An [**REDACTED**] *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 business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our H Shares could decline and you may lose all or part of your* [**REDACTED**]. *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 RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to continue to research and develop or effectively respond to the evolving technology and market dynamics of the AMR solution industry, our business and financial condition, results of operations and prospects would be materially and adversely affected.

The AMR solution industry is characterized by constant changes and developments, including rapid technological evolution, frequent introductions of new products and services, continual shifts in customer demands and constant emergence of new industry standards and practices. Over the years, the AMR solution industry has undergone a dramatic transformation, driven by breakthroughs in leading technologies in perception, navigation and autonomous coordination technologies. Customers demand solutions that not only map complex layouts in real time, but also adapt quickly to new workflows, safety protocols and complex warehousing environments. AMR companies must evolve their technologies and offerings quickly, and only those who can iterate their research and development roadmaps will meet the expectations of today's AMR solution industry. We believe our future success depends on continuously enhancing our proprietary AMR technology platforms — such as Robot Matrix, Geek+ Software Suite and Hyper+ Core Algorithms — to keep pace with the rapid evolution in SLAM navigation, multi-sensor fusion and scheduling technologies. See "Business — Our AMR Technology – Key Components." Therefore, our success will depend, in part, on our ability to constantly anticipate the emergence of new technologies, standards and practices and assess their market acceptance and application and respond to these changes and developments in a cost-effective and timely manner.

Our R&D efforts is part of our long-term growth strategy and is key to our success. Looking forward, one of our key R&D focuses is on enhancing our solution's adaptability through the integration of intelligent software modules and technology, enabling AMRs to dynamically adjust to complex workflows and evolving operational needs. For instance, we intend to design our AMRs to have the capabilities to address performance issues before they arise, minimizing downtime and ensuring higher efficiency for customers across different sectors. See "Future Plans and Use of [**REDACTED**]." We will need to continuously improve and commercialize new market-pioneering technology solutions and platforms in the fields of AMR to address evolving customer needs and to compete against market participants effectively. If we fail to research and develop, our established position in the global AMR solution market could be damaged, which in turn would materially and adversely affect our business, financial condition, results of operations and prospects.

We continued to make substantial investments in R&D development, reflecting our commitment to innovation and our efforts to enhance product development and protect intellectual property. However, we may not be able to leverage new technologies effectively or adapt our products and services to meet customers' needs or emerging industry standards, and the approach of our technological developments might not align with the market trends and demands. Our investments in R&D, which could be costly, may not generate the anticipated economic benefits in the near term, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected. For instance, we intend to integrate new technologies into AMR solutions, including to achieve seamless, intuitive collaboration between workers and AMRs by equipping robots with cognitive capabilities. See "Future Plans and Use of [**REDACTED**]." However, we may not achieve these anticipated objectives due to technical challenges, insufficient budgets, unexpected safety or compliance issues, or resource constraints that delay development or prevent full realization of these technologies. If we are unable to keep up with the technological developments or if new technologies render our technologies, solutions or services obsolete, customers may no longer be attracted to our solutions and services, which could cause material adverse impact on our business and financial performance.

We operate in a fast-changing and competitive market. If we fail to meet evolving customer needs or the pace of industry innovation by improving our existing AMR solutions and introducing new products and solutions in a timely and cost-effective manner, our competitive position would be impacted and our business, results of operations and financial condition may be materially adversely affected.

We primarily compete in the global AMR solution market, where success depends on the ability to develop AMRs that seamlessly navigate complex environments, adapt to dynamic workflows, and integrate with enterprises' own management ecosystems. The industry is also 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 must continue to enhance our AMRs with superior capabilities, ensuring they meet increasing expectations for precision, efficiency, and large-scale deployment.

The competitive landscape of this market is subject to ongoing evolution as it is heavily affected by the general economic conditions of such market and the competitive advancements in technology. The competitive dynamics in the global AMR solution market evolve as quickly as customer automation budgets and technology breakthroughs. While building a reliable AMR platform requires deep expertise robotics, perception and motion planning, creating high technical barriers to entry, there will be evolving uncertainties over the competitive nature of these markets as new entrants may establish themselves. We also face fierce competition from other technologically advanced AMR providers whose activities directly affect and shape the pace of competition. Under this global competitive environment, the global AMR solution market is particularly competitive, and the demand for AMR solutions can changes quickly and sharply with new budget cycles or breakthroughs. Factors affecting competition include, among others, advancements in AI-driven autonomy, real-time environmental mapping, multi-sensor fusion, and adaptive path planning; interoperability with customers' existing automation infrastructure; product quality and safety; product pricing; sales efficiency, manufacturing efficiency, government support, policy tailwind, quality of services and branding. Manufacturing precision, supply chain resilience, and proprietary algorithm optimization also shape competitive positioning of AMR companies. Increasing competition may lead to, among other things, lower product unit sales, decreased pricing and phase-out of government subsidies.

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 over our existing and any new competitors. Maintaining a competitive position in the AMR industry requires continuous innovation in navigation algorithms, real-time environmental perception, multi-sensor fusion, and adaptive decision-making. Our business and future operating results will also depend on our ability to upgrade existing AMR solutions and underlying technology platforms and introduce new ones that incorporate the latest technological advancements to satisfy evolving demands, including customer, regulatory and safety requirements. The industry is shaped by rapid technological shifts, such as advancements in edge computing and human-robot collaboration. To remain a leader, we must anticipate emerging technologies, assess market readiness, our success will depend, in part, on our ability to respond to these changes and strategically invest in research and technology accordingly in a cost-effective and timely manner. We need to develop expertise across different industry sectors and constantly anticipate the emergence of new technologies and assess their market acceptance. We must continue to accurately forecast customer demand in AMR solutions in order to design and develop technology platforms that can meet customer needs.

In fast-paced industries subject to rapid technological change, as enterprises demand AMRs with greater autonomy, precision, and integration capabilities, our technology platforms and algorithms must be continually updated to remain competitive in the market to continually deliver effective solutions to our customers. If our AMR solutions do not meet rising expectations, such as interoperability with customers' existing warehouse management systems, advanced perception capabilities, or compliance with evolving safety standards and increasing level of demands from our customers, our customers may not incorporate them into their operations, which will reduce the demands for our AMR solutions unless we invest additional resources to cater to such customers' specific demands. We must continue to make investments in research and development, while improving our business capabilities in areas such as intellectual property and customer service. We cannot assure you that our strategic direction will result in innovative AMR solutions that provide value to our customers. For details, see "— We have been and intend to continue investing heavily on our R&D and such investments may not generate the results we expect to achieve." If we are unable to effectively develop our technology platforms, launch new products and solutions, or keep pace with rapid technological and industry changes, our competitive position would be impacted and our business, results of operations and financial condition could be materially adversely affected.

We cannot ensure that there will be sufficient future market adoption of our AMR solutions to drive our continued growth, nor can we ensure that industry developments as well as market acceptance of AMR solutions will develop in our favor.

The current global AMR solution market represents a significant opportunity for our AMR solutions. The global AMR solution market expanded from RMB13.3 billion in 2020 to RMB38.7 billion in 2024, representing a CAGR of 30.6%. As more companies acknowledge the value of AMRs in enhancing efficiency, reducing costs, and improving service quality, there is a growing willingness to invest in these technologies. According to the same source, the penetration rate of AMR solutions within the overall warehouse automation sector increased from 4.4% in 2020 to 8.2% in 2024 and is expected to reach 20.2% by 2029, establishing AMR solutions as an indispensable force in warehouse automation. However, there is considerable uncertainty over the future market sizes and the rate at which these markets will grow. Although we have successfully grown demand for our AMR solutions thus far, this is dependent on the trend toward the AMR solutions as key component of the warehouse automation industry. Therefore, our growth is highly dependent upon the worldwide adoption by end customers of AMR solutions in warehouse fulfillment and industrial material transport. Businesses and end customers have demonstrated increasing demand to reduce labor costs, minimize errors, and improve overall efficiency, leading to growing interest in AMR solutions. However, this interest in our industry is dependent on general economic development, particularly in advanced industrialized economies.

We have observed a growing interest in AMRs across various industries, driven largely by advancements in technologies, as well as the increasing emphasis on automation to optimize operational efficiency. However, should there be a deceleration in the market interest in the AMR solutions, or if organizations delay the adoption of solutions, the growth of our business may be constrained, potentially impacting our financial performance. Additionally, should regulatory frameworks for AMR solutions become overly stringent, creating barriers to entry or operational hurdles, there may be a decrease in the adoption of AMRs. This could negatively affect the demand for our AMR solutions, as customers may be reluctant to invest in robotics technologies under such stringent regulatory conditions. In addition, broader economic or industry trends, including shifts in automation adoption or downturns in the global AMR solution industry, could adversely impact our business, results of operations, and financial condition.

