Application Proof of

ZHAOWEI

Shenzhen Zhaowei Machinery & Electronics Co., Ltd.

深圳市兆威機電股份有限公司

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

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ZHAOWEI

Shenzhen Zhaowei Machinery & Electronics Co., Ltd.
深圳市兆威機電股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application and subject to refund)**
Nominal value	**:**	**RMB1.0 per H Share**
[REDACTED]	**:**	**[●]**

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

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CONTENTS

This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document, including our financial statements and the accompanying notes, before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OUR MISSION AND VISION

Advancing the future of integrated micro transmission and drive technology to empower a smarter and better life for all.

OUR VALUES

We create value through relentless innovation, tireless dedication, and an unwavering pursuit of excellence.

OVERVIEW

We are a leading provider of integrated micro transmission and drive system solutions, ranking No. 1 in China and No. 4 globally as measured by revenue, according to the F&S Report. We are dedicated to driving continuous innovation through our unique tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework. This framework is designed to meet the increasingly stringent demands of the intelligent era for system integration, rapid responsiveness and spatial efficiency in micro drive applications. By deeply fusing these three systems, we achieve high-performance drive control within an exceptionally compact footprint, enabling us to address the market's growing requirements for precision, miniaturization and intelligent functionality, and to continuously advance the development of micro drive technologies. As of March 31, 2025, we possessed 382 relevant patents, ranking No. 1 in China's integrated micro transmission and drive system industry.

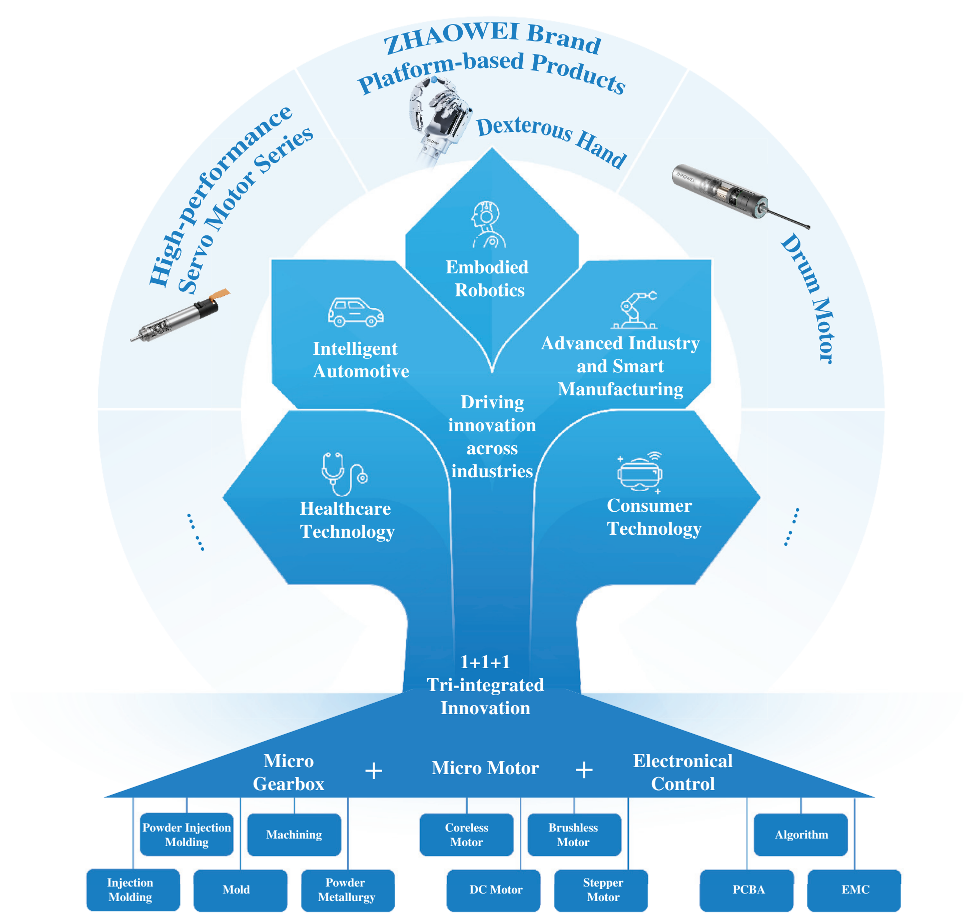
We primarily provide integrated micro transmission and drive system solutions tailored to the specific needs of high-growth industry verticals, ranging from intelligent automotive and embodied robotics to consumer technology, healthcare technology and advanced industrial manufacturing, where we have built deep technical expertise and long-standing customer partnerships. We focus on these sectors, as they are undergoing structural transformation through intelligent, automated and miniaturized technologies, emerging as next-generation industries. Our solutions enable these industries to redefine what is possible in precision, efficiency and control.

We operate in a rapidly expanding industry. China's integrated micro transmission and drive system market increased from RMB20.3 billion in 2020 to RMB33.2 billion in 2024 at a CAGR of 13.0%, according to the F&S Report. The growth is expected to accelerate further, reaching RMB72.6 billion by 2029 at a projected CAGR of 17.3% from 2025 to 2029, driven by industrial upgrades and technological progress. Meanwhile, as a highly interdisciplinary field, integrated micro transmission and drive systems require exceptionally high precision, rigorous customer certification and significant capital investment in R&D, all of which create substantial barriers to entry.

Leveraging our proven track record and market leadership, we believe we are well-positioned to capture the enormous market opportunities. Since our founding in 2001, we have remained committed to a technology path focused on precision, miniaturization and ultra-thin. We established early leadership in automotive electronics, having entered the global supply chain of the world's largest automotive components supplier more than a decade ago. Over the past decades, we have developed advanced and unique techniques spanning plastic injection molding, powder metallurgy, metal powder injection molding and precision metal machining, and successfully developed full-chain capabilities covering mold design, core parts manufacturing and integrated drive system development. Leveraging our tri-integrated innovation framework, we deeply integrate transmission systems, micro motor systems and electronic control systems to deliver high-performance drive control within compact product dimensions. We developed China's smallest Φ3.4mm micro transmission system; we are the world's first company to mass-produce micro transmission systems under Φ6mm with high quality and efficiency; we have also achieved a technological breakthrough in our Φ4mm brushless coreless motor and now possess the capability for mass production.

Our unique tri-integrated innovation framework and deep technological and process expertise have enabled us to establish a dual-pronged growth model. On one hand, we continuously co-develop tailored solutions with leading players across diverse industry verticals to address complex application needs and capture diversified growth opportunities. On the other hand, we leverage our accumulated industry experience and technical capabilities to drive the standardization and scale-up of our self-branded, platform-based products, enhancing market recognition and building multiple growth engines.

