customers or other third parties could materially and adversely affect our business.

We may be subject to late payment fines or other penalties for our failure to fully contribute to social insurance and housing provident funds for some of our employees, and for engagement of third-party human resource agencies.

As required by PRC laws and regulations, a company that enters into an employment contract with an employee shall be the one to make social insurance and housing provident fund contributions in full for such employee. During the Track Record Period, we had not made social insurance and housing provident fund contributions for some of our employees in full, and certain of our subsidiaries engaged third-party human resource agencies to pay social insurance and housing provident funds for certain of our employees. The shortfall of social insurance and housing provident fund contributions amounted to RMB3.9 million, RMB4.2 million and RMB4.9 million in 2023, 2024 and 2025, respectively. As of the Latest Practicable Date, we did not receive any fines or penalties with respect to these incidents or any request from the competent government authority to settle the outstanding amount of social insurance payments and housing provident fund contributions. However, there can be no assurance that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us, which may adversely affect our business, financial position and results of operations. If the third-party human resource agency fails to pay the social insurance or housing provident funds for and on behalf of our employees as required under applicable PRC laws and regulations, we may be ordered to rectify such failure by paying full contributions to social insurance and housing provident funds for our employees.

On July 31, 2025, the Supreme People's Court of the PRC has issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases* (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the "Interpretation II"), which takes effect from September 1, 2025. Pursuant to the Interpretation II, any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. Further, the Interpretation II specifies that if the employee terminates the labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People's Court of the PRC shall uphold the claim. During the Track Record Period and as of the Latest Practicable Date, (i) there is neither any written agreement with any employee nor any verbal undertaking provided by an employee, waiving our obligation to pay social insurance contributions and (ii) we did not receive any employee disputes regarding social security and housing provident fund matters, nor any arbitration or litigation documents in connection with relevant labor disputes. If required by competent authorities or employees, we have committed to rectifying any non-compliance in social insurance contributions. As advised by our PRC Legal Advisor, the Interpretation II does not expand our penalty exposure, which would not have a material adverse impact on our business operation. However, if the relevant PRC authorities hold a different view with us and determine that we are not in compliance with the Interpretation II, our results of operation, financial conditions, business and prospects may be adversely affected.

We may face penalties for the non-registration of our lease agreements in China.

As of the Latest Practicable Date, two of the properties we and our major subsidiaries leased for production facilities and office space in the PRC had not conducted filing registration with the relevant PRC government authorities. As advised by our PRC Legal Adviser, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the registration of any of our future lease agreements after we are requested to do so by the competent PRC government authorities. See "Business — Properties."

We cannot assure you that our lessor will cooperate with us to register such leases due to factors beyond our control or our use of the relevant properties will not be further challenged in the future. Any of these may have an adverse effect on our results of operation, financial conditions, business and prospects.

We, our directors, management, employees and shareholders and their affiliates may be subject to lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

We may be involved in commercial or contractual disputes, legal and administrative proceedings, and claims arising out of the ordinary course of our business. We cannot assure you that we will not be involved in various disputes in the future, which may expose us to additional risks and losses. In addition, existing or future disputes, proceedings and claims may be costly to defend or resolve. We may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies. Any claims, disputes, inquiries, investigations and proceedings may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, financial conditions and results of operations.

Strategic alliances may have a material and adverse effect on our business, financial condition and results of operations.

We may in the future enter into strategic alliances with various third parties, such as key component manufacturers, robot design companies and developing companies. Strategic 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 alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions. 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. In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses.

We face exposure to foreign currency risks.

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. We recorded net foreign exchange gain of RMB113.0 thousand in 2023, and we recorded net foreign exchange loss of RMB66.0 thousand and RMB256.0 thousand in 2024 and 2025, respectively.

Our overseas businesses are generally settled in local currencies. Significant fluctuations in exchange rates between the RMB and other currencies may result in changes in operating income, impact gross profit levels, and lead to exchange gains or losses between the recognition of sales and the receipt of foreign currency.