We have a limited operating history, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

We commenced operations in 2015. As a result of our limited operating history, our ability to accurately forecast our future results of operations is subject to a number of uncertainties such as our ability to plan for and model future growth. Our business has grown substantially in recent years, and we expect continued growth in our business, revenues and talent pool. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. We cannot assure you that we will be able to achieve similar results or grow at the same rates as we did in the past. In future periods, our revenue growth may slow down or even decline for a number of reasons, including slowing demand for our solutions and technologies, intensified competition, material changes in technology, declining growth rate of our total addressable market, or our failure to continue to take advantage of growth opportunities. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our results of operations and financial condition could be materially and adversely affected.

As we continue to grow, we may not be able to effectively manage our growth and expand our operations, which could negatively impact our operation performance, financial condition and results of operations.

We have experienced significant growth in the past years. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

Risks that we face in undertaking this expansion include, among others:

- managing a larger organization with a greater number of employees in different geographic locations;
- managing our supply chain to support fast business growth;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding research and development, sales and service facilities;
- implementing and enhancing administrative structure systems and processes;
- executing our strategies and business initiatives successfully;
- improving our operational, financial and management controls, compliance programs and reporting systems; and
- addressing new markets and potentially unforeseen challenges as they arise.

To effectively manage the expected growth of our operations, we will also be required to refine our operational, financial and management controls and reporting systems and procedures. Our current and planned staffing, systems, policies, procedures and controls may not be adequate to support our future operations. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not respond timely to competitive challenges or otherwise successfully execute our business strategies. Our product portfolio may continue to change in the future, affecting our revenue mix, and this may have an adverse impact on our profit margin. Our growth requires significant financial resources and will place significant demands on our management. If we fail to effectively manage the growth of our business and operations, our reputation, overall prospects, and results of operations could be negatively impacted.

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

We have been investing substantially on our R&D efforts. The AMR solution industry we operate in is subject to rapid technological changes and are evolving quickly in terms of technological development. We need to invest significant resources, including financial resources, in R&D to make technological advances in order to make our AMR solutions competitive in the market. As a result, our R&D capabilities will remain important to our business operations. However, R&D activities are inherently uncertain, and we might encounter practical difficulties in developing, conceptualizing and commercializing our R&D results. Our significant expenditures on R&D may not generate corresponding benefits. Given the fast pace of which the technologies of AMR solution industry have been and will continue to be developed, we may not be able to develop or upgrade our technologies in a timely and cost-effective manner, or at all. New technologies in the AMR solution industry could render our existing or future technologies obsolete or unattractive, thereby limiting our ability to recover related R&D costs, which could result in a decline in our revenues, profitability and market share.

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

In 2022, 2023 and 2024, our loss from operations was RMB804.6 million, RMB476.1 million and RMB127.6 million, respectively. During the same periods, our net loss was RMB1,567.1 million, RMB1,126.7 million and RMB831.5 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 AMR solution market and are continuously investing in research and development. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully develop new products and services. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations and invest in research and development. In addition, we expect to incur substantial costs and expenses as a result of being a [**REDACTED**]. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability.

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

Our success depends, in part, on our ability to cost-effectively attract customers to our AMR solutions, retain our existing customers and encourage these customers to continue to use our solutions. We spend on advertising, promotion and other marketing activities to acquire new end customers, and we expect our sales and marketing expenses to increase in the future in absolute amount as we continue to implement strategies to increase awareness of our brand and our AMR solutions.

While we seek to structure our marketing activities in the manner that we believe is most likely to encourage customers to purchase our AMR solutions, we may fail to identify opportunities that satisfy our anticipated return on sales and marketing expenses as we scale our investments or to fully understand or estimate the conditions and factors that drive customer behavior. If any of our marketing activities prove less successful than anticipated in retaining existing customers or attracting new end customers, we may not be able to recover such expenses and our sales results may fail to meet our expectations, either of which could have an adverse effect on our business, financial condition and results of operations. There can be no assurance that our marketing efforts will result in increased sales of our solutions. If we are unable to retain existing customers or attract new end customers, or fail to do so in a cost-effective manner, our growth could be slower than we expect, and our business, financial condition and results of operations may be harmed.

We currently generate a significant share of our revenue from our key customers.

Revenue generated from our five largest customers for each year during the Track Record Period accounted for 30.8%, 45.3% and 42.1%, respectively, of our total revenue during those respective periods. For details, see "Business — Our Customers." There exists a risk that any loss of sales from our current customers could adversely affect our revenue. In the future, these customers may decide to purchase fewer solutions than they did in the past, not to incorporate our solutions into their business, delay their purchases of our solutions, purchase solutions from our competitors, or to alter their purchasing patterns in some other way, particularly because:

- our customers may cancel, change or delay solutions purchase with us;
- our customers cannot guarantee their volume of purchase;

- although the business of AMR solutions bears high barriers to entry, some of our customers may develop their own solutions;

- our customers may purchase solutions from our competitors, particularly if there are delays or shortages in our supply chain or of our solutions; and

- our customers may discontinue sales or lose market share in the markets for which they purchase our solutions.

The occurrence of any of the foregoing factors may adversely affect our business, results of operations, and financial condition. Many of our customers are large, multinational corporations with substantial negotiating power relative to us. These large and multinational corporations also have significant development resources, which may allow them to acquire or develop independently, or in partnership with others, competitive technologies. Meeting the technical requirements of any of these companies and being selected by them for supplying AMR solutions will require a substantial investment of our time and resources. We cannot assure you that our AMR solutions will be selected by these or other companies or that we will generate meaningful revenue from the sales of our solutions to these key potential customers. If our solutions are not selected by these large corporations or if these corporations develop or acquire competitive technology, our business, financial condition and results of operations could be adversely affected. Our business could also be adversely affected if our customers are not able to settle accounts regularly or make payments on schedule. Any loss or fluctuation in their business may adversely affect our results of operations and financial condition.

If we fail to recruit, retain and motivate highly skilled personnel, or maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus that contribute to our business.

Much of our future success depends on the continued contributions of key employees, including senior management, engineers, product designers, finance and legal personnel and support service professionals, many of whom are difficult to replace. From time to time, if there are changes in our senior management team resulting from the hiring or departure of executives, the normal course of our business might be disrupted. The loss of the services of any of our executive officers, our senior management team and other highly skilled employees could harm our business.

We intend to hire additional qualified employees to support our business operations and planned expansion. Competition for qualified talent is intense. We compete with many other companies for engineers and R&D professionals with meaningful experience in designing and developing solutions, as well as for skilled marketing, operations and support service professionals, and we may not be successful in attracting and retaining the professionals we need. If we are not able to effectively hire, train and retain employees, our ability to achieve our strategic objectives may be adversely impacted and our business, financial condition and results of operations may be harmed. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. Labor costs have increased with the economic development of developing countries and labor shortage and inflation around the world. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

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

Our channel partners play an important role in expanding our geographic footprints and driving sales of our AMR solutions. In 2022, 2023 and 2024, channel partner sales accounted for 34.4%, 26.0% and 33.0% of our revenue in relation to the sales of AMR solutions, respectively. For further information on our channel partners, see "Business — Sales and Marketing — Channel Partner Sales."

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

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

We depend on our suppliers for certain essential materials, equipment and services.

For each year during the Track Record Period, our total purchases from our five largest suppliers accounted for 14.7%, 15.1% and 17.5% of our total purchase amount, respectively. The timely and cost-effective delivery of essential components and key parts is critical to our business. Maintaining strong relationships with our suppliers is essential to ensure prompt, cost-efficient deliveries, while also preserving our competitive position and negotiating leverage relative to our peers. Failure to maintain strong relationships with our suppliers could result in losing access to critical components for our solutions. This could disrupt our assembly processes and delay product deliveries. Additionally, weakened relationships may lead to higher prices, as suppliers may place less emphasis on securing cost-effective procurement for us. This, in turn, could increase our cost of goods sold and reduce our operating profit margins. Any increase in supplier prices could raise our costs. If we cannot pass these costs on to our customers, it may adversely affect our financial results. Supplier prices can be influenced by factors beyond our control, such as inflation, regulatory changes, and economic conditions. Any unfavorable changes in our relationships or the terms of our agreements with our key suppliers could significantly affect our financial condition, results of operations, and prospects.