To date, we have developed three major platform-based products under our ZHAOWEI brand, i.e., high-performance servo motor series, drum motor and dexterous hand. Our self-branded products primarily target high-potential industry verticals, such as high-end intelligent consumer products, advanced manufacturing and humanoid robotics. Our high-performance servo motor series feature powerful output capabilities, exceptional dynamic performance and high efficiency, supporting a wide range of application scenarios, including high-end consumer technology products. Our drum motor drive system is a next-generation, fully integrated motorized roller that combines a motor, gearbox and electronic control system into a compact and efficient design, featuring high power for peak performance, modular and maintenance-friendly design, enhanced durability with high-strength gearbox, and standardized product range for versatile applications. Moreover, in the rapidly emerging field of humanoid robotics, we have developed highly-integrated micro drive modules that power our industry-leading dexterous hand solution, capable of precisely replicating human grip and fine-motion control. As the first company in China to introduce a commercialized high-degree-of-freedom dexterous hand product, we have established collaborative partnerships across the industry value chain and commenced our global commercialization journey. According to the F&S Report, the commercialization progress of our dexterous hand ranks among the most advanced worldwide. The following diagram illustrates our business model.



MARKET OPPORTUNITIES ACROSS HIGH-GROWTH INDUSTRY VERTICALS

We strategically focus on providing industry-customized solutions for several emerging industries or industry verticals that are undergoing intelligent transformation, including intelligent automotive, embodied robotics, consumer and healthcare technology, and advanced industry and smart manufacturing. According to the F&S Report, the market size of China's intelligent automotive sector is expected to increase from RMB995.9 billion in 2025 to RMB1,355.0 billion in 2029 at a CAGR of 8.0%; the global embodied robotics market is expected to grow from RMB16.6 billion in 2025 to RMB162.0 billion in 2029 at a CAGR of 77.0%; China's consumer technology market is expected to increase from RMB1,978.8 billion in 2025 to RMB2,545.6 billion in 2029 at a CAGR of 6.5%; China's healthcare technology market is expected to increase from RMB1,206.8 billion in 2025 to RMB1,786.2 billion in 2029 at a CAGR of 10.3%; and China's advanced industry and smart manufacturing market is expected to increase from RMB4,249.6 billion in 2025 to RMB7,694.5 billion in 2029 at a CAGR of 16.0%. Leveraging our market leadership and competitive edge, we believe that we are well positioned to capture the upside potential of these enormous markets.

OUR TRI-INTEGRATED INNOVATION STRATEGY AND INDUSTRY-CUSTOMIZED SOLUTIONS

Central to our success is our proprietary tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework. This enables us to deliver not only core components but also intelligent, integrated solutions across the entire value chain.

Our transmission systems feature high-precision gears designed to achieve ultra-quiet operation, compact size, lightweight form factor, and minimal backlash, delivering smooth and efficient torque transmission. Our proprietary micro motor systems, in comparison with conventional motors, offer rapid acceleration, lower operational noise, and reduced vibration, ensuring superior responsiveness and reliability across dynamic application scenarios. Paired with our advanced control systems, which are specifically engineered to match the characteristics of our motors and gearboxes, we achieve precise motion control and high-speed operation with exceptional accuracy.

Our tri-integrated approach differentiates us from conventional R&D efforts conducted in isolation. Rather than advancing each system independently, we pursue coordinated development across all three domains, achieving functional harmony, faster iterations and system-level optimization. As a result, our solutions deliver markedly greater value, enabling customers to overcome complex technical bottlenecks and accelerate their shift toward intelligent, high-end transformation. To date, we have developed products and solutions featuring precision, miniaturization and ultra-thin design for several major industry verticals, including intelligent automotive, embodied robotics, consumer and healthcare technology, and advanced industry and smart manufacturing.

- *Intelligent automotive solutions*. We have been dedicated to providing intelligent solutions for automotive electronics. Our long-standing partnership with the world's largest automotive components supplier spans over a decade, and we have established in-depth collaborations with leading Chinese OEMs. With our strong technical capabilities in precise transmission design and dynamic control, we have developed a series of innovative solutions tailored for various automotive applications, covering the intelligent cockpit sector, the chassis sector and the automotive body electronics sector.

- *Embodied robotics solutions*. We are at the forefront of next-generation embodied robotics with our proprietary dexterous hand, powered by our fully integrated micro-drive modules. Engineered for high precision, flexibility and durability, our dexterous hand features up to 20 active degrees of freedom, each independently motor-driven, enabling complex human-like grip and fine-motion control. Unlike traditional tendon- or cable-driven systems, our electromechanical structure delivers faster response, higher torque precision and significantly longer product lifespan of up to 10 years. Built on our vertically integrated capabilities across precision gears, micro motors and compact controllers, our dexterous hand sets a new benchmark in performance and reliability for humanoid robotic interaction.

- *Consumer and healthcare technology solutions*. By focusing on miniaturization, high-precision transmission and integrated control, we empower our customers to create products that are not only smaller and smarter, but also more human-centric. We deliver seamless motion control in next-generation wearables, such as our IPD adjustment module; we address the core challenges of low noise, accurate dosing and operational reliability for medical devices, such as precision actuation systems used in surgical staplers and infusion pumps; we also bridge the gap between mechanical performance and intelligent functionality for smart living, such as drive systems for robotic vacuum cleaners and smart locks, which earn broad customer acclaim with their quiet operation and reliability.

- *Advanced industry and smart manufacturing solutions*. Amid the transformation and upgrading of China's industrial and manufacturing sector, we have high-quality products and solutions tailored to market and customer needs. Our representative offerings include platform-based, customizable drum motor systems under our proprietary brand, which feature internally developed high-performance gearboxes, motors and controllers. Such offerings are optimized for stability, efficiency and scalability, and are widely deployed in automated food processing lines, logistics conveyors and security screening systems in airports and rail stations.

OUR FINANCIAL PERFORMANCE

We experienced significant growth during the Track Record Period. We generate revenue primarily from the provision of integrated micro transmission and drive system solutions. Our revenue increased from RMB1,152.5 million in 2022 to RMB1,205.9 million in 2023, and further to RMB1,524.6 million in 2024. Our revenue further increased from RMB312.4 million in the three months ended March 31, 2024 to RMB367.5 million in the three months ended March 31, 2025. Particularly, we have selectively established a presence in certain overseas markets, including certain European and North American countries, by successfully integrating into the supply chains of several global industry leaders, which has provided us with crucial first-mover advantages and a solid foundation for global expansion. In 2024, revenue from regions and countries outside mainland China accounted for 13.9% of our total revenue. Furthermore, our net profit was RMB150.5 million, RMB179.9 million, RMB225.4 million, RMB55.4 million and RMB55.1 million in 2022, 2023, 2024, and the three months ended March 31, 2024 and 2025, respectively. Our adjusted net profit (non-IFRS measure) increased from RMB152.8 million in 2022 to RMB170.6 million in 2023 and further to RMB230.7 million in 2024. Our adjusted net profit (non-IFRS measure) further increased from RMB55.4 million in the three months ended March 31, 2024 to RMB59.1 million in the three months ended March 31, 2025.

