
RISK FACTORS

An investment in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to buy our H Shares. If any of the circumstances or events described below actually arises or occurs, our results of operations, financial performance and business prospects may suffer. In any such case, the market price of our H Shares could decline and you may lose all or part of your investment. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We operate in an emerging market, which involves significant risks and uncertainties. The full potential of the industrial intelligent robotics market is yet to be fully realized.

The industrial intelligent robotics market is relatively new, highly dynamic and constantly evolving, and we operate in an emerging space within these markets. The industrial intelligent robotics technologies are still at a preliminary stage of development. The market may not develop as expected. Market acceptance of our solutions remains uncertain. Our customers may not fully understand the value of our solutions, and potential customers may have difficulty distinguishing our services from those of our competitors.

In addition, similar to other frontier innovations, industrial intelligent robotics technologies present risks and challenges that could affect market perception and public opinion. Any inappropriate, abusive or premature usage of industrial intelligent robotics technologies may dissuade prospective customers from adopting industrial intelligent robotics technologies, may impair the market acceptance of industrial intelligent robotic solutions, attract negative publicity and adversely impact our reputation. It may even subject us to pressures from activists and/or other organizations and heightened scrutiny by regulators. Each of the foregoing events may in turn materially and adversely affect our business, financial condition and results of operations.

We cannot ensure that there will be sufficient future market adoption of our industrial intelligent robotic solutions, nor can we ensure that industry developments as well as market acceptance of industrial intelligent robotic solutions will develop in our favor.

The global industrial intelligent mobile robotic solution market expanded from RMB6.6 billion in 2021 to RMB21.1 billion in 2025, representing a CAGR of 33.8%. The global market size for industrial embodied intelligence robotic solutions surged from RMB0.6 billion in 2021 to RMB2.0 billion in 2025, representing a CAGR of 35.0% from 2021 to 2025. However, there is considerable uncertainty over the future market sizes and the rate at which these markets will grow. The demand for our industrial intelligence robotic solutions is dependent on the trend toward the industrial intelligent robotic solutions as key component of the automation industry. Therefore, our growth is highly dependent upon the worldwide adoption by industrial manufacturers of intelligent robotic solutions.

Should there be a deceleration in the market interest in the industrial intelligent robotic solutions, or if organizations delay the adoption of robotic solutions, the growth of our business may be constrained. Additionally, should regulatory frameworks for industrial intelligent robotic solutions become overly stringent, creating barriers to operational hurdles, customers may be reluctant to invest in robotics technologies under such stringent regulatory conditions and there may be a decrease in the

RISK FACTORS

adoption of industrial intelligent robotic solutions. This could negatively affect the demand for our industrial intelligent robotic solutions. In addition, broader economic or industry trends, including shifts in automation adoption or downturns in the global industrial intelligent robotic solutions industry, could adversely impact our business, results of operations and financial condition.

Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

We were founded in 2016. Our relatively limited operating history makes it difficult to evaluate our current business and prospects, and to plan for our anticipated future growth. Our historical revenue growth should not be considered indicative of our future performance. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as an early-stage company expanding globally. We may encounter risks and difficulties as we compete in a novel industry, including, among other things, with respect to our ability to: (i) navigate an evolving and complex regulatory environment; (ii) design, outfit, and produce intelligent, reliable and safe and efficient industrial intelligent robotic solutions on an ongoing basis; (iii) improve and enhance our software and autonomous technology; (iv) establish and expand our customer base; (v) successfully market and properly price our robotic solutions; (vi) improve and maintain our operational efficiency; (vii) attract, retain and motivate talents; (viii) anticipate and adapt to changing market conditions, including technological developments and changes in competitive landscape; and (ix) build a well-recognized and respected brand.

We may not be able to sustain our historical growth rates, and our historical growth may not be indicative of our future growth or financial results.

We have achieved rapid growth in our revenue and gross profit during the Track Record Period. There is no assurance that we will be able to maintain our historical growth rates in the future. Our growth rates may decline for a number of reasons, including but not limited to the overall economic growth of China and globally, technology development of the industrial intelligent robotics industry, acceptance of industrial intelligent robotics, our ability to attract and retain our customers, to compete successfully and to manage our costs and enhance operating leverage.

We cannot assure you that we will be able to effectively manage our growth or implement our business strategies. The management of our growth may place significant demands on our managerial, administrative, operational, financial and other resources. Moreover, growth could strain our ability to maintain or increase our manufacturing capacity and reliable service levels for our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased costs and operating expenses.

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

In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, we incurred net losses of RMB100.3 million, RMB45.1 million, RMB202.0 million, RMB56.1 million and RMB61.8 million, 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 intelligent robotics market and are continuously investing in R&D. We believe that our future revenue ability to achieve or subsequently maintain profitability will depend on, among other factors, our ability to drive sustainable revenue growth and business scale, optimize product costs and reduce robotic solution deployment costs. We also expect our costs and expenses to increase in future periods as we continue to expand our business

RISK FACTORS

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 costs and expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability.

We had net cash outflows from operating activities during the Track Record Period. We may not be able obtain sufficient capital on acceptable terms and on a continuous basis in the future.

We recorded net cash used in operating activities of RMB120.1 million, RMB27.2 million, RMB86.7 million, RMB2.8 million and RMB64.5 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. See “Financial Information — Liquidity and Capital Resources” for details. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing, such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, results of operations and financial condition may be adversely affected.

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

We continue to execute a number of strategies to expand our business. 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 solutions, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that any of these new business initiatives will achieve our expected market acceptance and generate desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business, results of operations and financial condition may be materially and adversely affected.

If we fail to acquire new customers or retain existing customers, our business, financial conditions and results of operations may be materially and adversely affected.

Our ability to acquire new customers in a cost-effective manner and retain existing customers is critical to the growth of our business and our profitability. There is no guarantee that we will maintain good relationship with customers or new customers will stick with us or that the net profits from new customers will outweigh the expense of acquiring them.

During the Track Record Period, our revenue was primarily generated from providing robotic solutions to enterprise customers in the 3C, automotive, semiconductor, new energy and biopharmaceutical industries. Our results of operations are highly dependent on the development and performance of these underlying industries of our customers. In addition, revenue from our existing customers may decline materially or fluctuate as a result of many factors, including, among other things, dissatisfaction with the operation of our robotic solutions, the price and quality of services and

RISK FACTORS

maintenance, negative publicity related to our brand, or alternative services offered by our competitors. If we are unable to retain our existing customers or to acquire new customers in a cost-effective manner, our business, financial conditions and results of operations may be adversely affected.