We are exposed to the credit risks relating to our trade and bills receivables.

We are subject to the credit risks of our customers. Our profitability and cash flow are dependent on our receipt of timely payments from our customers. During the Track Record Period, our contractual credit term with customers generally ranged from 30 to 120 days. However, there can be no assurance that the collection of amounts due from our customers will be timely. This might result in slow turnover of our trade and bills receivables and restrict our working capital resources. For the same years, the turnover days for our trade and bills receivables were 165.9 days,139.7 days and 208.9 days, and our expected credit loss allowance on trade receivables amounted to RMB4.5 million, RMB12.3 million and RMB23.5 million as of December 31,2023, 2024 and 2025, respectively. We seek to maintain stable and long-term relationships with our customers and, as part of this strategy, we offer extended credit terms to certain customers. These customers primarily comprise those with a repurchase history or customers that demonstrated strong creditworthiness, such as listed companies, state-owned enterprises, leading companies in their respective industries and strategic customers with whom we intended to deepen our cooperation. For such customers, the average extended credit terms (including the original contractual credit terms), weighted by the respective trade receivables balances, ranged from approximately 150 days to 270 days as of December 31, 2023, 2024 and 2025. Our trade receivables turnover days are also affected by the payment cycles of certain customers, whose payments to us are in turn dependent on the timing of payments from their own end-customers. The timing of such payments typically depends on project milestones, including completion of system integration, on-site deployment and/or end-customer acceptance of the relevant project. In addition, certain customers' payment schedules are influenced by their internal budget approval and settlement procedures, which may be extended or delayed due to factors beyond our control. During the Track Record Period to the Latest Practicable Date, we did not have any litigation or material dispute with these customers. If any of our customers faces unexpected situations, such as financial difficulties or deterioration in credit worthiness, there may be challenges in collecting full or partial payments from them and enforcing judgment debts against them could be difficult. These unforeseen circumstances may also render our judgments or estimations on expected credit loss allowance on trade receivables inaccurate, potentially resulting in higher losses than currently estimated. If we fail to receive payments from our customers on a timely basis, our cash flows and financial condition could be materially and adversely affected.

We may be subject to inventory obsolescence risk.

Our inventories were RMB130.9 million, RMB99.9 million and RMB49.9 million as of December 31, 2023, 2024 and 2025, respectively. For the same years, our inventory turnover days were 532.0 days, 251.4 days and 125.1 days, respectively. Our risk of inventory obsolescence may rise alongside the growth of our inventory levels with our continuous business expansion. We are unable to assure that our raw materials, work in progress and finished goods inventory levels will always remain appropriate. We determine inventory quantities based on internal projections of customer demand. If actual demand fall short of our projections, we may face risks associated with excess inventory, which may lead to higher storage costs and an increased likelihood of obsolete stock or write-offs. Conversely, if we underestimate demand, we might not sustain sufficient inventory levels, resulting in lost sales opportunities and a potential decline in market share to our rivals. Consequently, our business prospects, financial condition and operating results could experience significant adverse impacts.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by 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. These events may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, these natural disasters, outbreaks of contagious diseases and other adverse public health developments could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

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

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

Higher labor costs and inflation may adversely affect our business, results of operations, financial condition and prospects.

Rising inflation may be reflected in the prices of raw materials from our suppliers. Factors such as changes in minimum wage laws, labor market dynamics, or increased competition for skilled labor in the industry may lead to higher labor expenses. Such increases could exert upward pressure on the fees that we paid to our employees or other third-party service providers. Our ability to manage and mitigate the impact of rising labor costs through operational efficiencies, process improvements, or technological innovations will also significantly influence our competitiveness and financial performance. However, there is no guarantee that we will succeed in effectively managing the impact of rising labor costs. During the Track Record Period, our deployment costs amounted to RMB14.2 million, RMB21.5 million and RMB23.1 million in 2023, 2024 and 2025, respectively. If we are unable to manage these cost increases effectively and in a timely manner, our profitability, market share, and long-term growth prospects could be adversely affected. Moreover, higher cost for labor and raw materials might necessitate adjustments in service pricing, potentially making our solutions less competitive in the market. Attempts to pass on increased labor costs to customers through higher service fees could result in reduced demand or market share loss.