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (1) global leader and China's largest provider of integrated micro transmission and drive system solutions, empowering diverse high-growth industrial sectors; (2) strategic leadership in high-precision technologies for dexterous hand and embodied robot drive modules; (3) industry-leading R&D capabilities underpinning sustainable innovation and market leadership; (4) a global, blue-chip customer base with high stickiness built on co-innovation; (5) unparalleled advanced manufacturing capabilities enabling precision at scale; and (6) visionary and seasoned management team with a values-driven culture empowering sustainable growth.

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) accelerate the commercialization of our dexterous hand and core drive modules for humanoid robots to capture enormous market opportunities across industrial and consumer applications; (2) further expand market share through proprietary brand development and deeper customer penetration; (3) invest in AI-powered digital innovation to reinforce our technological edge; (4) expand production capacity to capture global growth opportunities; (5) continue to expand our global footprint; and (6) pursue global strategic alliances, investments and acquisitions and attract global talent.

OUR INTELLIGENT MANUFACTURING

We have established an advanced intelligent manufacturing system that integrates flexibility, automation and digital precision, allowing us to deliver high-precision, high-quality micro drive systems at scale. Our intelligent manufacturing capabilities span the entire value chain, ranging from core component production to system integration, and form a key pillar of our competitive strength. At the core of our manufacturing prowess is our one-stop micro drive intelligent manufacturing platform. This vertically integrated system allows us to independently produce key components, from gearboxes and micro motors to electronic control modules. Leveraging a diverse array of specialized manufacturing processes, including injection molding, powder metallurgy, metal powder molding and precision metal machining, we are able to deliver products that meet the stringent precision and performance requirements of our customers across industries. Moreover, we have implemented unmanned intelligent manufacturing to reduce labor costs and enhance efficiency. We have deployed robotic systems for automatic loading, machining and unloading for certain manufacturing processes, as well as multiple automation units, enabling fully unmanned night-shift operations. To further enhance manufacturing efficiency and product traceability, we have implemented a MES to support real-time monitoring, digital scheduling and process optimization. We have also established fully automated production lines, enabling us to reduce production variability, improve quality consistency and optimize lead times. As of March 31, 2025, we had established two product bases in Shenzhen and Dongguan, China. We are also in the process of commencing operations at our newly established production base in Suzhou, China.

RISKS FACTORS

Our business and operations involve certain risks and uncertainties including those set out in the "Risk Factors" section in this document. Some of the major risk factors that we face include: (1) uncertainties with the growth rate of our addressable markets size and customer demand for integrated micro transmission and drive system solutions; (2) slowdown in the growth of downstream sectors; (3) limited operating history and evolving business portfolio; (4) failure to timely introduce new solutions to adapt to customers' needs and advancements in technology; (5) failure to retain existing customers, attract new customers or increase their spending; (6) failure to new industry verticals and application scenarios; (7) risks associated with the overseas expansion; (8) failure to compete with our competitors; (9) failure to enhance our brand recognition and sales and marketing capabilities; and (10) unsuccessful execution of growth strategies. As different investors may have different interpretations and criteria when determining the significance of a risk, you should carefully read the "Risk Factors" section in its entirety before you decide to invest in our Shares.

SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary of financial information for the Track Record Period and should be read in conjunction with our financial information included in the Accountants' Report in Appendix I to this document, including the notes thereto.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(Unaudited)			
Revenue	1,152,459	100.0	1,205,945	100.0	1,524,599	100.0	312,366	100.0	367,530	100.0
Cost of sales	(817,349)	(70.9)	(856,854)	(71.1)	(1,049,031)	(68.8)	(212,267)	(68.0)	(249,214)	(67.8)
Gross profit	**335,110**	**29.1**	**349,091**	**28.9**	**475,568**	**31.2**	**100,099**	**32.0**	**118,316**	**32.2**
Profit before tax	158,750	13.8	192,175	15.9	244,716	16.1	61,691	19.7	61,044	16.6
Income tax expense	(8,254)	(0.7)	(12,252)	(1.0)	(19,297)	(1.3)	(6,320)	(2.0)	(5,940)	(1.6)
Profit for the year/period	**150,496**	**13.1**	**179,923**	**14.9**	**225,419**	**14.8**	**55,371**	**17.7**	**55,104**	**15.0**

Summary of Consolidated Statements of Balance Sheet

The following table sets forth a summary of our consolidated balance sheet as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Total non-current assets	1,185,631	1,200,970	1,182,514	1,206,915
Total current assets	2,372,842	2,603,074	2,939,396	3,006,631
Total current liabilities	528,258	636,791	802,768	839,925
Net current assets	1,844,584	1,966,283	2,136,628	2,166,706
Total assets less current liabilities	3,030,215	3,167,253	3,319,142	3,373,621
Total non-current liabilities	83,124	79,571	92,931	80,396
Net assets	**2,947,091**	**3,087,682**	**3,226,211**	**3,293,225**

Summary of Consolidated Statement of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Operating cash flows before movement of working capital	193,281	188,536	279,213	61,487	76,190
Changes in working capital	30,996	8,915	(153,510)	(18,332)	(67,961)
Cash generated from operations	224,277	197,451	125,703	43,155	8,229
Interest received	6,150	4,062	4,553	1,279	1,406
Income tax paid	(6,070)	(5,533)	(6,574)	—	(2,540)

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Net cash from operating activities	224,357	195,980	123,682	44,434	7,095
Net cash (used in)/from investing activities	(533,362)	(181,309)	(69,781)	75,445	(6,827)
Net cash from/(used in) financing activities	27,048	(64,116)	77,330	180	133,796
Net (decrease)/increase in cash and cash equivalents	(281,957)	(49,445)	131,231	120,059	134,064
Cash and cash equivalents at beginning of the year/period	421,849	145,014	91,734	91,734	224,817
Effects of foreign exchange rate changes	5,122	(3,835)	1,852	(201)	351
Cash and cash equivalents at end of the year/period	145,014	91,734	224,817	211,592	359,232

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	As of/for the year ended December 31,			As of/for the three months ended March 31,	
	2022	2023	2024	2024	2025
Gross profit margin	29.1%	28.9%	31.2%	32.0%	32.2%
Net profit margin	13.1%	14.9%	14.8%	17.7%	15.0%
Current ratio (times)(1)	4.5	4.1	3.7	N/A	3.6
Quick ratio (times)(2)	4.2	3.8	3.4	N/A	3.3
Gearing ratio(3)	1.9%	1.5%	4.7%	N/A	7.4%

(1) Current assets divided by current liabilities as of year/period end.