In 2023, 2024, 2025 and the four months ended April 30, 2026, revenue generated from our top five largest customers accounted for 36.8%, 41.3%, 35.1% and 68.0% of our total revenues for the same periods, respectively. In the same periods, revenue generated from our largest customer accounted for 9.2%, 12.5%, 8.5% and 32.1% of our total revenues, respectively. We cannot be certain that customers that have accounted for significant revenues in past periods, individually or as a group, will continue to place large orders with us in any future period. We may lose customers due to various factors, including but not limited to increased competition, material changes in such customers’ operations and any deterioration in our relationship with such customers. The loss or reduction in revenues generated from customers, any reduction, delay or cancellation of orders from our customers, or a decision by customers to select solutions provided by a competitor, would significantly and negatively impact our business, results of operations, financial condition and prospects.

We operate in a competitive market subject to an evolving landscape. Our business is characterized by rapid changes as well as new and disruptive technologies. If we fail to meet evolving customer needs or the pace of industry innovation or stay competitive, our business, results of operations and financial condition may be materially adversely affected.

We primarily compete in the industrial intelligent robotic solutions market, which are characterized by high competition and 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. We are also expanding our global presence in regions such as Asia-Pacific, North America and Europe. The competitive landscape of these markets is subject to ongoing evolution as it is heavily affected by the general economic, political, regulatory and social conditions of such market. There will be evolving uncertainties over the competitive nature of these markets as new entrants may establish themselves.

We have experienced intense competition in recent years, including with respect to pricing. We may experience further pricing pressures in our business in the future as some of our competitors may seek to obtain increased market share by price reduction. The growing competition among established players and new market entrants in the industry further exacerbates the pricing pressures we face. In addition, many of our customers who are large corporations with substantial negotiating power, stringent product standards and potential competitive internal solutions, possess strong leverage over their suppliers, including us. If we are unable to sell our solutions at desirable prices, our business, results of operations and financial condition will be adversely affected. We also face fierce competition from other technologically advanced industrial intelligent robotic solutions providers. Our future success will depend on our ability to develop superior solutions and to maintain our leading competitive position with respect to our technological advances. There are significant challenges to stay competitive and we face competition from other competitors, some of which have greater resources than we do.

The market opportunities that we are pursuing are at an early stage of development, and it is difficult to predict customer demand or penetration rates for our solutions. Our technology targeting industrial intelligent robotic solutions requires significant investment and considerable time-to-market, and may not be commercially successful on a large scale in the short term, or at all. The future growth of our business depends in part on the overall development trend of the industrial intelligent robotic solutions and the down stream industry acceptance of our technology. Our business is characterized by rapid changes as well as new and disruptive technologies. Competitors might introduce innovative

RISK FACTORS

solutions or adopt disruptive technologies that could further increase competition. The rapid pace of technological innovation poses a significant risk to our business. As disruptive technologies continue to emerge, they have the potential to reshape customer behaviors and preferences. This evolution may render our existing technology solutions obsolete, potentially diminishing our competitive edge. If we fail to adapt to these changes or invest in the necessary R&D to keep up with industry advancements, we may lose market share and face challenges in meeting customer expectations. Consequently, our financial performance and growth prospects could be adversely affected.

We have been and intend to continue investing heavily in our R&D and such investments may not yield the results we expect, and we may fail to continue to research and develop or effectively respond to the evolving technology and market dynamics of the industrial intelligent robotic solutions industry.

Our future growth depends on penetrating new markets, adapting existing solutions to new applications and customer requirements, and introducing new solutions that achieve market acceptance. We have been and intend to continue investing heavily in, and potentially increasing, R&D as part of our efforts to design, develop, manufacture and commercialize new robotic solutions and enhance existing robotic solutions. Our R&D expenses were RMB56.1 million, RMB36.6 million, RMB76.7 million, RMB13.5 million and RMB29.1 million in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively.

The industrial intelligent robotic solutions industry is experiencing rapid technological changes, and we need to invest significant resources in R&D to advance our technologies such as AI technologies to remain competitive in the market. Therefore, we expect that our R&D expenses will continue to be significant. Furthermore, R&D activities are inherently uncertain, and there can be no assurance that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs. As a result, our significant expenditure on R&D may not generate corresponding benefits. If our R&D efforts fail to keep up with the latest technological developments, our established position in the global industrial intelligent robotic solution market could be damaged, which in turn would materially and adversely affect our business, financial condition, results of operations and prospects and we will suffer a decline in our competitive position. Any delay or setbacks in our efforts to improve industrial intelligent robotics capabilities could materially and adversely affect our business, reputation, results of operations and prospects.

We rely on third-party suppliers and service providers and expect to continue to do so for the foreseeable future.

We rely on third-party suppliers and service providers for raw materials, core components of our robots, transportation and other services. While these arrangements allow us to focus on our main business, there is no assurance that (i) these suppliers and service providers would operate in accordance with our instructions, policies and business guidelines, or that their service quality will not materially deteriorate, (ii) we can maintain good relationships with our suppliers and third-party service providers, (iii) they will not unilaterally increase their service prices, or (iv) there will not be any wrongdoing or misconduct by their employees or by them which would materially and adversely affect their services, or even us. There is no assurance that we can find reliable service providers who can meet our standards at scale as we continue to expand globally. Decreased availability or increased costs of logistics, transportation and supply chain service and equipment provided by third parties could impact our cost of operations and our profitability.

RISK FACTORS

The purchases from our top five suppliers in each period during the Track Record Period was RMB24.2 million, RMB32.1 million, RMB54.5 million and RMB54.7 million, respectively, accounting for 27.7%, 37.7%, 34.8% and 49.4% of our total procurement amount in the same periods, respectively. The purchases from our largest supplier in each year/period during the Track Record Period accounted for 9.1%, 18.5%, 14.5% and 27.9% of our total procurement amount in the same years/periods, respectively. The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. Identifying and qualifying alternative or additional suppliers and vendors is often a lengthy process and can lead to production delays, interruptions to our production and additional costs, and such alternatives are sometimes not available on commercially reasonable terms, or at all. The inability of suppliers or vendors to deliver necessary production parts, components, equipment or services can disrupt the production processes of our robots and make it more difficult for us to implement our business strategy.

Our solutions may contain defects and fail to meet customer expectations, and our business, results of operations and reputation would be materially and adversely affected.

Our solutions may contain defects in design or manufacturing, and they may not perform as expected or require repair. The quality of our robots depends on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the quality and reliability of parts and components used, the quality of our staff and relevant training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocols. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Additionally, we cannot assure you that the parts and components we procure from suppliers are safe and free of defects or can meet the relevant quality standards. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcomes. Our efforts to resolve any issues in our solutions may not be timely or may not be to the satisfaction of our customers. Furthermore, we cannot assure that the robustness of our solutions at all times. We cannot assure you that our solutions are free of defects, which may manifest over time. Undetected errors, defects or security vulnerabilities, could result in unpleasant customer experience or, in worse cases, personal injury to our customers. Defects, delays or other failures of our solutions to perform as expected could damage our reputation and result in product recalls, product liability claims and/or significant warranty and other expenses and could have a material adverse impact on our business, financial condition, operating results and prospects.