The interruption of requisite services from suppliers may expose us to supply chain risk that could harm our business.

Delays and other problems experienced by our suppliers could negatively affect our business operations. The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. Finding and qualifying alternate or additional suppliers and vendors is often a lengthy process and can lead to production delays, interruptions to our services, or additional costs, and such alternatives are sometimes not available at all. The inability of suppliers or vendors to deliver necessary production materials, equipment, or services can disrupt our provision of required solutions and make it more difficult for us to implement our business strategy.

As our business grows, we must continue to scale and adapt our supply chain or it could have an adverse impact on our business. Therefore, we face several significant risks which could have an adverse effect on our ability to meet customer demand, scale our supply chain and/or negatively impact our business operations and/or financial results, including:

- any accidents and natural disasters faced by our suppliers at their facilities;
- bankruptcy or challenges of financial solvency faced by our suppliers;
- a failure by our suppliers to procure raw materials or to provide or allocate adequate, or any, manufacturing or test capacity for our processing hardware;
- a failure by our suppliers to develop, obtain or successfully implement technologies;
- a lack of direct control over delivery schedules or quantity and quality of our processing hardware; and
- delays in processing hardware and materials shipments, shortages, a decrease in processing hardware quality and/or higher expenses in the event our partners prioritize our competitors' orders over our orders or otherwise.

Moreover, we face uncertainty in the continuation of these relationships if our suppliers ever choose to not partner with us and instead form collaborations with our competitors. The foregoing possibilities could reduce our ability to successfully execute our business strategy and create competitive, appealing and user-friendly AMR solutions for our customers. In particular, our AMR solutions may become less attractive in the market if we lose partner relations that have improved their user experience and functionalities. It may be necessary in the future to renegotiate agreements relating to various aspects of these collaborations or business partnerships. The uncertainty of our business relations and the possibility of competitive conditions leading to unfavorable outcomes may have a material adverse impact on our business operations, results of operations, and financial condition.

Although we strive to diversify our supplier network and localize our overall supply chain, finding alternate or additional suppliers is often a lengthy process and can lead to production delays, interruptions to our services, or additional costs, and such alternatives are sometimes not available at all. The inability of suppliers to deliver necessary production materials, equipment, or services can disrupt the production processes of our orders and make it more difficult for us to implement our business strategy. Our suppliers may periodically extend lead times, face capacity constraints, limit supplies, increase prices, experience quality issues, or encounter cybersecurity or other issues that can interrupt or increase the cost of our supply and services. Production of our orders can be disrupted by the unavailability of resources. The unavailability or reduced availability of materials or resources would require us to reduce production or incur additional costs, which would harm our business, results of operations and financial condition.

Moreover, given that we use several materials and services and rely on several suppliers and vendors, but do not directly control the procurement or employment practices of such suppliers and vendors, we could be subject to financial or reputational risks as a result of our suppliers' and vendors' conduct. To the extent we are unable to manage these risks, our ability to timely supply competitive solutions will be harmed, our costs will increase, and our business, results of operations and financial condition would be adversely affected.

Our net current liabilities and net liabilities may expose us to certain liquidity risks.

As of December 31, 2022, 2023 and 2024, we recorded net current liabilities of RMB4,468.0 million, RMB5,576.6 million and RMB6,475.8 million, respectively. For a more detailed discussion of our net current liabilities, see "Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position." Net current liabilities and net liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. Our future liquidity, the payment of trade and other payables when they become due, will primarily depend on our ability to generate adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future operating and financial performance, the performance of the industry in which we operate and prevailing economic and capital market conditions, among other factors, many of which are beyond our control.

If we do not maintain sufficient working capital to meet future financial needs by ourselves, we may need to resort to external funding. Our inability to obtain additional external financing on a timely basis and on acceptable terms, or at all, may force us to abandon or delay our development and expansion plans, and our businesses, financial positions, and results of operations may be materially and adversely affected.

We experience seasonal fluctuations in our sales.

Our sales are affected by seasonal fluctuation due to customer purchasing practices, extended project implementation timelines, and the timing of revenue recognition. The seasonal ordering trends often result in a higher volume of orders in the fourth quarter, with corresponding revenue typically recognized in the second half of the following year, after project completion and customer acceptance. Moreover, collaboration with end customers often leads us to achieve timely project acceptance and completion toward year-end, further contributing to the seasonal revenue pattern. There is no assurance that our end customers' purchase orders and delivery will be consistent with our expectations over each season. Accordingly, our results of operations may vary from period to period. If we cannot effectively plan our production and delivery schedules and secure purchase orders from end customers during non-peak seasons, our business, financial condition and results of operations may be adversely affected.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material and adverse impact on our business, reputation, and liquidity position.

As of December 31, 2022, 2023 and 2024, we recorded contract liabilities of RMB852.4 million, RMB914.1 million and RMB610.7 million, respectively. These amounts reflect an ongoing growth in customer prepayments, which are generally made in advance of the full delivery of our solutions. Failure to meet our obligations related to these contract liabilities could have significant adverse impact on our business, operations, financial position and reputation. If we fail to deliver solutions on time or meet customer expectations, it may result in the inability to recognize the expected revenue, which could significantly impact our financial performance. A failure to deliver solutions on time, or to meet customer expectations, could also lead to claims for refunds, penalties, or the termination of contracts, which could in turn materially and adversely impact our business, reputation, and liquidity position.

We are exposed to changes in the fair value of our financial assets measured at fair value through profit or loss.

Our results of operations are affected by changes in the fair value of our financial assets measured at fair value through profit or loss. As of December 31, 2022, 2023 and 2024, our financial assets measured at fair value through profit or loss were nil, RMB51.1 million and nil, respectively. Fair values are determined based on cash flow discounted using the expected return determined based upon observable market inputs. Factors beyond our control, such as general economic conditions, changes in market interest rates, and the stability of capital markets, can significantly influence and cause adverse changes to these market-observable data, thereby affecting the fair value of such financial assets. Any of these factors could cause our estimates to vary from actual results, materially and adversely affecting our results of operations and financial condition.

We may be subject to risks associated with AMR-related technologies that are highly complex and may contain defects or otherwise fail to perform in line with expectations.

The technology underlying our AMR solutions is inherently complex and may contain material defects or errors. There can be no assurance that our existing AMR solutions will not contain defects or errors. Any real or perceived errors, failures, vulnerabilities, or bugs in our AMR solutions could result in negative publicity or lead to performance issues, all of which could harm our business. It may be costly and time consuming in correcting such defects or errors. Moreover, the harm to our reputation and legal liability related to such real or perceived defects or errors may be substantial and would harm our business.

Some errors or defects in our AMR solutions may only be discovered after they have been tested, commercialized and deployed by customers, in which case we may incur significant additional development costs and product recall, repair, replacement costs or compensation. To the extent accidents associated with our AMR solutions occur, we could be subject to liability, claims, government scrutiny and further regulation. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our AMR solutions, which could adversely affect our ability to retain existing customers and attract new end customers and could adversely affect our financial results. Although we attempt to remedy any issues we observe in our AMR solutions as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not be to the satisfaction of our customers. Furthermore, accidents or defects caused by third parties' AMR solutions may negatively affect public perception, or result in regulatory restrictions, with respect to AMR-related technology.

Furthermore, any defects in or significant malfunctioning of our AMR solutions may weaken customer confidence in our AMR solutions. As the markets for AMR solutions are emerging and evolving, loss of customer confidence in AMRs could have a material adverse impact on the future of such markets in general and our business prospects in particular.

In addition, the success of our AMR solutions depends on our successful development of algorithms, and processing efficiencies of our processing hardware, and there is no assurance that we can effectively develop our algorithms or improve efficiencies of our processing hardware to maintain our competitiveness. Failure to deliver constant algorithm innovation may adversely affect our business, financial condition and results of operations. In addition, the performance level of advanced and sophisticated algorithms is often limited by processing efficiencies, capacity and power efficiency of the processing hardware that runs the algorithms. As such, our business and financial condition depend on our ability to effectively improve the processing efficiencies and capacity of our processing hardware to meet the future development of our algorithms for AMR solutions.

Share-based payment may have a material and adverse effect on our financial condition.