(2) Current assets less inventories divided by current liabilities as of year/period end.

(3) Total interest-bearing bank borrowings and lease liabilities divided by total equity as of year/period end.

See "Financial Information—Key Financial Ratios."

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the period adjusted for share-based payments expenses. Share-based payments expenses are non-cash expenses arising from granting share options and restricted A Shares to employees. The following table sets out a reconciliation from adjusted net profit (non-IFRS measure) to profit for the period which is presented in accordance with the IFRS Accounting Standards.

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Profit for the year/period	**150,496**	**179,923**	**225,419**	**55,371**	**55,104**
Add:					
Share-based payments expenses	2,319	(9,309)	5,264	—	3,948
Adjusted net profit	**152,815**	**170,614**	**230,683**	**55,371**	**59,052**

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was controlled by (i) Mr. Li, our executive Director and chairman of the Board, together with Zhaowei Holding, an entity controlled by him, and (ii) Ms. Xie, our executive Director, vice chairwoman of the Board and the spouse of Mr. Li, through Qingmo Partnership where she acted as the general partner, collectively being the Controlling Shareholders, were able to exercise an aggregate 62.54% voting rights in our Company. Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), Mr. Li, Ms. Xie, together with Zhaowei Holding and Qingmo Partnership are expected to be entitled to exercise an aggregate of approximately [**REDACTED**]% voting rights in our Company. Mr. Li, Ms. Xie, Zhaowei Holding and Qingmo Partnership will remain as our Controlling Shareholders upon the [**REDACTED**].

DIVIDEND POLICY

In 2022, 2023, 2024 and the three months ended March 31, 2025, our Company paid cash dividends of RMB34.1 million, RMB28.9 million, RMB93.5 million and nil, respectively. See Note 11 to the Accountants' Report included in Appendix I to this document for details. At our shareholders' general meeting in May 2025, the declaration of cash dividends of RMB68.5 million was approved, which represented the final dividend for the year ended December 31, 2024, and has been paid in full except for the portion of dividends on certain restricted A Shares under the 2024 Share Incentive Scheme.

PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends by cash and/or by stock in the future after taking into account our profitability, cash flow conditions, corporate development and capital needs. We may declare cash dividends provided that our distributable profits of the relevant fiscal year are positive, and that we do not have significant investment plans or cash expenditures in the next 12 months, assuming that such annual dividend is made, our capital requirements for ordinary business can still be met in the light of such investments or cash expenditures. We shall distribute cash dividends in an aggregate amount of not less than 30% of the average annual distributable profits over each consecutive three-year period. Furthermore, provided that the specific conditions for cash dividends are met, we shall distribute annual cash dividends of not less than 20% of the distributable profits generated in the relevant fiscal year. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since 2020, our Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

On May 19, 2025, the Shareholders' meeting resolved to approve the proposal for the repurchase and cancellation of a portion of restricted A Shares and the cancellation of certain share options. As of the Latest Practicable Date, the procedures for the Company's capital reduction have not yet been completed. Upon the completion, the Company's registered capital will be changed to RMB240,196,500.

Our Directors confirmed that, up to the date of this document, there had been no material adverse change in our financial, operating or trading conditions since March 31, 2025, being the end of the period reported in the Accountants' Report in Appendix I to this document.

STATISTICS OF THE [REDACTED]

All statistics in the following table are based on the assumptions that (1) the [**REDACTED**] has been completed and [**REDACTED**] new H Shares are issued pursuant to the [**REDACTED**], (2) the [**REDACTED**] are not exercised, and (3) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED]	Based on an [REDACTED] of HK$[REDACTED]
[**REDACTED**](1)	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(2)	HK$[**REDACTED**]	HK$[**REDACTED**]

(1) The calculation of [**REDACTED**] of our Shares is based on (i) [**REDACTED**] H Shares expected to be issued; and (ii) 240,203,500 A Shares in issue with a closing price of RMB101.96 (equivalent to approximately HK$111.43) per A Share as of the Latest Practicable Date, representing in aggregate [**REDACTED**] Shares expected to be in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] are not exercised). For details, see "Share Capital—Upon Completion of the [**REDACTED**]" in this document.

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in Appendix II to this document.

[REDACTED]

We did not record [**REDACTED**] during the Track Record Period. We expect to incur a total of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] between HK$[**REDACTED**] and HK$[**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) [**REDACTED**] and [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (2) non-[**REDACTED**] expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), which consist of (a) fees and expenses of legal advisors and accountants of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (b) other fees and expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million). Approximately RMB[**REDACTED**] million of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] million is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

USE OF [REDACTED]

We estimate that the net [**REDACTED**] from the [**REDACTED**] will be approximately HK$[**REDACTED**] million (after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**]), assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative range of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share, and that the [**REDACTED**] is not exercised. We currently intend to apply the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set out follows:

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for global technology R&D and expansion of our product and solution portfolio;

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for expanding our global production capacity worldwide and enhancing production efficiency;

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for selectively pursuing strategic alliances, investments and acquisitions globally;

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for expanding our global service and sales network and strengthening global marketing efforts; and

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]—Use of [**REDACTED**]."

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

"2024 Share Incentive Scheme"	the share incentive scheme approved at the third meeting of the third session of the Board held on August 7, 2024 and the second extraordinary general meeting of the Company held on August 28, 2024
"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.0 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report for three years ended December 31, 2024 and the three months ended March 31, 2025 prepared by Ernst & Young, the text of which is set out in Appendix I to this document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**] Date, a summary of which is set out in Appendix III to this document
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate

[**REDACTED**]

[**REDACTED**]

"China" or "PRC"	the People's Republic of China excluding, for the purpose of this document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Shenzhen Zhaowei Machinery & Electronics Co., Ltd. (深圳市兆威機電股份有限公司), a limited liability company incorporated in the PRC on April 19, 2001, which was converted into a joint stock company with limited liability on January 10, 2018, these A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 003021)
"Company Law" or "PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Li, Ms. Xie, Zhaowei Holding and Qingmo Partnership
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited

"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dongguan Zhaowei"	Dongguan Zhaowei Machinery & Electronics Co., Ltd. (東莞市兆威機電有限公司), a PRC company established on October 31, 2018, one of our subsidiaries
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"F&S Report"	a commissioned industry report prepared by Frost & Sullivan

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant of our Company

[**REDACTED**]