We may not be able to effectively maintain and optimize our sales network, which could adversely affect our brand, results of operations and financial condition.

In 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, our selling and marketing expenses amounted to RMB57.4 million, RMB64.6 million, RMB114.2 million, RMB20.2 million and RMB42.0 million, accounting for 35.4%, 25.8%, 37.9%, 45.2% and 39.3% of our revenue for the same periods. Our success depends on our ability to effectively maintain and optimize our sales network to establish and deepen our presence across China and overseas markets, which is subject to a number of factors, certain of which are beyond our control. For example, if we fail to maintain stable relationships with our existing customers, have disputes with them, or fail to establish partnerships with new customers on favorable terms, we may not be able to maintain our market position across a number of regions and sectors. If we fail to successfully implement our development and growth plan and provide adequate resource and operational support to our sales network, our profitability and prospects may be materially and adversely affected.

RISK FACTORS

If we are unable to manage our inventory risks efficiently or if the proportions and amounts of our provision for inventories further increase, our financial and results of operations may be adversely affected.

We may not be able to accurately forecast market demand, produce the correct amounts of products or fully utilize purchase commitments. We had inventories of RMB110.5 million, RMB59.4 million, RMB63.6 million and RMB122.5 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. Our average inventory turnover days were recorded at 459.4 days, 261.2 days, 167.2 days, and 235.8 days in 2023, 2024, 2025 and in the four months ended April 30, 2026, respectively. If we were unsuccessful in accurately quantifying appropriate levels of inventory, our business, financial condition and results of operation may be materially and adversely affected.

Our inventories consist of raw materials, work in progress and finished goods and contract fulfillment costs. Contract fulfillment costs include on-site materials such as robotic products and accessories, delivery personnel salaries and other delivery expenses. We cannot assure you that our inventories will not be damaged or impaired, as our storage may encounter unforeseeable events. As of December 31, 2023, 2024 and 2025 and April 30, 2026, we had inventory write-down of RMB30.0 million, RMB19.6 million, RMB21.6 million and RMB25.7 million, respectively. During the Track Record Period, our inventory write-down was primarily attributable to the decrease in the selling price of our older version of robots following the launch of new series of robots. See “Financial Information — Period-to-Period Comparison of Results of Operations — Year Ended December 31, 2024 Compared with Year Ended December 31, 2023 — Gross Profit and Gross Profit Margin” and “Financial Information — Discussion on Key Items of Consolidated Statements of Financial Position — Current Assets and Liabilities — Inventories” for details. Failure to manage our inventories effectively may adversely affect our financial condition and results of operations. With the aging of inventory balance, we may be required to write down inventories, which, if significant, may have a material and adverse impact on our financial condition and results of operations.

We are exposed to credit risk of our customers and failure to collect our trade and bills receivables in a timely manner may affect our financial condition and results of operations.

As of December 31, 2023, 2024 and 2025 and April 30, 2026, our trade and bills receivables amounted to RMB51.8 million, RMB93.4 million, RMB162.7 million and RMB172.4 million, respectively. Our trade and bills receivables turnover days were 144.2 days, 163.2 days, 229.1 days and 272.5 days for the year ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. Should the creditworthiness of our customers deteriorate or should a significant number of our customers fail to settle their accounts receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers beyond their respective credit period, which in turn may also result in an impairment loss provision. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be materially and adversely affected.

RISK FACTORS

We may be exposed to liquidity risk due to a mismatch in our cash flow cycle and a long cash conversion cycle.

Our inventory turnover days and trade receivable turnover days have been significantly longer than our trade payable turnover days, which could result in delays in converting revenue into cash. The disparity in turnover days may lead to periods where our cash flow is constrained, requiring us to rely more heavily on working capital or external financing to support our operations and growth. There can be no assurance that our efforts will fully mitigate the risk.

In addition, our cash conversion cycle — a metric to measure how efficiently we manage its working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales — was 422.8 days, 307.7 days, 261.0 days and 290.4 days for the year ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade and bills receivables turnover days, then subtracting accounts payable turnover days. A long cash conversion cycle may increase our reliance on working capital or external financing to support our operations and growth. Potential fluctuations in customer payment patterns, supply chain disruptions, and broader macroeconomic conditions could further exacerbate the cash flow mismatch and prolong the cash conversion cycle. If we are unable to manage our inventory and receivables efficiently or secure adequate financing on favorable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

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

We believe that the accessibility of high-quality after-sale services is an important consideration behind a customer’s purchase decision. As our operation and customer base continue to grow, we need to maintain our customer support that meets our customers’ needs at scale. However, we cannot assure you that we may be able to respond quickly enough to accommodate short-term increases in customer demand for technical support or maintenance assistance. We may also fail to refine the future scope and delivery of our maintenance services and technical support to compete with changes in the after-sale services provided by our competitors.

If we fail to obtain or maintain the requisite licenses, permits, certificates, approvals, filings or registrations required for our business, our business, financial condition and results of operations may be materially and adversely affected.

We are required to obtain a series of license, permits, certificates and approvals, make filings or complete registrations according to relevant PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had obtained or completed all requisite licenses, permits, certificates, approvals and registrations and filings for our current business operations in China from the relevant government authorities. However, we may become subject to additional license, approval and other requirements as we develop and expand our business scope and engage in different business activities.

We cannot assure you that local authorities will not adopt different enforcement practices or will not issue more explicit interpretations and rules or promulgate new laws and regulations from time to time to further regulate the business we operate, which may subject us to additional licensing

RISK FACTORS

requirements. We may also be required to apply for and obtain additional licenses or permits for our operations in China as the interpretation and implementation of current PRC laws and regulations continue to evolve.

The interpretation or implementation of existing laws and regulations are subject to changes from time to time, and the implementation of new laws and regulations is evolving. If government authorities determine that our operations fall within the scope of business operations that require additional licenses, permits or approvals, we may not be able to obtain such licenses, permits or approvals in a timely manner or on commercially reasonable terms or at all, and failure to obtain such licenses, permits or approvals may subject us to fines, legal sanctions or an order to suspend our related operations. Moreover, we may fail to renew or update any of our existing licenses and permits in a timely manner and on commercially reasonable terms, or at all, which could materially and adversely affect our business, results of operations and financial condition.

Our business depends on the continuing efforts of our management team and our ability to attract, train, and retain competent talent, especially talent on R&D.

Our business depends on the continuing efforts of our management team to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, our future success also depends on our ability to attract, recruit and train qualified employees and retain existing key personnel. In particular, we rely on our in-house R&D team to develop our core technologies, solutions, and our experienced sales and marketing personnel to maintain relationships with our customers. In order to compete for talents, we may need to offer higher compensation, better training and more attractive career opportunities, employees share incentives schemes and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract or retain a qualified workforce necessary to support our future growth. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the foregoing issues related to our workforce may materially and adversely affect our operations and future growth.