To recognize the contributions of our employees and consultants and incentivize them to further promote our development, our Employee Incentive Platforms were established in the PRC in the form of PRC limited partnerships. Participants in our employee incentives have been granted limited partnership interests in these platforms as awards. For details, see "History, Development, and Corporate Structure — Employee Incentive Platforms." In 2022, 2023 and 2024, we incurred equity-settled share-based payment expenses of RMB14.2 million, RMB21.0 million and RMB29.5 million, respectively. To further incentivize employees and consultants, we may grant additional share-based compensation in the future, which may increase our operating expenses and adversely affect our financial condition. In addition, the issuance of additional shares for share-based awards could dilute the ownership percentage of our existing shareholders.

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

We recorded net cash used in operating activities of RMB649.2 million, RMB477.4 million and RMB108.1 million in 2022, 2023 and 2024, respectively. For a more comprehensive discussion of our liquidity and capital resources, see "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis." We cannot guarantee that our prospective business activities and/or other matter beyond our control, such as market competition and changes to the macroeconomic environment, will not adversely affect our operating cash flow and lead to net operating cash outflows in the future. If we encounter long-term and continuous net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are exposed to credit risks related to our trade and bills receivables, and prepayments and other receivables.

We face credit risks attributable to our trade and bills receivables and prepayment and other receivables, due from our customers for goods sold or other services performed in the ordinary course of our business. Our trade and bills receivables as of December 31, 2022, 2023 and 2024 amounted to RMB373.3 million, RMB708.3 million and RMB713.6 million, respectively. In 2022, 2023 and 2024, our average trade and bills receivable turnover days were 83.1 days, 92.1 days and 107.7 days, respectively. The fluctuation and extension of trade and bills receivable turnover may have a material and adverse effect on our cash flow and liquidity position. See "Financial Information — Discussion of Certain Key Items from our Consolidated Statements of Financial Position — Trade and Bills Receivables" for details. Additionally, our prepayments and other receivables as of December 31, 2022, 2023 and 2024 amounted to RMB208.8 million, RMB226.8 million and RMB273.8 million, respectively. We have dedicated personnel responsible for trade and bills receivables, as well as prepayments and other receivables. As there is limited financial or public information on many of our counterparties, we cannot assure you that all of our counterparties are creditworthy and reputable and will not default on us in the future, despite our efforts to conduct credit assessments on them. As a result, we are exposed to risks that our counterparties may fail to fulfill their obligations to us under our contracts.

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

We must maintain and enhance our brand identity while increasing market awareness of the reputation of our business and solutions. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our solutions, attract and retain customers, maintain our current market leadership, and successfully differentiate our offerings from those of competitors. These efforts require substantial expenditures, and we anticipate expenses will increase as our market becomes more competitive and as we expand into new markets. Furthermore, these investments in brand promotion and thought leadership may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur.

In addition, adverse publicity, with or without merits, relating to events or activities attributed to us, our management, directors, employees, shareholders, business partners or their affiliates, industry, or solutions or services similar to ours, may tarnish our reputation and reduce the value of our brand. For instance, unfounded and adversarial statements or opinions could be misleading and harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Moreover, our brand value depends on our ability to provide safe solutions that meet industry standards in our markets. Damage to our reputation and loss of brand equity may reduce demand for our solutions, have an adverse effect on our future financial results, or reduce the [**REDACTED**] of our H Shares. Damage may also require additional resources to rebuild our reputation and restore the value of the brands. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

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

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

If we fail to properly manage or maintain sufficient inventory, we could lose sales or experience excess inventory levels, which could negatively affect our financials and operations.

Our inventories primarily consist of (i) finished goods, such as AMRs and related systems that are ready for sale; (ii) work in progress; and (iii) materials for our AMR solutions. Changing customer demands and uncertainty surrounding new technologies could expose us to inventory risk. Demand in AMR solution markets, particularly for AMRs could change unexpectedly, and it is possible we may not be able to procure inventories to timely serve market demands. We cannot assure you that we can accurately predict market demand to avoid under-stocking our processing AMRs and related solutions, which could cause us to lose sales, adversely affecting our business operations, results of operations, and financial condition.

To ensure adequate inventory supply, we must forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and business partners and stock inventory based on our estimates of future demand for particular AMRs. Fluctuations in the adoption of our AMRs may affect our ability to forecast our future results of operations. Our ability to accurately forecast demand for our AMR solutions could be affected by many factors, including the rapidly changing nature of the market in which we operate, the uncertainty surrounding the market acceptance and commercialization of AMR solutions, the emergence of new markets, an increase or decrease in customer demand for our solutions or for solutions of our competitors, health epidemics and outbreaks, and any associated work stoppages or interruptions, unanticipated changes in general market conditions and the weakening of economic conditions or consumer confidence in future economic conditions. As our solutions become or continue to be commercialized, we may face challenges in meeting the demands of our customers at a satisfactory rate, which would negatively affect our revenue. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of solutions available for sale.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would adversely affect our business operations and financial conditions. Conversely, if we underestimate customer demand for our solutions, we may not be able to deliver solutions to meet their requirements, and this could result in damage to our brand and customer relationships and adversely affect our revenue and results of operations.

Changes in the market for our AMR solutions may affect our pricing models and adversely affect our operating results.

Our pricing models face challenges from evolving market changes. As the market for our solutions grows, as our competitors introduce new solutions that compete with ours or reduce their prices, or as we enter into new verticals or non-domestic markets, we may be unable to attract new end customers or retain existing customers based on our historical pricing models. Given our limited operating history and limited experience with our historical pricing models, we may not be able to accurately predict customer renewal or retention. In addition, regardless of the pricing model used, certain customers may demand higher price discounts. As a result, we may be required to reduce our prices, offer shorter contract durations or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

In addition, the price of our AMR solutions depends on the bundle included in the specific solutions, and our prices vary significantly across our solutions offered. Our solutions have different margin profiles, which vary between AMR solutions depending on the amount, number and type of components that we deliver. If we adjust our business mix or fail to maintain our gross margin and operating margin for our AMR solutions, our business, results of operations and financial condition would be adversely affected.

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

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

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

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

During our business operation, we may possess business information, contract information and a limited amount of personal information from our customers, suppliers and other business partners. See "Business — Data Privacy and Security." As we expand our global presence, 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. In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information among us and our overseas subsidiaries. For instance, our operations in the United States are governed by a range of federal and state laws and regulations on data protection, storing, privacy, and information security. See "Regulatory Overview — Laws and Regulations in the U.S. — U.S.-Based Data Privacy Regulations." Several jurisdictions have enacted stringent laws governing data protection, and many others are actively considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. For instance, the European Union's General Data Protection Regulation ("**GDPR**") is one of the most comprehensive data protection laws globally. It imposes strict requirements on organizations regarding data processing, storing, transparency, and accountability, while granting individuals extensive rights over their personal data. See "Regulatory Overview — Laws and Regulations in Germany — Regulations on data protection." Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices.

Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others. In addition to reputational impacts, penalties could include ongoing audit requirements and significant legal liability. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data and personal information, including through the use of encryption and authentication technologies. For example, we must implement data storage strategies and compliance measures, which could increase operational costs to meet data storage regulations across different jurisdictions. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities. Our failure to safeguard data security and privacy may also harm our market reputation and relations with our customers or business partners.

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

The global AMR solution industry and the industry sectors in which we provide our AMR solutions are subject to the regulatory oversight of a number of governmental authorities, including but not limited to the National Development and Reform Commission of China.

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

We may not be able to adequately protect or enforce our intellectual property rights throughout the world, and our efforts to do so may be costly.

We rely on proprietary technology, and we are dependent on our ability to protect such technology. If we are not able to adequately protect or enforce the intellectual property rights relating to our AMRs and other technologies, competitors could be able to access and use them, and our operations and financial condition could be adversely affected. We currently attempt to protect our technology through a combination of patent, copyright, trademark and trade secret laws, employee and third-party nondisclosure agreements and similar means. Despite our efforts, other parties may unintentionally or willfully disclose, obtain or use our technologies or systems. Software piracy has also been, and is expected to be, a persistent problem for the software industry. Despite the precautions we have taken, unauthorized third parties, including our competitors, may be able to copy certain portions of our software solutions or reverse engineer or obtain and use information that we regard as proprietary. Our competitors may also be able to independently develop similar or superior products, software or solutions without copying our proprietary software or other technology or design around our patents. Further, we may not have adequate intellectual property rights in certain proprietary technology in jurisdictions that are important to the business or that one day may become important to the business where we do not currently own any issued or applied-for patents. In addition, the laws of some foreign countries do not protect our intellectual property rights as fully as do the laws of other countries, and our ability to protect our intellectual property rights will differ per jurisdiction. Last but not least, we did not adopt an aggressive or offensive global intellectual property strategy to enforce our intellectual property rights, which may expose us to greater risk of infringement by third parties.