"Group," "our Group," "the Group," "we," or "us"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Guidelines on Articles"	Guidelines for Articles of Association of Listed Companies (上市公司章程指引), as amended, supplemented or otherwise modified from time to time, issued by the CSRC on March 28, 2025 and effective on the same date in place of the Mandatory Provisions for Companies Listing Overseas (到境外上市公司章程必備條款)
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which is/are to be [**REDACTED**] for and traded in HK dollars and to be [**REDACTED**] on the Stock Exchange

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Listing Rules

[**REDACTED**]

"Joint Sponsors"	China Merchants Securities (HK) Co., Limited and Deutsche Securities Asia Limited
"Latest Practicable Date"	June 11, 2025, being the latest practicable date for ascertaining certain information in this document before its publication

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Measures for the Administration of Equity Incentives of Listed Companies"	Measures for the Administration of Equity Incentives of Listed Companies (上市公司股權激勵管理辦法) published on July 13, 2016, last amended on February 19, 2025 and promulgated on March 27, 2025 by the CSRC
"Mr. Li"	Mr. Li Haizhou (李海周), the chairman of the Board, an executive Director and one of our Controlling Shareholders
"Ms. Xie"	Ms. Xie Yanling (謝燕玲), the vice chairwoman of the Board, an executive Director and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	Generally accepted accounting principles of the PRC
"PRC Legal Advisors"	Allbright Law Offices (Shenzhen), being the legal advisor to the Company as to the PRC laws

[**REDACTED**]

"Qingmo Partnership"	Gongqingcheng Qingmo Venture Capital Partnership Enterprise (Limited Partnership)* (共青城清墨創業投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on August 30, 2016, one of our Controlling Shareholders
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation (國家稅務總局)
"SCNPC"	Standing Committee of the National People's Congress, the permanent body of the National People's Congress of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each, including both A Shares and H Shares
"Share Incentive(s)"	restricted A Share(s) and/or share option(s) granted under the 2024 Share Incentive Scheme (as the case may be)
"Shareholder(s)"	holder(s) of our Share(s)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the board of supervisors of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period consisting of the three years ended December 31, 2024 and three months ended March 31, 2025

[**REDACTED**]

"United States" or the "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"Zhaowei Holding"	Shenzhen Qianhai Zhaowei Financial Holding Co., Ltd.* (深圳前海兆威金融控股有限公司), a PRC company established on March 3, 2015, one of our Controlling Shareholders
"%"	Percent

In this document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "controlling shareholder" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or entities have been included in this document in both the Chinese and English languages; the English versions are for identification purposes only and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary contains certain technical terms used in this document in connection with us and our business. Such terms and their meaning may not correspond to standard industry definitions or usage.

"AI"	artificial intelligence
"CAGR"	compound annual growth rate
"DC"	direct current
"EMC"	electromagnetic compatibility, the ability of electronic devices and systems to function properly in their electromagnetic environment without causing or experiencing interference
"high-degree-of-freedom dexterous hand"	a high-end dexterous hand with at least 16 active degrees of freedom
"IPD"	interpupillary distance, the distance in millimeters between the centers of each pupil
"ISO Grade"	the international standard of gear precision grade, as defined in ISO 1328-1:2013 Cylindrical gears – ISO system of flank tolerance classification, Part 1: Definitions and allowable values of deviations relevant to flanks of gear teeth, and ranges from ISO Grade 1 to ISO Grade 11, with ISO Grade 1 being the highest grade and ISO Grade 11 being the lowest grade
"Mbps"	megabits per second, a unit of measurement for internet speed, specifically the rate at which data is transferred
"MES"	manufacturing execution system, a software system that monitors, tracks and controls manufacturing processes. MES provides real-time data and insights into production operations, facilitating production control, quality management and decision-making
"MHz"	a unit multiplier that represents one million hertz
"MIM"	metal injection molding, a metalworking process in which finely-powdered metal is mixed with binder material to create a feedstock that is then shaped and solidified using injection molding
"MR"	mixed reality, a technology that blends the real world with digital elements, allowing for interaction with both physical and virtual objects in real-time
"NEV"	new energy vehicles, including but not limited to battery energy vehicles, hybrid and fuel cell vehicles

GLOSSARY

"OEM"	original equipment manufacturer
"PCB"	printed circuit board, an electronic assembly that uses copper conductors to create electrical connections between components
"PCBA"	printed circuit board assembly, the process of mounting electronic components onto a PCB to create a functional electronic device
"PM"	powder metallurgy, a term covering a wide range of ways in which materials or components are made from metal powders
"RCU"	remote control unit, a device used to wirelessly control or operate electronic equipment or machinery from a distance
"R&D"	research and development
"SMT"	surface mounting technology, a method for producing electronic circuits in which components are mounted directly onto the surface of printed circuit boards
"SRM"	supplier relationship management, a system that manages interactions and communications with suppliers. SRM facilitates the synchronization of procurement plans with suppliers, ensuring timely and efficient delivery of materials in accordance with production needs and strategic objectives
"VR"	virtual reality, a technology that creates simulated experiences by immersing users in computer-generated environments
"XR"	extended reality, which encompasses technologies that merge real and virtual environments, including augmented reality, virtual reality and mixed reality
"Φ"	the diameter symbol, which refers to the diameter of a circular section or the outer diameter of a pipe

We have included in this document forward looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward looking statements.

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this document. Forward-looking statements can be identified by words such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "intend," "plan," "continue," "seek," "estimate" or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;
- the actions of and developments affecting our major customers and suppliers; and
- certain statements in the sections headed "Risk Factors," "Industry Overview," "Regulatory Overview," "Business," "Financial Information," "Relationship with Our Controlling

Shareholder" and "Future Plans and Use of [**REDACTED**]" with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this document speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward -looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

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

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized into (1) risks relating to our business and industry, (2) risks relating to conducting business in China, and (3) risks relating to the [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The size of our addressable markets and the demand for integrated micro transmission and drive system solutions may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations and financial condition.

China's integrated micro transmission and drive system industry has been developing rapidly. The future market size of the industry and the demand for integrated micro transmission and drive system solutions may, however, be difficult to anticipate since it depends on a number of variables, most of which are beyond our control. For example, the market growth may depend on the application of integrated micro transmission and drive system solutions across various industry sectors and the performance and cost-efficiency of these solutions. If there is a reduction in customer demand as a result of alternative technologies, competing products or services, technological challenges, decreases in customer spending, weakening economic conditions or other causes, our business, results of operations and financial condition will be materially and adversely affected.

In addition, the market acceptance of integrated micro transmission and drive system solutions may vary across different industry sectors. As we aim to reach out to more customers across different industry sectors, we may face challenges brought by more diverse and complex use cases. We cannot assure you that the trend of adopting and utilizing integrated micro transmission and drive system solutions by potential customers will develop or continue in the future in any given industry sector, which in turn would hinder our ability to achieve the desired level of adoption of our solutions.