To address any 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 produce any material generation of emissions and wastes and no heavy pollution. 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 power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business — Environmental, Social and Governance." In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing solutions from other companies, which may materially and adversely affect our results of operations and financial conditions.

RISKS RELATED TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred net loss and operating cash outflows during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the future.

In 2023, 2024 and 2025, we incurred adjusted net loss under non-IFRS measure of RMB131.4 million, RMB81.2 million and RMB106.0 million, respectively. In addition, we recorded net cash outflows from operating activities of RMB94.4 million, RMB79.5 million and RMB185.0 million in 2023, 2024 and 2025, respectively. We may continue to incur net loss in the future, as we are in the stage of expanding our business and operations in the rapidly growing industrial embodied AI robotic industry and are continuously investing in R&D. 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 develop new solutions. 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 revenues and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on business, financial position and results of operations.

We recorded net current liabilities and net liabilities during the Track Record Period. There is no assurance that we will record net current assets or net assets in the future.

As of December 31, 2023, 2024 and 2025, we recorded net current liabilities of RMB1,161.2 million, RMB1,392.6 million and RMB1,950.1 million, respectively, and net liabilities of RMB1,143.6 million, RMB1,373.7 million and RMB1,942.5 million, respectively. Our net current liability position and net liability position during the Track Record Period were primarily due to the changes in carrying amount of redemption liabilities. There can be no assurance that we will be able to record net current assets and net assets in the future. If we continue to record net current liabilities or net liabilities, we may face liquidity risks and may not be able to repay short term indebtedness. In addition, having significant net current liabilities or net liabilities could constrain our operational flexibility and adversely affect our planned expansion plans and our business operations. Any of these events may have a material adverse impact on our business, financial condition and results of operations.

Our cash conversion cycle is long and our cash flow may fluctuate due to customers' payment practice.

During the Track Record Period, we experienced prolonged cash conversion cycle. Our overall cash conversion cycle was 421.2 days, 161.9 days and 63.0 days for the years ended December 31, 2023, 2024 and 2025. The cash conversion cycle is calculated by adding inventory turnover days and trade and bills receivables turnover days, then subtracting trade and bills payables turnover days. In 2023, 2024 and 2025, respectively. The prolonged cash conversion cycle was primarily due to the relatively prolonged inventory turnover days and trade receivables turnover days. The significant decrease in our cash conversion cycle from 421.2 days for the year ended December 31, 2023 to 63.0 days for the year ended December 31, 2025 was primarily attributable to (i) an increase in turnover days of our trade and bills payables as we established relationships with our suppliers and enhanced bargaining power resulting from greater procurement in line with our business expansion and (ii) a decrease in our inventory turnover days driven by our enhanced inventory management efficiency. As our cash conversion cycle is relatively long and the exact timing of customer payments can be uncertain, if we accept a large number of significant orders at the same time and our suppliers demand immediate payment from us, we may not receive sufficient and timely cash inflows from other sales to cover the shortfall. If there is a material timing mismatch between when we receive payments from customers and when we must pay suppliers, and we fail to manage resulting cash flow fluctuations, our cash flow position, our business, results of operations and financial condition could be materially and adversely affected.

To manage our cash conversion cycle, we intend to (i) continue to strengthen our inventory management to reduce inventory turnover days, (ii) enhance our receivables collection efforts by closely monitoring the aging of trade receivables and proactively following up with customers on outstanding payments, (iii) negotiate more favorable payment terms with our suppliers to better align our payment obligations with our cash inflows and (iv) maintain adequate working capital reserves and banking facilities to address potential short-term cash flow mismatches. However, there can be no assurance that such measures will be effective or sufficient to fully mitigate the risks associated with our cash conversion cycle.