In addition, any litigation initiated by us concerning the infringement by third parties of our intellectual property rights is likely to be expensive and time consuming and could lead to the invalidation of, or render unenforceable, our intellectual property rights, or could otherwise have negative consequences for us. We may be a party to claims and litigation as a result of alleged infringement by third parties of our intellectual property rights. Even when we sue other parties for such infringement, that suit may have adverse consequences for our business. Any such suit may be time consuming and expensive to resolve and may divert our management's time and attention from our business. Furthermore, it could result in a court or governmental agency invalidating, narrowing the scope of, or rendering unenforceable our patents or other intellectual property rights upon which the suit is based, which may seriously harm our business. Additionally, monitoring unauthorized use and disclosures of our proprietary technology, intellectual property and confidential information can be difficult and expensive. We cannot be sure that the steps we have taken will prevent misappropriation, infringement and violation of our intellectual property or proprietary rights. If we are unable to adequately protect, establish, maintain or enforce our intellectual property or other proprietary rights, our business, financial condition and results of operations may be adversely affected.

Claims by third parties for alleged infringement of their intellectual property rights and other litigations could adversely affect our business.

The industry in which our business operates is characterized by a large number of patents, some of which may be of questionable scope, validity or enforceability. As a result, there is a significant amount of uncertainty in the industry regarding patent protection and infringement, and we cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate intellectual property or proprietary rights of third parties. We could become subject to claims and litigation alleging infringement by us of third-party patents, copyrights or trade secrets. For example, in the event that we recruit employees from other technology companies, including certain potential competitors, and these employees used or alleged to have used certain know-how, technology or contents, or the participation by such employees in our research and development, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information. These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our solutions or business operations, or invalidate or render unenforceable our intellectual property rights. An adverse judgment could also result in loss of reputation or may force us to take costly remediation actions, such as redesigning our solutions. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which we are unaware, which may later result in issued patents that our solutions may infringe. If any of our solutions infringes a valid and enforceable patent, or if we wish to avoid potential intellectual property litigation on any alleged infringement of our solutions, we could be prevented from selling, or elect not to sell, our solutions unless we obtain a license, which may be unavailable or be available only at commercially unreasonable, unfavorable or otherwise unacceptable terms. Alternatively, we could be forced to pay substantial royalties or to redesign one or more of our solutions to avoid any infringement or allegations thereof. Additionally, we may face liability to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our solutions.

We also may not be successful in any attempt to redesign our solutions to avoid any alleged infringement. A successful claim of infringement against us, or our failure or inability to develop and implement non-infringing technology, or license the infringed technology, on acceptable terms and on a timely basis, could materially adversely affect our business and results of operations. Furthermore, such lawsuits, regardless of their success, could likely be time consuming and expensive to resolve and may divert management's time and attention from our business, which could seriously harm our business. Also, such lawsuits, regardless of their success, could seriously harm our reputation with our suppliers and in the global AMR solution industry at large.

Further, third parties may assert infringement claims against us, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies such as us. Any such assertion, regardless of merit, may be time consuming and expensive to resolve and result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms. In addition, as we continue to develop software solutions and expand our portfolio using new technology and innovation, our exposure to threats of infringement may increase.

Our patent applications may not be issued as patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting solutions similar to ours.

We cannot be certain that we are the first inventor of the subject matter for which we have filed a particular patent application, or if we are the first party to file such a patent application. If another party has filed a patent application covering the same subject matter as we have developed, and such application has priority against our patent application, we may not be entitled to the protection sought by our patent application, including preventing third parties from commercializing the same or similar technologies. Further, the scope of protection of patent claims may be limited or narrowed if the examining authority determines there is cause to do so, such as if claims included in the patent application cover subject matter that is ineligible for patent protection or is obvious, or are deemed to lack sufficient detail to enable practicing the invention or in the event of the existence of prior art. As a result, we cannot be certain that the patent applications that we file will result in issued patents, or that our issued patents will be broad enough to protect our technology or otherwise afford protection against competitors with similar technology. In addition, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Our competitors may challenge or seek to invalidate our issued patents, or design around our issued patents, which may adversely affect our business, prospects, financial condition or operating results. Also, the costs associated with enforcing patents, confidentiality and invention agreements, or other intellectual property rights may make aggressive enforcement impracticable.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our solutions.

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

Even if patent applications that we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

We may be subject to claims for remuneration or royalties for assigned service invention rights by our employees that result in litigation, which would adversely affect our business, results of operations and financial condition.

We face a potential risk of litigation from claims by our employees seeking remuneration or royalties for their service inventions that have been assigned to the company. Such claims, if they arise, could lead to costly and time-consuming legal disputes, diverting management attention and resources from our core operations. This could negatively impact our business and financial condition.

Moreover, adverse outcomes in these litigations could result in significant financial liabilities and harm our reputation, affecting our relationships with both current and potential employees and customers. This scenario represents a substantial risk to our operational and financial stability.

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

We generally seek to protect our proprietary information (such as trade secrets, know-how and confidential information) by entering into confidentiality agreements, or consulting, services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors, scientific advisers and third parties. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We have limited control over the protection of trade secrets used by our third-party manufacturers and partners and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors, scientific advisers and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights in certain markets where we operate may afford little or no protection to our trade secrets.

Our employees create all of our patents during their employment with us. In accordance with applicable laws, regulations, and the terms of our employment contracts, these patents are owned by us rather than the individual inventors. To address risks related to intellectual property disputes or competition following employee departures, we have implemented comprehensive policies. Our labor contracts explicitly state that service-related inventions are the property of the company, ensuring clear ownership. Additionally, we have established a reward system to recognize inventors' contributions, meeting our legal obligations while fostering innovation. As part of our offboarding process, we ensure that all intellectual property matters are resolved before an employee departs. We cannot guarantee that these measures will be effective in minimizing relevant risks, or preventing disputes or competition involving intellectual property from arising entirely.

With respect to intellectual property rights in software, we selectively register copyrights in certain circumstances. While international conventions and international treaties may provide meaningful protection against unauthorized copying of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the international conventions or international treaties. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of our proprietary rights.

We also rely on physical and electronic security measures to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to enforce our intellectual property rights.

If we are unable to protect our proprietary information and know-how, the value of our technology and solutions could be harmed significantly.

We rely on trade secrets, know-how and other proprietary information in operating our business. If this information is not adequately protected, then it may be disclosed or used in an unauthorized manner. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our AMR solutions, disputes may arise as to the proprietary rights to such information, which may not be resolved in our favor. In addition, while it is our policy to require certain of our employees, suppliers, consultants, advisors and independent contractors who may be involved in the conception or development of intellectual property rights for us to execute agreements assigning such intellectual property rights to us, we cannot guarantee that we have entered into such agreements with each party that may have developed intellectual property rights for us. Individuals involved in the development of intellectual property rights for us may make adverse ownership claims to our current and future intellectual property rights, which may compromise our ability to pursue commercial objectives that utilize our intellectual property assets. The assignment of intellectual property rights in agreements entered into by individuals involved in the development of intellectual property rights for us may not be self-executing, or the assignment agreements otherwise may be insufficient or breached, and we may not be able to obtain adequate remedies for such breaches. We may be forced to bring claims against third parties or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property rights. Additionally, to the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property rights owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition and results of operations.

The risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The unauthorized use or disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our AMR solutions and harming our ability to maintain or increase our customer base.

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

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

Our production process relies on components and raw materials that may be subject to price fluctuations or shortages.

We develop, assemble and produce a substantial amount of AMRs and certain components at our in-house facilities, and we purchase certain materials and components for our AMRs. The key components for our AMRs may be subject to price fluctuations or shortages. Any shortage in the entire robotics industry and other sectors may lead to an increase in purchase price of chips and disruption in the supply of such key components for our production process.

We may not be able to obtain adequate replacement parts for our existing production process or to obtain additional raw materials on a timely basis, or at all, or we may only be able to purchase raw materials at premium prices. Such events could have a material adverse effect on our ability to pursue our strategy, which could have a material adverse effect on our business and the value of our securities.