Our sales are subject to seasonal fluctuations.

Typically, we record higher revenue during the fourth quarter. Due to industry conditions and other factors, the degree of seasonality may vary each year, making it difficult for us to accurately project demand levels. If seasonal demand exceeds our expectations, we may not have sufficient inventory or may be unable to arrange production and delivery in a timely manner. If seasonal demand is lower than expected, we may face risks of excess inventory, increased working capital and liquidity needs and inventory impairment losses. Furthermore, our operating and financial results for an interim period may not be representative of our overall performance for a year. We expect to continue to experience seasonal fluctuations in our revenue, results of operations and financial condition, which could result in volatility and adversely affect the price of our H Shares.

RISK FACTORS

The discontinuation of any government subsidies currently available to us could adversely affect our business, financial condition, results of operations, and prospects.

We recognized government grants of RMB4.2 million, RMB6.1 million, RMB1.1 million, RMB0.4 million and RMB0.8 million as other income and gains in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. However, the timing, amount and conditions of government economic incentives are within the sole discretion of governmental authorities. In addition, governmental authorities may require us to perform certain contractual obligations or satisfy other requirements. However, there can be no assurance that we could fully satisfy these conditions or perform such obligations, and it is possible that such governmental authorities may stop subsidizing us or require us to return certain subsidize. Any reduction, elimination, repayment or other negative trend in economic incentives resulting from our failure to perform such obligations could adversely affect our business, financial condition, results of operations and prospects.

Damage to our brand image and corporate reputation could materially and adversely impact our business.

We believe our brand image and corporate reputation will play an increasingly important role in enhancing our competitiveness and maintaining our growth. Many factors, some of which are beyond our control, may negatively impact our brand image and corporate reputation if not properly managed. These factors include our ability to provide superior solutions and satisfactory services to our customers, successfully conduct marketing and promotional activities, manage relationships with and among business partners, manage complaints and negative publicity, and maintain a positive perception of our Company, our peers and our solutions in general. Any actual or perceived deterioration in the quality of our solutions, which is based on an array of factors including customer satisfaction, number of complaints as well as number of accidents, may subject us to damages, including the loss of important customers. Any negative publicity against us or our peers may harm our corporate reputation and may result in changes to government policies and the regulatory environment. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and grow our customer base and our business and our growth prospects may be adversely affected.

Any unexpected disruption at our production facilities could materially and adversely affect our business, results of operations and financial condition.

Our ability to meet the demand of our customers and grow our business relies on the efficient, proper and uninterrupted operation of our production plan and a constant and sufficient supply of utilities. In the event of earthquake, fire, drought, flood or other natural disaster, political instability, riot or civil unrest, extended outage of critical utilities or transportation systems, terrorist attack or other events that limit or disrupt our ability to operate our production facilities, we may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses, exceeding our insurance coverage to repair or replace any damaged equipment or facility. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, results of operations and financial condition.

RISK FACTORS

We may face cybersecurity risks with respect to, and our business operations could be harmed by real or perceived material defects or errors in, operational systems, infrastructure, and integrated software in our robotic solutions.

We may face various cybersecurity threats, including threats to our technology system and infrastructure, including attempts to compromise proprietary information, and ransomware attacks. While the cyber threat landscape is ever-changing, the current risks may be heightened by ongoing tensions with various nation state threat actors. Threats to our information technology assets, network, and data stored therein, are increasingly diverse and sophisticated. The commercial products we use, our servers, and other assets, along with those of our third-party service providers, are vulnerable to cybersecurity threats, including zero-day attacks, malware, phishing and spoofing exploits, denial-of-service attacks, compromise of physical assets, insider theft or misuse or mistake, and similar disruptions. We may not be able to successfully guard against every threat or mitigate the resulting risks. A successful cyber-attack could lead to interruptions, delays, loss of critical data and require large expenditure to investigate and remediate. This could, in turn, adversely affect our business, our financial condition, and damage our reputation.

The technologies underlying our operational systems, infrastructure, and integrated software in our robotic solutions are inherently complex and may contain defects or errors, particularly when new features or functionalities are released. There can be no assurance that our existing solutions will not contain defects or errors. Any real or perceived errors, failures, vulnerabilities, or bugs in our services or products could result in negative publicity or lead to performance issues, all of which could harm our business.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results, and our exchange, return, and warranty policies may adversely affect our results of operations.

We may be subject to claims if our robotic products are involved in accidents. Similarly, our customers could be subject to claims as a result of such accidents and bring legal claims against us. In addition, if lawmakers or governmental agencies were to determine that the use of our robotic products increased the risk of injury to all or a subset of our customers, they may pass laws or adopt regulations that limit the use of our products or increase our liability associated with the use of our products or that regulate the use of or delay the deployment of robotic technologies in manufacturing. Any of these events could adversely affect our brand, relationships with customers, operating results or financial condition.

Our policy generally allows products with defects to be returned and exchanged by our customers, and we typically offer a standard one-year warranty on our robots. In addition, we could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Any negative publicity related to the perceived quality of our products could affect our brand image, partner and customer demand, and adversely affect our operating results and financial condition. Also, warranty, recall and product liability claims may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting and adversely affect our business and operating results. We may be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve the customer experience of our solutions and help retain and acquire customers, we may be subject to additional costs and expenses which we may not recoup. We cannot assure you that our return, exchange and warranty policies will not be misused by our customers, which may significantly increase our costs and may adversely impact our business and result of operations.

RISK FACTORS

Disruptions and delays in local and global supply chains and logistics could have a material and adverse impact on our business operations.

We rely on the timely supply of robotic components and other parts to carry out our manufacturing plans as scheduled. Any delays or disruptions in supplies from our suppliers, may have a material and adverse impact on our ability to meet the market demands and our marketing and sale of our solutions. In addition, any disasters or unanticipated catastrophic events could disrupt our transportation channels and impair the operations of our suppliers, and impede our ability to manufacture and deliver our products to customers in a timely manner. Any disruption or delay in our production and product and services delivery in the future could have an adverse impact on our ability to produce sufficient quantities of products and our ability to meet the needs of our customers. In such cases, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We face risks associated with conducting business internationally and will continue to be subject to such risks as we expand our business overseas.

Sales to our customers outside of Chinese mainland, such as Japan, Vietnam, Thailand, Taiwan, China and Hong Kong, China, accounted for 12.5%, 24.1%, 25.3%, 18.3% and 67.9% of our total revenue in 2023, 2024, 2025 and the four months ended April 30, 2025 and 2026, respectively. Expanding our global footprint and growing overseas sales is an important part of our future growth, but these efforts may not be successful. Overseas operations are subject to a number of risks, including but not limited to: foreign exchange control and exchange rate fluctuation; political and economic instability, and international terrorism; global or regional health crises, such as health epidemics and outbreaks; potential for violations of anti-corruption laws and regulations, such as those related to bribery and fraud; laws and business practices favoring local competition; increased risk in managing inventory; increased risk in collecting trade receivable; less effective protection of intellectual property; difficulties and costs of staffing and managing foreign operation; and changes in local tax, import and export laws and tariffs and customs duty laws in the enforcement, application or interpretation of such laws.