Our solutions are widely used across various downstream sectors. Any slowdown in the growth of these sectors could adversely affect our business, results of operations and financial condition.

To date, we have developed products and solutions featuring precision, miniaturization and ultra-thin design for several major industry verticals, including intelligent automotive, consumer and healthcare technology, advanced industry and smart manufacturing, and embodied robotics. See "Business—Our Principal Products and Solutions." Accordingly, the demand for our integrated micro transmission and drive system solutions is closely tied to the market growth and downstream demand within these sectors. Any slowdown in the growth of these sectors could materially and adversely affect the adoption of our solutions.

The market growth and downstream demand for our customers' products, which drive demand for our various solutions, are subject to various factors beyond our control, including macroeconomic conditions, rapid technological developments, evolving industry standards, shifting consumer preferences, regulatory changes, production cycles and supply chain constraints. Any delay or slowdown in technological advancements, disruptions in supply chains or changes in regulatory policies may hinder the growth of downstream sectors. For example, for NEVs, fluctuations in consumer demand, market saturation or declining interest in specific product categories could in turn reduce orders for our solutions. Similarly, the future prospects of the embodied robotics industry, whether industrial-grade or household-grade, are subject to factors beyond our control, such as the actual capabilities of robots, their ease of use, pricing, and the availability of alternative products. As for smart home products, they are heavily influenced by consumer awareness and interest, technological advancements, economic conditions and disposable income and government policies and incentives. Any stagnation or contraction in these factors could impact the demand for our solutions. In addition, we cannot assure you that technological innovation will result in increased customer demand or broader adoption of our solutions. Any delay in technological advancements or failure of emerging technologies to drive expected downstream market growth could materially and adversely affect our business, results of operations and financial condition. Furthermore, we cannot guarantee that the market trends of downstream sectors where our solutions are deployed will remain favorable in the future. There is no assurance that the demand for product offerings in these downstream sectors will remain at the levels experienced during the Track Record Period or continue to grow. Any decline in the customer demand in these downstream sectors or stagnation in the growth of downstream sectors could materially and adversely affect our business, results of operations and financial condition.

Our limited operating history and evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we may encounter. Our historical growth may not be indicative of our future performance.

We commenced our operations in 2001 and have continued to expand our business since our inception. We have innovated, and will continue to innovate integrated micro transmission and drive system solutions across diversified industry verticals. Our new business initiatives, such as our embodied robotics solutions, have not been fully proven given our limited operating history, which may subject us to a number of uncertainties and additional costs and expenses, and adversely affect our ability to project and plan for our future growth.

In 2022, 2023, 2024 and the three months ended March 31, 2025, our revenue was RMB1,152.5 million, RMB1,205.9 million, RMB1,524.6 million and RMB367.5 million, respectively, and our net profit was RMB150.5 million, RMB179.9 million, RMB225.4 million and RMB55.1 million, respectively. However, you should not consider our historical performance as indicative of our future financial performance. As a result of our limited operating history and evolving business portfolio, it is difficult to draw an exact period-over-period comparison of our business, results of operations and financial condition as a whole. Furthermore, as our business further develops, we may modify our business model or continue to change our business portfolio. We may launch new solutions or discontinue any existing ones for strategic purposes. Any of such changes may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our prospects should be considered in light of the risks and uncertainties that we, as a fast-growing company with a limited operating history, may encounter, including the following ones, some of which are beyond our control:

- China's overall economic growth;
- the level of digital intelligentization in China;

- the evolving regulatory environment and government policies and initiatives, in particular those relating to the industries that we operate in;
- awareness and widespread adoption of integrated micro transmission and drive system solutions across various industry sectors;
- our ability to advance our technologies and develop new ones;
- our ability to develop and deliver solutions to efficiently address our customers' needs;
- our ability to retain and expand our customer base;
- our ability to increase brand recognition through marketing and promotional activities;
- our ability to successfully compete with other companies that are currently in, or may in the future enter, our industries; and
- our ability to manage our costs and expenses and enhance operating efficiency.

Our business operation and financial performance may be adversely affected if we fail to timely introduce new solutions to adapt to customers' needs and advancements in technology, or if our research and development investment does not yield the expected results.

The industry in which we operate is characterized by rapid technological advancement, frequent introductions of new solutions, continual shifts in customer demands and expansion into new application scenarios. In addition, the continuous emergence of new solutions has intensified the need for innovation. Accordingly, our business success depends substantially on our ability to continuously introduce new and upgrade existing solutions in a timely manner. In particular, the timely introduction of new solutions and upgrading of existing solutions requires us to:

- adapt quickly and cost-effectively to changing customer specifications, market conditions and regulatory standards;
- cooperate effectively with customers, suppliers and other partners to meet customization requirements;
- continuously improve the reliability, scalability and intelligence of our solutions;
- design performance-enhancing functions that differentiate our solutions from competitors; and
- respond promptly to technological changes and solution announcements by our competitors.

If we fail to meet any of these requirements, our solutions may become less competitive or even obsolete. Any delays or inefficiencies in upgrading our solutions may impact our ability to capitalize on emerging application scenarios or address evolving market demands, further diminishing our market position.

Additionally, developing and commercializing new or upgraded solutions require substantial investment in research and development, production capabilities and skilled personnel. In 2022, 2023, 2024 and the three months ended March 31, 2025, our research and development costs were RMB117.3 million, RMB128.7 million, RMB155.1 million and RMB39.7 million, respectively. However, as research and development activities are inherently uncertain, we cannot guarantee that all our efforts on research and development can deliver benefits that we anticipate. We may also not be able to obtain and retain sufficient resources, including qualified research and development personnel. Even if we succeed in our research and development efforts and generate the results we expect, such results may not arrive in a timely manner as anticipated, and we may still encounter practical difficulties in commercializing our research and development efforts. Given the fast pace with technology that has been and will continue to be developed, we may not be able to timely upgrade our technology in an efficient and cost-effective manner, or at all. Despite our research and development expenditures, new technologies in smart sensing interaction solution industry could render the solutions that we develop or expect to develop in the future obsolete or commercially nonviable, thereby limiting our ability to recover related research and development costs, which could result in a decline in our revenue, profitability and market share.

Many of our products are made to order, catering to the different needs of our customers. For this non-standard equipment, after a sales contract is signed, our research and development department will design the product according to the technical specifications of customers, which will then be manufactured, assembled, tested and shipped to customers. If we fail to design and develop a product according to the specification of our customers or if the products we delivered fail to be delivered in time or pass the testing of our customers, we may lose future business opportunities and our results of operations and future development may be adversely affected. Moreover, our success in lowering our manufacturing costs and enhancing our profitability depend on the promotion of standardized components, which can not only reduce procurement costs and manufacturing costs, but also improve our production efficiency, enabling faster delivery to customers. If we fail to develop and promote standardized components that achieve high market demand, our profitability may be adversely affected.