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

Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload. Our technology infrastructure may be vulnerable to damage or interruption caused by telecommunication failures, power loss, human error, cyber-attacks or other accidents. Despite any precautionary measures we may take, the occurrence of unanticipated problems that affect our technology infrastructure could result in interruptions in the availability of our AMR solutions and services. There is no assurance that we can respond to such interruptions in a timely manner, or at all. Such interruptions may affect the ability of customers to use cloud-based features of our AMR solutions and services, which would damage our reputation, reduce our future revenues, harm our future profits, subject us to regulatory scrutiny and lead our customers and end-users to seek alternative solutions and services.

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

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

During the Track Record Period, we sold our AMR solutions to overseas countries and we generate a major portion of revenues from such non-domestic markets. Going forward, we expect to continue our international expansion, which will subject us to the following risks, among others:

- challenges in providing solutions, services and support, in recruiting personnel in non-domestic markets, and in managing sales channels and distribution networks effectively;

- revenue fluctuation from period to period in the future due to unfavorable market conditions, intensified competition, unattractive solutions and services, downward pressure on our selling price and any other inherent risks associated with our international business operations;

- challenges in commercializing our products in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure;

- difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture or import, market and sell solutions in or to various jurisdictions;

- potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights;

- differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses;

- inability to effectively enforce contractual or legal rights; and

- changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions.

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

Our business strategies require a significant amount of capital. If we fail to obtain sufficient financing to support our business development, our business operation, financial condition, and prospects may be materially and adversely affected.

Our business and future strategy are capital intensive and require substantial investments in, among other things, R&D, increasing the production capability and promotion and marketing of our AMR solutions. As we increase our production capacity and operations, we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. We expect that our level of capital expenditures will be significantly affected by user demand for our AMR solutions. Our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We may seek equity or debt financing to finance a portion of our capital expenditures. If we fail to obtain sufficient capital in a timely manner or on acceptable terms, or at all, we may be required to significantly reduce our spending, delay or cancel our planned activities, or substantially change our corporate strategy, which may materially and adversely affect our business, financial condition, and prospects.

In addition, our future capital needs and other business reasons could require us to issue additional equity or debt securities or obtain a credit facility. The issuance of additional equity or equity-linked securities could dilute our shareholders and decrease the dividend per share.

The incurrence of indebtedness would result in an increase in debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

Any failure by us or our employees or our business partners to comply with applicable anti-money laundering, anti-terrorism, anti-bribery, export controls, economic and trade sanctions regulations and similar laws could lead to significant penalties and damages to our reputations, adversely affecting our operating performance, financial condition and results of operations.

Any failure by us or our business partners who work with us to comply with applicable anti-money laundering ("**AML**"), anti-terrorism, anti-bribery, export controls, or economic and trade sanctions laws and regulations could lead to significant penalties and damage to our reputation. We and our business partners who work with us are often required to comply with certain AML requirements set out by regulators in the jurisdictions where we and our business partners operate. We are also subject to various AML, anti-terrorism, anti-bribery, export controls and economic and trade sanctions laws and regulations that prohibit, among other things, any involvement in transferring the proceeds of criminal activities and the import and export of controlled products and technologies. To comply effectively with such laws and regulations, we and our business partners must establish sound internal control policies and procedures with respect to AML, anti-terrorism, anti-bribery, export controls, economic and trade sanctions, which can require significant resources and expenditures.

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our solutions from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, economic and trade sanctions and other illegal purposes. If we fail to comply with AML, anti-terrorism, anti-bribery, export controls and economic and trade sanction laws and regulations, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations and financial condition. Similarly, if any of our subsidiaries, employees, business partners or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

We are subject to the risks associated with sanctions, export controls, and evolving trade and regulatory policies.

Our operations may be negatively affected by trade policies, sanctions and export controls regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, regulation of economic and labor conditions, increased duties, taxes and other costs. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our business partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

For instance, in recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the BIS. These regulations are designed to restrict the access of certain Chinese companies to sensitive U.S. technologies, particularly in industries like telecommunications, artificial intelligence, and semiconductors. In addition to the United States, various other governments are also imposing controls, licensing requirements and restrictions applicable to exports to China, with specific focus on high-tech goods and services. These types of restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our solutions.

With respect to U.S. export controls, in October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") aimed at restricting China's ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced semiconductors. In October 2023, BIS issued another interim final rule (the "**BIS October 2023 IFR**") that updated and expanded U.S. export controls imposed by the BIS October 2022 IFR (collectively, the "**BIS 2022/23 IFRs**"). Among other measures, the BIS 2022/23 IFRs add to the Commerce Control List (which is a list of commodities, software, and technologies that are subject to the EAR's more restrictive controls) certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits, and impose new or expanded license requirements for items subject to the EAR destined for an end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in certain jurisdictions, including China. These restrictions have particularly impacted Chinese companies involved in the development and manufacturing of cutting-edge technologies.

In addition to the restrictions introduced by the BIS 2022/23 IFRs, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. These lists may be updated unpredictably, and once a party is added to the Entity List, it becomes subject to severe restrictions on access to certain U.S.-origin goods and technologies. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations. As these export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us.

In response to Russia's conflict with Ukraine, the United States, the European Union, and various other jurisdictions have imposed far-reaching sanctions and export controls restrictions on Russia and many Russian entities and individuals such that sales to or other business in Russia or with such restricted entities or individuals are subject to heightened regulatory risks. These measures, including asset freezes and the restriction of specific financial and technological services, have been continuously expanded, making it increasingly difficult for firms to engage with Russian entities or individuals, directly or indirectly. These measures, as well as other economic and trade sanctions measures maintained by the United States, the European Union, and other jurisdictions, may prohibit or restrict our ability to, directly or indirectly, conduct activities or dealings in or with certain targeted countries and territories or involving certain targeted persons, or otherwise affect our business. Any failure to successfully comply with applicable sanctions or export controls rules may expose us to negative legal and business consequences, including civil or criminal penalties, the loss of access to controlled technologies, and government investigations.

Additionally, these regulatory risks are compounded by the uncertainty and fluidity of international trade policies and the evolving nature of domestic regulations in key markets. Governments around the world are increasingly focusing on national security concerns, data privacy, and the protection of critical infrastructure, leading to more stringent regulations in areas such as cybersecurity, data governance, and intellectual property protection. The growing complexity of these regulatory environments, combined with the shifting geopolitical landscape, means that our ability to predict and adapt to future sanctions, export controls, and trade restrictions may be increasingly challenged, potentially affecting our competitiveness and operational flexibility.

Changes in international trade and investment policies, escalations of tensions in international relations, and increased scrutiny from customs and other authorities — particularly with regard to China — could materially and adversely impact our business and operating results. There have been heightened tensions in international relations in recent years, particularly with regard to China, which has resulted in and may continue to cause changes in international trade policies and additional barriers to trade. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it difficult to predict future developments regarding tariffs and other trade restrictions.

Recent developments in international trade relations have led to increased tariffs on multiple product categories across several of our operating markets. Notably, in April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. In April 2025, China and the European Union also announced higher tariff rates on U.S. goods entering their borders. As our business model involves cross-border trade, these tariff measures may increase import costs for goods we sell, which could adversely affect our competitiveness, business, financial condition, or operating results. On May 12, 2025, China and the U.S. agreed to a temporary de-escalation of bilateral tariffs. The U.S. reduced additional tariffs on the majority of Chinese exports from 145% to 30%, while China lowered its additional tariffs on U.S. goods from 125% to 10%. Other planned tariff increases have been temporarily suspended. On June 10 and 11, 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on April 2, 2025. Despite this short-term easing, global trade tensions remain elevated and may continue to escalate which may affect global trade and economic conditions. It is possible that additional trade policy measures including new tariffs, import/export restrictions, or technology controls may be implemented. Any such developments could create additional challenges for a business involving cross-border trade like ours.

More generally, any unfavorable future actions or escalations by countries and regions in which we operate, such as the imposition of tariffs, quotas, embargoes, safeguards, customs restrictions, capital controls and other restrictions, may affect the demand for our products and solutions, impact the competitive position of our solutions, increase our costs, or cause delays in the shipment and delivery of products, any of which could affect our business and financial condition. In response to any such future actions or escalations, we may have to change our business model and practices, and there is no guarantee that we may be able to do so successfully in a timely manner or at all. Any failure to do so may materially and adversely affect our business, financial condition and results of operations, and could lead to the temporary suspension of our operations in certain jurisdictions.