We have granted, and may continue to grant awards under our share incentive scheme, which may lead to higher share-based compensation expenses, impact our financial condition and operating results and dilute the shareholding of our existing shareholders.

We adopted share incentive plans including share-based compensation for the benefit of our Directors, Supervisors and employees to incentivize and reward the eligible persons who have contributed directly to our overall business performance and sustainable development. In 2023, 2024 and 2025, we incurred equity-settled shared-based payment expenses of RMB10.1 million, RMB10.2 million and RMB11.5 million, respectively. We believe the provision of share-based compensation to be highly important for attracting and retaining key personnel and employees. However, such share-based compensation expenses may potentially dilute the shareholding of our existing shareholders. We may continue to issue share-based compensation awards to employees in the future. Consequently, our share-based compensation expenses may rise, which could adversely impact our financial condition and operating results. We may reevaluate the vesting schedules, lock-up periods or other significant terms that apply to grants under the share incentive scheme from time to time. If we make such adjustments, we may see a considerable change in our share-based compensation expenses in the reporting periods following this **[REDACTED]**.

Our business strategies require a significant amount of capital. If we fail to obtain sufficient financing to support our business development, or may not be able to obtain financing on favorable terms, our business operation, financial condition, and prospects may be materially and adversely affected.

Our business and future strategy are capital-intensive and require substantial investments in, among other things, R&D, increasing the production capability and promotion and marketing of our industrial embodied AI robotic solutions. Our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We may seek equity or debt financing to finance a portion of our capital expenditures. If we fail to obtain sufficient capital in a timely manner or on favorable terms, or at all, our business, financial condition, and prospects may be adversely affected.

In addition, the issuance of additional equity or equity-linked securities could dilute our shareholders and decrease the dividend per share. The incurrence of indebtedness would result in an increase in debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

Our business development benefited from favorable regulatory environment and supportive policies for the industrial embodied AI robotic industry and government grants. Any future reductions or withdrawal of governmental support or grants could materially and adversely affect our business, financial condition and results of operations.

Our growth and business development have benefited, and are expected to continue to benefit, from supportive government policies that promote the advancement of the industrial embodied AI robotic industry.

In 2023, 2024 and 2025, we recorded government grants of RMB10.3 million, RMB11.0 million and RMB5.2 million in consolidated statements of profit or loss, respectively. Any decision by governmental authorities to reduce, cancel, or require repayment of these grants, or any failure to obtain future grants, could adversely affect our business, financial condition, and results of operations.

RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WE OPERATE

Failure to fully adapt to development of the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in China could materially and adversely affect our business, financial condition, results of operations and prospects.

The majority of our business assets are located in Chinese mainland and the majority of our sales and revenue is currently derived from Chinese mainland. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Please see "Regulatory Overview" for details. Laws, regulations and policies related to our industries will continue to evolve. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could affect our operation.

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

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

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

Changes of Regulations on currency exchange may affect our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.

The conversion of Renminbi is subject to applicable laws and regulations in China. Under the current PRC foreign exchange system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. However, we are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, normally need to be approved by or be registered by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the **[REDACTED]**, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may affect our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, financial conditions and results of operations, may be affected.

Non-PRC Holders of our H Shares may be subject to PRC income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. 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》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 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. 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 of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from 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) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《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). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

We may be subject to the approval or other requirements of the China Securities Regulatory Commission or other PRC governmental authorities in connection with future security activities.

We may, from time to time, undertake capital raising activities, including offerings of equity or debt securities in the PRC or overseas markets. In connection with such activities, we may become subject to approval, filing, registration or other regulatory requirements imposed by the CSRC or other relevant PRC governmental authorities, particularly the regulatory frameworks governing offshore listings and securities offerings by PRC-related entities. Any failure or delay in obtaining the necessary approvals or completing the required filings could materially and adversely affect our ability to access capital markets in a timely manner or on commercially favorable terms, which may in turn impact our funding strategy, expansion plans and overall financial condition.