If we fail to retain existing customers, attract new customers or increase their spending, our business, results of operations and financial condition may be materially and adversely affected.

Our ability to generate and increase our revenue depends largely on our ability to retain existing customers, attract new customers or increase their spending with us. This in turn would depend on a number of factors, including our ability to offer high-quality solutions that address the needs of our customers at competitive prices, roll out new and enhanced features and functionalities of our products, strengthen our technological capabilities and adapt to the evolving industry trends and competitive landscape.

Furthermore, our customer base and customer spending with us may decline or fluctuate due to many factors, including customer satisfaction, customer budget levels, changes in our customers' underlying businesses, changes in the type and size of our customers, pricing, competitive landscape and general economic conditions. We may also fail to execute our sales and marketing strategies in a cost-effective manner or our efforts to cross-sell and up-sell may not be as successful as we anticipate. Moreover, failure to maintain high-quality customer support may also have an adverse effect on customer retention. Such failures could result in customer dissatisfaction and decrease in the overall demand for our solutions, which would materially and adversely affect our business, results of operations, financial condition and prospects.

As we have been and will continue expanding our customer base and diversifying industry sectors that we cover, the demands of our customers may differ from each other and evolve over time. As such, we need to upgrade, expand and modify our solutions to satisfy their requirements. We also need to develop expertise and insights to serve customers across industry sectors and adapt our solutions accordingly to ensure the degree of our market acceptance. We cannot assure you that we can always provide solutions that meet our customers' anticipations. As a result, we may not be able to retain and expand our customer base, and our business, results of operations and financial condition may be materially and adversely affected.

If our expansion into new industry verticals and application scenarios is not successful, our business, prospects and growth momentum may be materially and adversely affected.

We provide integrated micro transmission and drive system solutions to address the diversified needs of our customers across various industry sectors in different application scenarios. We have a track record of successfully expanding into new industry sectors. We cannot assure you, however, that we will be able to maintain this momentum in the future. Expanding into new industry sectors and application scenarios involves new risks and challenges, such as the difficulty in keeping pace with evolving customer demands and preferences that we may be unfamiliar with. In addition, there may be one or more existing market leaders in such areas. Such companies may be able to compete more effectively than us by leveraging their experience in addressing customer needs in those sectors, as well as their deeper industry insights, greater brand recognition, more advanced technologies and better access to customer base and business opportunities. We could also be subject to additional regulations relating to new industry sectors that we enter into, and we may not have sufficient experience or resources in dealing with those enhanced requirements and could incur additional compliance costs as a result. Expansion into any new industry sectors may place significant strains on our management and resources, and failure to expand successfully could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to risks associated with the overseas expansion of our business.

We plan to continue to expand our business in selected overseas markets. As a result, we are subject to a variety of risks and uncertainties associated with overseas operations and sales, including compliance with foreign laws, regulations and local industry standards, in particular, those related to NEVs; export control and economic sanctions laws and regulations; exposure to increased overseas litigation risks; political and economic instability, as well as geopolitical tensions, including the ongoing tariff war; foreign currency exchange rate fluctuations, currency controls and cash repatriation restrictions; restrictions on imports from the PRC or other trade barriers, such as export requirements, sanctions, tariffs, licensing and other restrictions and expenses; unfamiliarity with local operating and market conditions and competitive landscape; uncertainty on the degree of market acceptance; competition from local companies; failure to attract and retain locally qualified management and employees; alignment of the operations, culture and systems of the international team with our existing operations; foreign taxes; environmental, safety and labor regulatory compliance; and potential disputes and difficulty in managing relationships with overseas customers and distributors. Additionally, we distribute our products to overseas markets and we may expand our business in overseas markets, we will face management risks associated with the growth of our international team and the management of territories under our international strategy. We sell our products in certain overseas markets, including certain European and North American countries. For 2022, 2023, 2024 and the three months ended March 31, 2025, our revenue from overseas sales amounted to RMB146.3 million, RMB157.2 million, RMB212.4 million and RMB41.6 million, respectively, accounting for 12.7%, 13.0%, 13.9% and 11.3% of our revenue, respectively.

Any failure to manage the foregoing and other risks and uncertainties could result in operational inefficiencies, increased costs and a diversion of management's attention from other business matters, which in turn could adversely affect our overseas business and its expansion, and result in reduced turnover from our overseas operations, which in turn could materially and adversely affect our business, results of operations and financial condition.

We may fail to maintain or improve our market position or respond successfully to changes in the competitive landscape.

We may face competition both in China and internationally for our integrated micro transmission and drive system solutions across various industry verticals. Additional competitors with significant market presence and financial resources may enter the markets in which we operate, and thereby intensify competition. These competitors may be able to reduce our market share by adopting more aggressive pricing policies than we can or by developing technologies and services that gain wider market acceptance than our products. Existing and potential competitors may also develop relationships with our customers in a manner that could significantly harm our ability to sell, market and develop our products. If we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, results of operations and financial condition may be materially adversely affected.

Failure to enhance our brand recognition and sales and marketing capabilities and could harm our ability to expand our business operations and increase our customer base, and adversely affect our business, results of operations, financial condition and prospects.

We believe that maintaining and enhancing our brand is important to continued market acceptance of our existing and future solutions, attracting new customers, retaining existing customers, and successfully executing our dual-pronged growth engines. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand recognition will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products and solutions that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, and our ability to successfully differentiate our products and services from competitive ones. However, our efforts may not always be successful or yield increased revenue.

Moreover, the promotion of our brand also requires us to make expenditures, and we expect that the absolute amount of these expenditures will increase as the market becomes more competitive. Our selling and marketing expenses were RMB45.1 million, RMB42.1 million, RMB60.3 million and RMB14.5 million in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively, representing 3.9%, 3.5%, 4.0% and 3.9% of our revenue for the same periods, respectively. To the extent that our sales and marketing activities increase revenue, the increase in revenue still may not necessarily be sufficient to offset the expenditures we incur. We may also be unable to hire and train sufficient numbers of qualified sales personnel or ensure the productivity of our sales personnel in acquiring new customers or cross-selling to our existing customers. If we do not successfully maintain and enhance our brand and ensure the effectiveness of our sales and marketing efforts, our ability to expand our customer base may be impaired, which would then adversely affect our business, results of operations and financial condition.

We may be unable to execute our strategies effectively.