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. 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) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence 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 [**REDACTED**], 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. Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand the set of technologies and investment types of concern. These rules may limit our ability to engage in certain kinds of business operations; they may also limit our ability to raise capital from U.S. and other sources if we engage in the development of such technologies of concern. As advised by the International Sanctions Legal Adviser, engaged by us in connection with the foregoing matters, we do not believe we are a Covered Foreign Person under the Final Rule, because we do not engage in a "covered activity" (as defined in the Final Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Final Rule. However, there is no assurance that the U.S. Department of the Treasury will take the same view as ours. If we were to be deemed a "covered foreign person," and if U.S. persons engaged in a "covered transaction" (each as defined under the Final Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Final Rule. In addition, even though U.S. persons' acquisitions of certain [**REDACTED**] securities (such as our H shares) will be exempted from the scope of covered transactions under the Final Rule, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this [**REDACTED**] given that relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of the Treasury, potential amendments to the Final Rule or the introduction of similar regulations. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our H shares may significantly decline, or in extreme cases, become worthless.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

During the Track Record Period, we had procured from three entities subject to sanctions and export control restrictions, two of which have been designated on the Non-SDN Chinese Military-Industrial Complex Companies List by OFAC and one of which have been designated on the Entity List maintained by the BIS (the "**Relevant Entities**"). During the Track Record Period, we had also sold our AMR solutions to the non-sanctioned entities located in the Relevant Regions. For our transactions with the Relevant Entities and the Relevant Regions, (i) the transactions with the Relevant Entities were limited to procurement and did not otherwise involve investments in, or exports to or transactions of any items with the Relevant Entities; (ii) the last transaction involving Russia was entered into on July 29, 2021 and the Group has since ceased all activities with Russia, and therefore, as advised by our International Sanctions Legal Adviser, the nature of our procurement from the Relevant Entities did not represent a violation to the export controls and investment restrictions applicable to these Relevant Entities, and our sales in the Relevant Regions did not represent a violation of the International Sanctions should not trigger U.S. secondary sanctions for engaging in certain activities in Russia.

Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. For details of our business operations in the Countries subject to International Sanctions and our undertakings to the Hong Kong Stock Exchange and its related group companies, see "Business — Business Activities in relation to Entities and Countries subject to International Sanctions" in this document.

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. Please 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.

Further, there can be no assurance that our employees will not engage in misconducts or omissions that could materially and adversely affect our business, financial condition and results of operations. In addition, although we maintain strict standards in choosing our business partners, there is no assurance that our business partners will not engage in misconducts or omissions. Any misconduct by our business partners may affect our operations and reputation, which may in turn affect our business, results of operations and financial condition.

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

As of the Latest Practicable Date, we are not a party to any material legal or administrative proceedings. However, we may in the future be subject to or involved in lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines relating to our business operations. Lawsuits and other administrative or legal proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Lawsuits and other legal and administrative proceedings may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our solutions, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happens, our business, financial condition, results of operations or liquidity could be materially and adversely affected. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We or certain of our Directors or officers may be a target for lawsuits, including putative class action lawsuits brought by shareholders and lawsuits against our Directors and officers as a result of their position in other public companies. We cannot assure you that we or our Directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our Directors or officers may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs' appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus materially and adversely affect our business, financial condition, results of operations, cash flows and reputation. Moreover, even if we or our Directors or officers eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial performance.

We face inherent risks related to patent disputes and litigation in our business. In 2019, we filed a lawsuit against a competitor, claiming their technology infringed on our patented AMR technology. After a series of initial rulings, appeals, counterclaims, and mediation, the disputes were ultimately resolved through a settlement in late 2023. Similar disputes can divert management's focus, incur substantial legal costs, and damage our reputation. Unfavorable outcomes could result in financial liabilities, operational disruptions, or restrictions on the use of certain technologies, adversely affecting our business, financial condition, and operational results.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial conditions and results of operations. 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 laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with a reasonable degree of certainty. Therefore, our provision for such matters may be inadequate. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material and adverse effect on our prospects and future growth, including our ability to attract new business partners and customers, expand our relationships with governmental regulators and industry groups and recruit and retain employees and agents.

Non-compliance with regulatory standards and requirements of any third parties with which we conduct business could disrupt our business, harm our reputation and adversely affect our financial condition and results of operations.

Third parties with which we conduct business, such as suppliers and other business partners, may be subject to regulatory penalties or punishments because of their failure to comply with relevant regulatory requirements or may be infringing upon other parties' legal rights, which may, directly or indirectly, disrupt our business. We conduct review of legal formalities and certifications before entering into contractual relationships with third parties, and will take measures to reduce the risks that we may be exposed to in case of any non-compliance by third parties. However, we cannot be certain whether such third party has violated any regulatory requirements or infringed or will not violate or infringe any other parties' legal rights. For example, the data that we obtain from our collaborating business partners may be defective, and we may not be able to identify all instances of intellectual property infringement, and we may be held liable and pay damages for such infringement. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our business, reputation, results of operations and financial condition.

We face exposure to foreign currency risks.

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. See also Note 31 of the Accountants' Report included in Appendix I to this Document. In addition, as the net [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars, fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [**REDACTED**] from the [**REDACTED**]. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future.

Certain of our leased property interests may have defective titles and could be challenged by third parties or governmental authorities.

We lease properties primarily for our manufacturing facilities, warehouses and offices. 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, the relevant lease agreements might be deemed unenforceable in accordance with the relevant laws and regulations. In such cases, 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. In addition, we use certain of our leased property as our office, which differs from its registered use. Under relevant PRC laws and regulations, an unauthorized change in the property's use could lead to regulatory actions such as an order for rectification, in which case we may not be able to continue leasing the property. For details, see "Business — Properties."

We face certain risks in relation to our leases.

Certain of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

We may also be exposed to risks of unexpected early lease termination at the request of the lessors or other reasons out of our control, and the relevant facilities need to be temporarily closed if we are not able to identify suitable premises on acceptable terms to relocate in a timely manner. The occurrence of such events could disrupt our operations, and materially and adversely affect our business, financial condition and results of operations.

We are subject to risks associated with engaging third-party human resource agencies to pay social insurance and housing provident funds.

During the Track Record Period, we engaged third-party human resource agencies to handle social insurance and housing provident fund payments for a small number of employees, as requested by the employees themselves. These agencies managed the payments on our behalf. As of the Latest Practicable Date, we had not faced any administrative penalties or labor arbitration claims from these employees related to the arrangement. Additionally, the employees involved have provided written confirmation acknowledging this arrangement and agreeing not to pursue any claims against us with relevant authorities.

As advised by our PRC Legal Adviser, the risk of facing significant penalties due to the third-party human resource agency arrangement, or experiencing material adverse effects on our financial condition or overall results of operations, is considered relatively low based on the current circumstances. However, if local authorities in the future deem the use of third-party human resource agencies non-compliant, or if these agencies fail to meet obligations such as paying social insurance or housing provident funds for our employees in line with PRC laws and regulations, we may need to take corrective measures. This could include paying late fees or penalties to address any non-compliance with our social insurance and housing provident fund obligations.

In particular, if we fail to make social insurance or housing provident fund contributions on time and in full, the social insurance administrative department may issue an order requiring us to settle the overdue amount within a prescribed period, along with a late fee of 0.05% per day on the overdue amount from the date of indebtedness. If payment is not made within the prescribed period, the competent administrative authority may impose a fine ranging from the amount overdue to up to three times that amount. Meanwhile, if we fail to complete requested procedures for housing provident fund contributions or fail to set up housing provident fund accounts for our employees, the competent authorities may order us to complete the required procedures within a specified period. If we do not comply within the prescribed timeframe, we may be subject to a fine ranging from RMB10,000 to RMB50,000. Such penalties and rectification measures could negatively impact our financial condition and results of operations.

Unfavorable economic conditions and changes in consumer acceptance impacting China's or global AMR solution industry could have a material adverse impact on our business operations, results of operations and financial condition.

Our business depends on, and is directly affected by, China's or global AMR solution industries. We operate our business globally, with offices and employees worldwide. The global AMR solution market and the AMR industry in general are affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels, consumer demand and discretionary spending. Accordingly, economic conditions in such regions can have a large impact on our customers' logistic demands, and, accordingly, have an impact on our business operations and financial conditions.

A severe or prolonged downturn in regional or global economy could materially and adversely affect our business, results of operations and financial condition.

Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine and Syria. The slow economic recoveries around the world and the high inflation, high interest environment have contributed to higher global volatility. These developments may adversely impact global liquidity, heighten market volatility and increase U.S. dollar funding costs resulting in tightened global financial conditions and fears of a recession. 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. Additionally, as a large portion of our operations is located in China, our financial condition, results of operations and prospects are subject to economic, political, and legal developments in the PRC. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition.