The occurrence of any of these risks could materially and adversely impact our overseas expansion and consequently our business, operating results and financial condition. We expect we will continue to be subject to those risks as conducting our business internationally.

We are subject to anti-corruption, anti-bribery, governmental economic sanctions, and other laws and regulations.

We are subject to anti-corruption, anti-bribery, economic and trade sanctions laws and other relevant laws and regulations in various jurisdictions. For example, U.S. economic sanctions prohibit the provision of certain products to countries, governments, and persons targeted by U.S. sanctions. United Kingdom financial sanctions and European Union sanctions also have similar regime to prohibit the provision of certain products to countries, governments and persons on their respective target list. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws and regulations if our processes or systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material and adverse effect on our reputation, business, financial condition, results of operations and prospects. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such

RISK FACTORS

laws and regulations, which may result in adverse media coverage, investigations, severe administrative, civil and possibly criminal sanctions, penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition, results of operations and prospects.

Geopolitical tensions could negatively affect our business operations and results of operations.

Our business and operations may be affected by geopolitical tensions and the resulting unfavorable government policies on international trade, including export control, increased tariffs, retaliatory measures, investment restrictions, or capital controls. These may reduce demand for our solutions, impair our competitive position, or prevent us from marketing our solutions in certain jurisdictions. In recent years, there has been a deterioration in the relationship between China and the United States which has resulted in intense potential conflicts between the two countries in trade, technology and other areas, and this has led to greater uncertainties in the geopolitical situations in other parts of the world affecting China and Chinese companies. Export controls, economic and trade sanctions have been threatened and/or imposed by the U.S. government on a number of Chinese technology companies, a few number of which are existing or potential customers and/or suppliers to us. The United States has also threatened to impose further export controls, sanctions, trade embargoes, and other heightened regulatory requirements on China and Chinese companies. These have raised concerns that there may be increasing regulatory challenges faced by or enhanced restrictions on China and other Chinese technology companies, including us, in a wide range of areas such as chips, data security, emerging technologies, “dual-use” commercial technologies and applications that could be deployed for surveillance or military purposes, import/export of technology or other business activities.

In addition, trade tensions between China and the United States intensified in 2025, resulting in a series of reciprocal tariff measures and heightened uncertainty in bilateral trade. Early in 2025, the United States announced a series of tariff increases on imports from China. In response, China also raised tariffs on U.S. goods including energy, agricultural, and industrial products. At the peak of escalation, tariff rates reached historically high levels, significantly increasing the cost of cross-border trade. While discussions and negotiations on tariffs between the United States and China are ongoing, there is no guarantee both sides can reach an agreement, which has resulted in great uncertainties on exports to and trades with the United States. These developments have created volatility in global supply chains, disrupted pricing stability, and contributed to broader economic uncertainty. We derived less than 1% of revenue from products sold to the United States during 2024 and less than 3% in 2025 and for the four months ended April 30, and nil revenue from products sold to the United States in 2023. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or terminated, such changes could materially and adversely affect our ability to access the U.S. market. For example, higher tariffs could raise our effective cost of exporting products to the United States, reducing margins or requiring us to absorb additional expenses. Higher tariffs may also force us to increase prices, which could make our products and solutions less competitive compared to local or non-Chinese suppliers to customers in the United States. Any of these occurrences could have an adverse effect on our business, financial condition and results of operations. In addition, future actions or escalations by either the United States or China that affect trade relations may cause global economic turmoil and potentially have a negative impact on our business.

We could be adversely affected as a result of our operations and sales to customers who are on the Entity List as administered by the U.S.

We may face export controls-related or sanctions-related or other trade-related restrictions on transactions with certain customers, business partners and other persons. In recent years, the United States has increased export controls restrictions on China through the Export Administration

RISK FACTORS

Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (“**BIS**”). In particular, the Entity List maintained by the BIS identifies foreign parties that are restricted from receiving, through export, reexport or in-country transfer, certain items subject to the EAR unless a license is obtained from BIS. Licenses and exceptions to the license requirement are rarely granted to exporters where export, re-export or in-country transfer to foreign parties on Entity List are involved. Exporting, re-exporting or transferring items subject to these export administration regulations without satisfying the licensing requirements could result in criminal and/or civil penalties.

During the Track Record Period, our Group either sold products or provided services to a total of 13 customers who are on the Entity List. The revenue recorded from such sales of products and provision of services from customers on the Entity List represented 1.68% of our total revenue in 2023, 3.02% in 2024, 6.20% in 2025 and 0.82% in the four months ended April 30, 2026. In particular, the increase in sales to Entity List customers for 2025 was primarily driven by the increased sales to Customer J, one of our existing customers. Revenue recorded from sales to Customer J for 2025 represented 5.5% of the total sales for the period. We have also sourced certain components from three suppliers who are on the Entity List and the amounts of purchases are of negligible amount. For further details of the transactions with customers and suppliers on the Entity List, please refer to “Business — Impact of International Trade, Outbound Investment and Other Trade Policies — Impact of U.S. Export Controls Laws and Regulations”. If our products become subject to the EAR in the future due to incorporation of U.S. controlled goods in the products or otherwise, we would be required to obtain the necessary export licenses to sell our products or provide our services to customers on the Entity List. However, there is a presumption of denial for such license application, and without the necessary licenses, we would not be able to continue to sell products and provide services to these customers. Further, given our significant sales to Customer J in 2025, a customer included on the BIS’s Entity List, our business is subject to heightened regulatory and commercial risks. If additional or more restrictive export control measures are imposed on Customer J, we may be prohibited from, or materially limited in, continuing to sell our products to Customer J. Such restrictions could result in a substantial reduction in our revenue from Customer J and there is no assurance that we may be able to identify and onboard alternative customers of comparable scale and demand in a timely manner. As a result, our business, operations and financial conditions may be adversely impacted.

In addition, export controls restrictions and similar or more expansive restrictions or sanctions that may be imposed by the United States or other jurisdictions in the future may adversely affect our ability to work with certain existing and future customers and business partners, which would adversely impact our business. Furthermore, our association with customers or business partners that are or become subject to U.S. regulatory scrutiny or export controls- or sanctions-related restrictions could subject us to actual or perceived reputational harm among current or prospective investors, suppliers or customers, other parties doing business with us, or the general public. Any such reputational harm could result in the loss of investors, suppliers or customers, which could adversely impact our business, financial condition or prospects.

Any further escalation in trade or other tensions between the United States and China or news and rumors of any escalation, could introduce uncertainties to China’s economy and any severe or prolonged slowdown in the global economy may materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

The U.S. government’s new China-focused Outbound Investment Program may adversely affect our business, financial condition, and results of operations.