You may experience difficulties in effecting service of legal process and enforcing judgments against us, our most Directors and senior management.

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in China. The majority of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be complex for investors to effect service of process upon or to enforce judgments outside of Chinese mainland against us and most of our Directors and senior management outside China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese mainland only if the jurisdiction has a treaty with Chinese mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States. On July 3, 2008, the Supreme People's Court promulgated the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "2008 Arrangement"). Under the 2008 Arrangement, where any designated court of Chinese mainland or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of Chinese mainland or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008. On January 25, 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特 別行政區法院相互認可和執行民商事案件判決的安排) (the "2024 Arrangement"), which became effective on January 29, 2024. The 2024 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in Chinese mainland and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of 2008 Arrangement which is made before the effective date of 2024 Arrangement.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share listed company upon the completion of the **[REDACTED]**. Failure to complete SAFE registrations may subject them to fines and legal sanctions. In light of the above, we cannot assure you that the H shares incentive plans we implement in the future will comply with relevant arrangement under PRC law. In addition, the STA has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

RISKS RELATED TO THE [REDACTED]

There has been no prior public market for our H Shares, an active trading market for our H Shares may not develop following the [REDACTED] and the liquidity and market price of our H Shares may be volatile.

Prior to the **[REDACTED]**, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the **[REDACTED]**. The **[REDACTED]** for our H Shares was the result of negotiations between us, the **[REDACTED]** and the **[REDACTED]** on behalf of the **[REDACTED]**, and the **[REDACTED]** may differ significantly from the market price for our H Shares following the **[REDACTED]**. If an active public market for our H Shares does not develop following the completion of the **[REDACTED]**, the market price and liquidity of our H Shares could be materially and adversely affected. The price and trading volume of our H Shares may be highly volatile. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

The liquidity, trading volume and market price of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the political uncertainties in Hong Kong and the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers and customers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance but related to the overall political and economic conditions in Hong Kong, China or elsewhere in the world.

You will incur immediate and significant dilution if the [REDACTED] of our H Shares is substantially higher than the net tangible book value per H Share, and may experience further dilution if we issue additional Shares in the future.

The **[REDACTED]** of the Shares is higher than the net tangible book value per Share immediately prior to the **[REDACTED]**. Therefore, purchases of the Shares in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** net tangible book value, and our existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience further dilution of their interests if the **[REDACTED]** exercise the **[REDACTED]** or if we issue additional shares in the future to raise additional capital.

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market, such as conversion of our Domestic Shares into H Shares, 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, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future offerings, 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.

Although our existing shareholders are subject to restrictions on their sales of H Shares within 12 months from the Listing Date as described in "History, Development and Corporate Structure," future sales of a significant number of our H Shares by existing shareholders in the public market after the **[REDACTED]**, or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through **[REDACTED]** of our H Shares. We cannot assure you that our existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares upon the expiration of restrictions set out above.

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depends on various factors. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividend."

Certain facts, forecasts and other statistics in the Document were obtained from government publications, which may not be reliable in terms of accuracy, competence or reliance.

Certain facts, forecasts and other statistics contained in this Document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We cannot assure you of the accuracy or completeness of information obtained from these sources. We have not independently verified any of the data, forecasts and other statistics from such sources, nor have we ascertained that the underlying economic assumptions relied upon in those sources. The information from various government publications contained in this Document may not be accurate and should not be given undue reliance as a basis for making your investment in our H Shares.

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

This Document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this Document, the words "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this Document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this Document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this Document are qualified by reference to the cautionary statements set out in this section.

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

Prior to the publication of this Document, there has been and there may also be, subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us, our business, our industries and the **[REDACTED]**, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Document only and should not rely on any other information.