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

Our business could be adversely affected by natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control. Theses events may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, these natural disasters, outbreaks of contagious diseases and other adverse public health developments could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

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

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

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

Rising inflation may be reflected in the prices of raw materials from our suppliers. Factors such as changes in minimum wage laws, labor market dynamics, or increased competition for skilled labor in the industry may lead to higher labor expenses. Such increases could exert upward pressure on the fees that we paid to our employees or other third-party service providers. Our ability to manage and mitigate the impact of rising labor costs through operational efficiencies, process improvements, or technological innovations will also significantly influence our competitiveness and financial performance. However, there is no guarantee that we will succeed in effectively managing the impact of rising labor costs. Moreover, higher cost for labor and raw materials might necessitate adjustments in service pricing, potentially making our solutions less competitive in the market. Attempts to pass on increased labor costs to customers through higher service fees could result in reduced demand or market share loss.

We are subject to certain risks relating to our joint ventures or associates.

We have invested in associated companies or joint ventures and may continue to do so in the future. The performance of such associates or joint ventures has affected, and will continue to affect, our results of operations and financial position. Our investments in associates and joint ventures are not as liquid as other investment products. Furthermore, our ability to promptly sell one or more of our interests in our associates or joint ventures in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the associates or joint ventures for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investment in associates and joint ventures may significantly limit our ability to respond to adverse changes in the performance of our associates. The success of an associate or a joint venture depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from such associates and joint ventures, such as receiving dividends from them.

To address any ESG risks, we may incur additional costs, which may materially and adversely affect our financial performance.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes and no heavy pollution. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business — Environmental, Social and Governance."

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

RISKS RELATING TO DOING BUSINESS IN CHINA AND OTHER MARKETS

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.

[REDACTED] may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and a large portion of our assets are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC.

Although we will be subject to the Listing Rules and the Takeovers Code upon the [**REDACTED**] of our H Shares [**REDACTED**] Stock Exchange, 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 control system.

The conversion of RMB 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 control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the 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 obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, 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 EIT Law imposes a tax rate of 25% on PRC resident business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. For example, certain of our subsidiaries in the Chinese mainland were approved as High-tech Enterprises, and they were subject to a preferential corporate income tax rate of 15% during the Track Record Period. 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 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 AMR 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.

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

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

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

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

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 [REDACTED] and dividends paid to [REDACTED] 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 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 IIT Law and its implementation guidelines. Accordingly, in principle 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 of the MOF and SAT (《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 MOF and SAT on May 13, 1994, dividend income of individual foreigners from PRC enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law 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 had expressly provided whether individual income tax shall be levied from non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and 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 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 enterprise income tax 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.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your [**REDACTED**] 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 IFRS 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. Our PRC Legal Adviser is of the view that 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 [**REDACTED**] 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 IFRS 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 determined under IFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could 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 WVR STRUCTURE

The concentration of our Shares' voting power limits our Shareholders' ability to influence corporate matters.

Our Company is controlled through weighted voting rights. The WVR Beneficiaries are Mr. Zheng, Mr. Li, Mr. Liu and Mr. Chen. Immediately upon the completion of [**REDACTED**], Mr. Zheng, Mr. Li, Mr. Liu and Mr. Chen will beneficially own 218,560,434 Class A Ordinary Shares and [**REDACTED**] Class B Ordinary Shares together, representing approximately [**REDACTED**]% of the voting rights in our Company (assuming the [**REDACTED**] and the [**REDACTED**] are not exercised) with respect to shareholder resolutions relating to matters other than the Reserved Matters and the Special Matters. Mr. Zheng, Mr. Li, Mr. Liu and Mr. Chen therefore have significant influence over matters such as decisions regarding mergers and consolidations, election of directors, and other significant corporate actions. For further details about our shareholding structure, see the section headed "Share Capital — H-share Weighted Voting Rights Structure" of this Document. This concentrated voting power limits or severely restricts our Shareholders' ability to influence corporate matters and, as a result, we may take actions that our Shareholders do not view as beneficial. As a result, the market price of our Class B Ordinary Shares could be adversely affected.

Holders of our Class A Ordinary Shares may exert substantial influence over us and may not act in the best interests of our other Shareholders.

Our WVR Beneficiaries are in a position to exert significant influence over the affairs of our Company and will be able to influence the outcome of any shareholders' resolutions, irrespective of how other shareholders vote. The interests of the holders of our Class A Ordinary Shares may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of voting power may also have the effect of delaying, deferring or preventing a change in control of our Company. This concentrated voting power could discourage others from pursuing any potential merger, takeover, or other change of control transactions that holders of Class B Ordinary Shares may view as beneficial, and may also discourage, delay, or prevent a change of control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their Shares as part of a sale of our Company and may reduce the price of our Class B Ordinary Shares.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] 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 [**REDACTED**] for our H Shares. There can be no guarantee that an active [**REDACTED**] for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our H Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The market price of our H 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, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese mainland that have [**REDACTED**] their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] for our H Shares. Some of the Chinese mainland-based companies [**REDACTED**] in Hong Kong companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The [**REDACTED**] performances of the securities of these companies at the time of or after their [**REDACTED**] may affect the overall [**REDACTED**] sentiment towards Chinese mainland-based companies [**REDACTED**] in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. Pursuant to the applicable PRC law, within the 12 months 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 [**REDACTED**] 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.

The price of our H Shares could fall below the [REDACTED] when [REDACTED] commences.

The [**REDACTED**] of our H Shares is expected to be determined on the [**REDACTED**]. However, our H Shares will not commence [**REDACTED**] on the Stock Exchange until delivery, several Business Days after the [**REDACTED**]. During this period, [**REDACTED**] may not be able to sell or otherwise deal in our H Shares. Accordingly, holders of our H Shares are at risk that the price may fall below the [**REDACTED**] due to adverse market conditions or other developments occurring between the time of sale and [**REDACTED**] commencement.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material 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 [**REDACTED**], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [**REDACTED**], 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.

You will incur immediate and substantial dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and issuing additional 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 which is lower than the net tangible asset value per Share at that time.

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

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] and the [**REDACTED**] are not exercised), 218,560,434 Class A Ordinary Shares and [**REDACTED**] Class B Ordinary Shares, representing approximately (i) [**REDACTED**]% of the voting rights in our issued share capital in general meetings (except for resolutions with respect to the Reserved Matters and the Special Matters) with each Class A Ordinary Share entitling the holder to exercise ten votes and each Class B Ordinary Share entitling the holder to exercise one vote, and (ii) [**REDACTED**]% of the voting rights in our issued share capital in general meetings for resolutions with respect to the Reserved Matters and the Special Matters with each Share entitling the holder to exercise one vote, will be held by the Management Shareholders in aggregate, which are controlled by the WVR Beneficiaries. The WVR Beneficiaries (being the ultimate Controlling Shareholders) and the Management Shareholders together will constitute a group of Controlling Shareholders of our Company after the [**REDACTED**]. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of our 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.

There can be no assurance that we will declare and distribute any amount of 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 other PRC operating 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. Because dividends may be paid only out of distributable profits under applicable PRC laws, our Company and our PRC operating subsidiaries may not be able to pay a dividend in a given year if our Company or our PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS Accounting Standards. See "Financial Information — Dividends" and Note 30 to the Accountants' Report included in Appendix I to this Document for details.

There can be no assurance that future dividends will be declared or paid. 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 condition, 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 make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Certain statistics contained in this Document are derived from publicly available official government sources.

This Document, particularly the section headed "Industry Overview," contains information and statistics relating to the AMR solution industry in China and globally. Such information and statistics have been derived from various official government and other publications and from a third-party report commissioned by us. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of the [**REDACTED**], any of our or their respective directors, officers or representatives, or any other parties involved in the [**REDACTED**], and no representation is given as to their accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

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

This document contains forward-looking statements using terms such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would," or "will," and similar expressions. Reliance on these statements involves risks and uncertainties, and any assumptions underlying them may prove inaccurate. As a result, the forward-looking statements based on those assumptions may also be incorrect. These statements should be considered in light of various risks, including those in this section. Subject to the requirements of the Listing Rules, we do not intend to publicly update or revise these statements unless required. Accordingly, undue reliance on forward-looking information should be avoided. All forward-looking statements in this document are qualified by this cautionary statement.

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 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 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. Our Company, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [**REDACTED**] 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, our Company, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [**REDACTED**] disclaim responsibility for it, and you should not rely on such information.