On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the “ANPRM”) providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the “Final Rule”). The Final Rule became effective on January 2, 2025. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the “COINS Act”) was passed by the U.S. congress and became law. The COINS Act directs the U.S. Secretary of the Treasury to issue regulations restricting United States outbound investments in countries of concern involving certain technologies and will supersede the Final Rule. It was instructed that the regulations implementing the relevant provisions of the new law will be issued within 450 days of its enactment (i.e., before March 2027). The Final Rule remains in effect until the regulations implementing the COINS Act are issued.

The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductor and microelectronics, (ii) quantum information technologies, and (iii) AI systems, collectively defined as “covered foreign persons.” U.S. Persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “covered transactions,” and include acquisitions of equity interests that are not yet publicly traded, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

As we are a joint stock company established in the PRC, we are considered “a person of a country of concern” under the Final Rule. In addition, because our business involves developing AI systems that are intended by us to be used for the control of robotic systems (which is an activity described in the definition of “notifiable transaction”), we are likely to be deemed a “covered foreign person” under the Final Rule. Please refer to “Business — Impact of International Trade, Outbound Investment and Other Trade Policies — Impact of Outbound Investment” for further details. U.S. persons who engage in a “covered transaction” (each as defined under the Final Rule) that involves the acquisition of our equity interests may need to make notifications pursuant to the Final Rule, but the acquisition of publicly traded securities (such as our publicly traded H Shares) is currently exempted from the scope of covered transactions under the Final Rule if the requirements for the exemption are met. After this [REDACTED], the Final Rule could limit our ability to raise capital from U.S. investors through issuances of equity or contingent equity interests that are not “publicly traded securities.” In addition, relevant laws, regulations and policies continue to evolve, and there is substantial uncertainty as to how the COINS Act will be implemented, including whether the regulations to be issued under the COINS Act will continue to make the current exemptions available. Any potential amendments to the Final Rule or the introduction of similar regulations, including regulations implementing the COINS Act, may further restrict our ability to raise capital. A material and adverse impact on our ability to raise capital could be detrimental to our business, financial condition and prospects. In such case, the value of our H

RISK FACTORS

Shares may significantly decline, or in extreme cases, become worthless. Potential U.S. investors shall consult their own counsel with respect to their participation in this [REDACTED] and their obligations under applicable rules and regulations at the time of investment.

Fluctuations in changes in fair value of financial assets measured at fair value through profit or loss may adversely affect our financial results.

We recorded financial assets at fair value through profit or loss (“FVTPL”) of RMB17.0 million, RMB80.6 million and RMB40.8 million as of December 31, 2024 and 2025 and April 30, 2026, respectively. Our FVTPL mainly consist of wealth management products issued by commercial banks in the PRC with variable interest rates. For details, please see “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Current Assets and Liabilities — Financial Assets Measured at FVTPL”. The fair value change of financial assets measured at FVTPL may significantly affect our financial position and results of operations. The determination of the fair value of such financial assets requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates and the stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

The cybersecurity and data security laws and regulations are subject to rapid and evolving changes, any failure or perceived failure to comply with such laws and regulations could materially and adversely affect our business, financial condition, reputation and results of operations.

Pursuant to the Measures for Cybersecurity Review (網絡安全審查辦法) (the “**Cybersecurity Review Measures**”), which became effective in February 2022, critical information infrastructure operators that purchase network products and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. In addition, network platform operators holding personal information of over one million users shall also apply for a cybersecurity review before listing in a foreign country. Given that the expression used in the Cybersecurity Review Measures is “listing in a foreign country” rather than “offshore listing” and that Hong Kong is likely to be considered as “offshore” rather than “foreign country,” it is not likely that a listing in Hong Kong will be considered as “listing in a foreign country.” Furthermore, the governmental authorities have discretion to initiate a cybersecurity review on any data processing activity if they deem such activity affects or may affect national security.

Since we are subject to local and overseas laws relating to cybersecurity and data privacy, including the collection, use, retention, security and transfer of personal information, if we cannot meet relevant requirements under the evolving applicable laws or regulations relating to data privacy, data protection or information security or any additional tax related requirements relating to data, or any compromise of security that results in unauthorized access, use or leakage of our customers’ personal information, we could face damage in our reputation or other negative consequences, such as investigations, fines, or suspension of our business, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, complying with various laws and regulations on cybersecurity and data security could cause us to incur additional costs or require us to change our business practices, including our data practices, which may significantly distract our management’s attention and adversely affect our business.

RISK FACTORS

If we fail to comply with various environmental and fire safety-related laws and regulations, we may be subject to fines and penalties.

We are subject to national and local environmental protection and fire safety related laws and regulations applicable to us in China.

During the Track Record Period, we have not fully obtained construction permits, completed as-built acceptance filings, or fire protection filings for certain of our construction projects due to the historical legacy of the relevant lands or properties, which could subject us to administrative penalties including orders of correction and fines. We have not received regulatory inquiries and administrative penalties imposed on us during the Track Record Period and up to the Latest Practicable Date. We have conducted inquiries and interviews with the competent governmental authorities which confirmed that, in general, the failure to do so will not result in penalties against us. Based on such interviews, PRC Legal Advisor is of the view that, failure to fully obtain such permits would not have a material adverse impact on our continued use of such construction projects. If any penalties are imposed on us, our operations could be materially and adversely affected and we will incur significant costs which will negatively impact our financial performance. We cannot assure you that we will be able to obtain all the regulatory approvals for our production lines and factories construction projects in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals of such facilities may affect our abilities to develop, manufacture and commercialize our products and solutions as we plan.

We may incur additional costs to mitigate any ESG risks, 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. We monitor a wide range of indicators 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.

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 products from other companies, which may materially and adversely affect our results of operations and financial conditions.

Our risk management and internal control systems may not be adequate or effective.

We seek to improve and update our risk management and internal control systems on a regular basis. See “Business — Risk Management and Internal Control” for details. However, there is no assurance that they will be effective in safeguarding our risk management and internal control functions and fulfilling their purposes by ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. Since our risk management and internal control systems depend on effective implementation by our employees, and even though we provide relevant internal trainings in this regard, we cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and internal control procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

RISK FACTORS

Further, there can be no assurance that our employees or business partners will not engage in misconducts or omissions that could materially and adversely affect our business, financial condition and results of operations.

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

We may be subject to administrative or legal proceedings or commercial disputes from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations, and financial condition. Claims arising out of actual or alleged violations of law could be asserted against us by our customers, our competitors, governmental entities in civil or criminal investigations and proceedings, or other entities. These claims could be asserted under a variety of laws, including but not limited to product liability laws, intellectual property laws, labor and employment laws, securities laws, tort laws, contract laws, property laws, and employee benefit laws. There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming, and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive relief, and criminal, civil, and administrative fines and penalties.

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 amounts 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. Moreover, higher cost for labor and raw materials might necessitate adjustments in our pricing, potentially making our solutions less competitive in the market. Attempts to pass on increased labor costs to customers could result in reduced demand or market share loss.

We may be subject to fines and penalties as a result of non-compliance with certain PRC laws and regulations regarding social insurance and the housing provident fund during the Track Record Period.

Companies operating in China are required to participate in various employee benefit plans, including certain social insurance, housing funds, unemployment insurance, health insurance plans and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. During the Track Record Period, our PRC subsidiaries engaged third-party human resources agencies to pay social insurance premiums and housing provident funds for several employees per their request, and we did not make full social insurance and housing provident fund contribution for certain employees in strict compliance with relevant laws and regulations. We estimate that the shortfall amount that we may be

RISK FACTORS

required to contribute to social insurance and housing provident fund for these employees would be approximately RMB7.5 million, RMB9.5 million, RMB11.3 million and RMB5.3 million in 2023, 2024, 2025 and in the four months ended April 30, 2026, respectively. As advised by our PRC Legal Advisor, an employer that has not made social insurance contributions at such rate and based on such amount as prescribed by the law may be ordered to rectify the non-compliance and pay the required contributions within a stipulated timeframe and we may be liable for additional late payment penalty at a daily rate of 0.05% of the shortfalls. We estimate that in the event that we were ordered by the relevant authorities to make up for the shortfalls of social insurance contributions during the Track Record Period, the maximum late payment penalties would be approximately RMB16.6 million as of April 30, 2026. Failure to fulfill the outstanding contributions and payments within the stipulated timeframe may result in fines ranging from one to three times of the amount in arrears. Our PRC Legal Advisor has also advised us that, in the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center will order us to pay the amount within a prescribed time limit. If we fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the court for compulsory enforcement. However, no late payment fees are provided in relevant regulations for housing provident fund contributions. As of the Latest Practicable Date, we had not received any notice for payment of penalties of social insurance premium and housing provident funds from the competent authorities, nor any administrative penalty or labor arbitration application from employees for the agency arrangement with third-party human resources agencies. However, there is 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, or any of our employees would not make complaints or demand for payment for any outstanding contribution.

Furthermore, according to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law 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)》), (i) the absence of prior agreements excluding social insurance payments; (ii) our PRC Legal Advisor’s opinion that the interpretation does not expand penalty exposure or repeal existing laws, our Directors believe the aforementioned judicial interpretation would not have a material adverse effect on our business or financial results. For more information, please refer to “Business — Legal Proceedings and Compliance — Compliance” and “Regulatory Overview — Regulations Relating to Labor Contract, Social Insurance and Housing Provident Fund”.

We may need to raise additional capital in the future to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing Shareholders, including investors in this [REDACTED], will be diluted, and the terms of these securities may include liquidation that adversely affect our Shareholders’ rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

RISK FACTORS

Our leased property interests may be defective, and our right to lease the properties could be challenged due to such defects. Additionally, failure to renew our current leases or locate desirable alternatives could materially and adversely affect our business.

We lease properties for our offices and manufacturing facilities. As of the Latest Practicable Date, certain lessors have not provided the ownership certificates for our leased properties or other proof of authorizations from the property owners to sublease the properties to us, hence we cannot ensure that they have the rights or authorizations to lease such properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, we may not confirm whether the actual usage of our leased properties was inconsistent with the usage set out in such title certificate or relevant authorization documents or not, and the relevant lease agreements might be deemed unenforceable in accordance with the relevant laws and regulations. In such cases, we may not be able to continue leasing such property, and we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties and we might incur additional costs and resources to relocate relevant properties into new locations. Our Directors believe that our use of the property will not individually or collectively have a material adverse effect on our business, financial condition or results of operations. Even if we are required to vacate the property, we believe we will be able to readily find comparable property in which to relocate, and the costs and expenses we may incur for relocation will be immaterial.

Additionally, we have not registered all of our lease agreements with the relevant governmental authorities as of the Latest Practicable Date. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant governmental authority executed leases and may be subject to fines. For more information, please refer to “Regulatory Overview — Regulations Relating to Lease of Property”.

There is no assurance that we will be able to extend or renew our leases upon expiration of the current term on commercially reasonable terms or at all, and our rights to use these leased properties may be negatively affected by prior encumbrances on these properties. In any such events, we may be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

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

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had not obtained any business liability, property insurance or disruption insurance to cover our operations. We also do not maintain key-man life insurance or insurance policies covering damages to our IT infrastructure or information technology systems. We have determined that the costs of insuring against these risks and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

RISK FACTORS

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

Our business could be adversely affected by natural disasters or outbreaks of epidemics. These natural disasters, outbreaks of contagious diseases and other adverse public health developments in any market where we operate 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 be able to obtain or maintain adequate intellectual property rights protection for our products or solutions, or the scope of such protection may not be sufficiently broad.

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. 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 R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products or solutions in all such fields.

Patents may be invalidated, and patent applications may not be granted for several reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. Even if our patent applications are successfully granted, such grant may not be in a form that can provide us with meaningful protection, prevent competitors from competing with us, or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technologies, products or solutions in a non-infringing manner. Therefore, the grant of a patent application is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China. Further, the life of a patent and the protection it affords are limited. For example, from the date of application, invention patents are valid for 20 years, utility model patents are valid for 10 years, and design patents filed since June 1, 2021 are valid for 15 years. We may face competition for any approved products even if we successfully obtain patent protection once the patent life expires for such products. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and competitive position.

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

Some of our competitors have large patent portfolios and may claim that the commercial use of our products or solutions has infringed upon their patents. It might be alleged that certain features of our products or solutions fall within the claims of their patents. Our competitors may initiate legal proceedings alleging that we are infringing upon, misappropriating or otherwise violating their intellectual property rights. We cannot assure you that we or our products or solutions will not infringe any intellectual property rights held by third parties in the future. We may face claims of infringement of third parties’ proprietary rights or claims for indemnification resulting from infringement arising from our operations or the design, development and sales of our products or solutions. In addition, we may be unaware of intellectual property registrations or applications relating to our products or

RISK FACTORS

solutions or business operations that may give rise to potential infringement claims against us. There may also be technologies licensed to and relied on by us that are subject to infringement or other corresponding allegations or claims by third parties.

Companies in the robot industry may use intellectual property litigation to gain a competitive advantage. Whether a product or solution infringes upon a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may hire employees who have previously worked for our competitors or other companies in relevant industries. There can be no assurance that such employees will not use their previous employers’ proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing upon third parties’ intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could: be expensive and time-consuming to defend; cause us to pay substantial damages to third parties; forbid us from making or selling products that incorporate the challenged intellectual property; cause us to enter into royalty or licensing agreements in order to obtain the right to use a third party’s intellectual property, which agreements may not be available on terms acceptable to us or at all; or result in customers terminating, deferring or limiting their purchase of the affected products until resolution of the litigation.

Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO DOING BUSINESS IN CHINA

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

Our performance has been and will continue to be affected by China’s economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China’s economic growth. The global macroeconomic environment is facing challenges. There have also been concerns over unrest and terrorist threats. There have been concerns on the relationship between the PRC and other countries, including the surrounding Asian countries, which may potentially have adverse economic effects. The ongoing trade tensions between the United States and the PRC may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. The uncertainty surrounding Trump Administration’s tariff policy on China’s economy has created significant apprehension among global markets, as the potential for retaliatory measures and disrupted trade flows could have far-reaching economic consequences. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. While China’s economy has experienced significant growth in the past few decades, growth has been uneven across different regions and economic sectors and it has shown slower growth since 2012 compared to the previous decade and the trend may continue. Any severe or prolonged slowdown in the global or China’s economy may materially and adversely affect our business, results of operations and financial condition. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

RISK FACTORS

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

You should assess the legal protections you are entitled to under legal system in China.

The legal system in China is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have limited precedential value. The laws and regulations in China are subject to further revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. Therefore, you should assess the legal protections you are entitled to under legal system in China.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas listings issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (which came into effect on March 31, 2023) and relevant supporting guidelines (the “**Overseas Listing Trial Measures**”). The Overseas Listing Trial Measures are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC (“**PRC domestic companies**”) and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Trial Measures lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. The Overseas Listing Trial Measures stipulate that such issuer shall fulfill the filing procedures within three working days after it makes an application for [REDACTED] and [REDACTED] in an overseas stock market.

According to the Overseas Listing Trial Measures, we, as a PRC domestic company seeking to issue and list securities in overseas markets, are required to fulfill the filing procedure with the CSRC within three working days after submitting the application documents to the overseas supervisory authorities and report relevant information. For details, see “Regulatory Overview — Regulations Relating to Overseas Securities Offering” in this document.

The Overseas Listing Trial Measures may subject us to additional compliance requirements in the future, and we cannot assure you that we will be able to get clearance of our filing procedures under the Overseas Listing Trial Measures on a timely basis, or at all. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our ability to continue to sell our securities to investors, cause significant disruption to our business operations, and severely damage our reputation, which could affect our financial condition and results of operations and cause our securities to decline in value or become worthless.

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

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other

RISK FACTORS

requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this [REDACTED] or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [REDACTED] from the [REDACTED] into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

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

We are a company incorporated under the laws of the PRC and our assets and subsidiaries are located in the PRC. Most of our Directors and senior management reside within the PRC. The assets of these Directors and senior management are also mostly located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon most of our Directors and senior management outside the PRC. In addition, you may also experience difficulties in enforcing judgments due to lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

Additionally, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

We are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) (“SAFE”), but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

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, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividend to Shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial performance and business prospects may be affected.

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

The PRC Enterprise Income Tax (“EIT”) Law imposes a tax rate of 25% on PRC resident business enterprises. We were entitled to preferential corporate income tax rate of 15% during the Track Record Period, as we were approved as high-tech enterprises. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities

RISK FACTORS

may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with Chinese mainland tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to Chinese mainland tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment and legal framework can vary significantly across jurisdictions and that regulations regarding various taxes, including but not limited to corporate income tax and import duties, are highly complex, our overseas operations and expansion may expose us to risks associated with overseas tax laws, regulations and policies. Additionally, as we sell our robotic solutions to various non-domestic markets, the intricacies of import duty regulations can lead to disputes when exporting products, as interpretations and applications of such rules may differ between countries. In such cases, we will be subject to fines or other penalties, which may not always have merit. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the Ministry of Finance of the PRC (中華人民共和國財政部) (the “MOF”) and the State Taxation Administration of the PRC (中華人民共和國國家稅務總局) (the “SAT”) on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the Individual Income Tax Law of the PRC and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票

RISK FACTORS

所得繼續暫免徵收個人所得稅的通知》)(Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the PRC EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC EIT at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval.

The applicable PRC tax laws and regulations, as well as the interpretation and application of existing applicable PRC tax laws and regulations may be evolving and subject to change. New taxes may be imposed which may materially and adversely affect the value of your investment in our H Shares.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit as determined under PRC GAAP or HKFRS Accounting Standards, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. According to the Company Law of the PRC, after making up losses and appropriation of statutory reserves, we may distribute after-tax profits.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which may significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under HKFRS Accounting Standards in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as

RISK FACTORS

determined under HKFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

There has been no prior public market for our H Shares and the liquidity and market price of our H Shares may be volatile.

Prior to the completion of the [REDACTED], there has been no public market for our H Shares. There can be no guarantee that an active [REDACTED] market for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] may not be indicative of the price at which our Shares will be traded following the completion of the [REDACTED]. The market price of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

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

The [REDACTED] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese mainland that have listed their securities in Hong Kong may affect the volatility in the price of and [REDACTED] volumes for our H Shares. A number of Chinese mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share price of some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese mainland-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. Pursuant to the applicable PRC law, within one year following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and trading volume of the H Shares in the short-term following the [REDACTED] may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material and adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

RISK FACTORS

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of our H Shares is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of our H Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. To expand our business, we may consider [REDACTED] and [REDACTED] additional shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional shares in the future at a price that is lower than the net tangible asset value per Share at that time.

There can be no assurance that we will declare and distribute any dividends in the future.

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in many aspects from the calculation under HKFRSs. In addition, as stipulated by our Articles, distributable profits are recognized as our after-tax profit determined under PRC GAAP or HKFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, our Company and our subsidiaries may not be able to pay a dividend in a given year if our Company or our subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under HKFRSs. See “Financial Information — Dividends” for details of our dividend policy.

There can be no assurance that we will declare and distribute any dividends in the future. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as they may deem relevant, and subject to the approval at a Shareholders’ meeting. We may not have sufficient or any profits to enable us to distribute dividends to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interest of our other Shareholders.

Immediately upon the completion of the [REDACTED], our Controlling Shareholders will continue to have significant influence over our business and affairs, including decisions of mergers and acquisition, disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. There may be a conflict between the Controlling Shareholders, interests and your interests. In addition, without the approval of the Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

RISK FACTORS

Certain statistics contained in this document are derived from a third-party report and publicly available official sources, and information and statistics from official governments have not been independently verified.

This document, particularly the section headed “Industry Overview”, contains information and statistics in China and internationally. Such information and statistics have been derived from various official governments and other publications and from a third-party report commissioned by us. We believe that the sources of such information are appropriate and we have taken reasonable care in extracting and reproducing such information. The information and statistics from official governments have not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers or representatives or any other persons or parties involved in the [REDACTED], and no representation is given as to their accuracy. You should therefore not place undue reliance on such information. In any event, you should consider carefully the importance placed on such information or statistics.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional press and media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media coverage and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.