Our business, results of operations and financial condition depend in part on our ability to effectively implement our growth strategies. For example, to expand our production capacity and boost our growth, we may construct additional production lines at our manufacturing facilities or construct new manufacturing facilities. If we encounter any issue during our international expansion or if we fail to manage our products portfolio expansion, our business, results of operations and financial condition may be materially and adversely affected. Despite the fact that we have secured orders from leading customers in certain emerging industry verticals during the Track Record Period, such products may not gain sufficient market acceptance or realize revenue as predicted. In addition, we must continue to hire, train and effectively manage new employees. If newly hired employees perform poorly or if we are unsuccessful in hiring, training, managing and integrating new employees, our business, results of operations and financial condition may be materially and adversely affected. To effectively manage the expected growth of our operations and personnel, we will need to continue to improve our technological, operational and financial systems, policies, procedures and controls. All of these endeavors involve risks and will require significant managerial, financial and human resources. There is no assurance that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

Future acquisitions, strategic investments, partnerships or alliances could be difficult to identify and integrate, divert management resources, result in unanticipated costs or dilute our Shareholders.

We intend to selectively pursue strategic alliance, investment and acquisition opportunities to strengthen our global competitiveness in the integrated micro transmission and drive system market, particularly with respect to high-growth industry verticals such as humanoid robotics. We will evaluate and execute alliance, investment and acquisition opportunities that complement and scale up our business, optimize our profitability, help us penetrate high-growing sectors, and add new capabilities to our company. However, we may have limited experience in making such acquisitions and we may not be able to find suitable acquisition candidates or complete acquisitions on favorable terms, if at all. Even if we complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisition we complete could be viewed negatively by customers or investors. We may also engage in other forms of business collaborations and relationships in the future, including strategic investments, partnerships and alliances. Negotiating such transactions can be time-consuming, difficult and costly, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals. We cannot assure you that these transactions will close or will lead to commercial benefit for us.

In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company or our collaborations. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management, and disrupt the ordinary functioning of our business. We may ultimately fail to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions. Furthermore, an acquisition could also materially impair our results of operations by causing us to incur debt or requiring us to amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity and regulatory compliance, as well as legal or contractual liabilities in businesses we acquire which we did not uncover prior to such acquisition. Therefore, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses or technologies could have a material adverse effect on our business, results of operations and financial condition.

In connection with the foregoing strategic transactions, we may issue additional equity securities that would dilute our Shareholders, use cash that we may need in the future to operate our business and incur substantial debts and liabilities. Such strategic transactions may also subject us to legal and regulatory scrutiny and increase our compliance costs. As a result, our business, results of operations and financial condition may be adversely affected.

Our success depends in part on our ability to enhance our manufacturing capabilities and to produce high quality products.

Our success depends in part on our ability to enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our manufacturing lines to meet the varying demands for our products. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages. Our ability and efforts to enhance our manufacturing capabilities are subject to significant risks and uncertainties, including:

- our ability to obtain funding for the additional capital expenditures, working capital and other corporate requirements to be used to enhance our manufacturing capabilities. We may be unable to obtain such funds in a timely manner or on commercially reasonable terms or at all;

- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts, components and utilities, shortages of workers, transportation constraints, disputes with contractors, engineering firms and equipment vendors, as well as equipment malfunctions and breakdowns;

- availability of the necessary technology or equipment from third parties or our internal research and development department;

- diversion of management attention and other resources; and

- manufacturing interruption caused by natural disasters or other unforeseen events.

Construction of new manufacturing facilities or the expansion of existing facilities also requires significant capital investment upfront, and it may take considerable time before such facilities achieve their expected capacity or breakeven point. Failure to construct or expand our manufacturing facilities in time or at all may drain our financial resources and adversely affect our business, results of operations and financial condition.

We may face risks associated with defective products and the unsatisfactory performance of our products.

Our products may expose us to potential product quality claims if they fail to perform as expected, are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in project delays or damages or other adverse effects. If our products do not meet specifications or requirements enforced by domestic or overseas regulators or requested by our customers (as the case maybe), we may be subject to product quality claims or litigation. Any product quality claim, regardless of whether relating to project delays or damages, or related regulatory actions could prove costly and time-consuming to defend and could potentially prejudice our brand reputation and our relationship with our customers. If successful, product quality claims may require us to pay substantial damages. Furthermore, certain product quality claims may be the result of defects from parts and components purchased from third-party suppliers. Such third-party suppliers may not indemnify us for defects as to such parts and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product quality claim. Any product quality claim, either with or without merit, may also result in significant negative publicity and thus materially and adversely affect the marketability of our products and our reputation, our relationship with customers, as well as our business, results of operations and financial condition.

We are subject to various regulatory and customer requirements and may not be successful in maintaining an effective quality control system.

The performance, quality and safety of our products are critical to our customers and our success. We have established and maintained stringent quality assurance standards and inspection procedures, including quality control with respect to the raw materials and components purchased from suppliers.

Our quality control system has been certified to meet various quality standards in China and overseas. See "Our Business—Quality Control." However, the effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs and our employees' adherence to our quality control policies and guidelines, and should cover all stages of manufacturing processes, including raw material and component procurement and both semi-finished and finished products. If we fail to maintain an effective or adequate quality control system, we may manufacture defective products that would expose us to warranty claims which may include return, replacement or recall of our products and other compensation and product liability. Any such claim, regardless of whether it is ultimately successful, could cause us to incur significant costs, prejudice our business reputation and result in significant disruption to our operations. Furthermore, if any such claim is ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our results of operations and financial condition.

If our production capacity is not adequate, our capability to satisfy customer demand could be hindered.

During the Track Record Period, our existing manufacturing facilities generally maintained a relatively high utilization rate of around 80%. If our production capacity is not adequate to meet the overall market demand for our products, especially if we experience increased demand for our products as we grow our customer base and expand our solution offerings, our ability to deliver products to our customers on a timely basis will be affected. Under such circumstances, our business, results of operations and financial condition may be materially and adversely affected. In the future, as our business grows, we may need to expand our production capacity through various measures, including the construction of our Suzhou production base and other new production centers abroad. We cannot assure you that our new premises will be ready in time or our production capacity will otherwise be successfully expanded. A number of factors could delay our expansion plans or increase our costs, including (1) failure to raise sufficient funds to establish and maintain working capital to operate our business at the new premises, (2) failure to obtain environmental and regulatory approvals, permits or licenses from the relevant government authorities in a timely manner, (3) failure to find new sites for our production centers, (4) shortage or late delivery of building materials and production equipment resulting in late delivery of the premises for occupancy and use, (5) various factors affecting construction progress and resulting in late delivery of the premises for occupancy and use, and (6) technological changes, capacity expansion or other changes to our plans for the new premises necessitated by changes in market conditions.

Failure to expand our production capacity could hinder our capacity to satisfy customer demand and growth prospects. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for the construction of new premises and the maintenance of expanded production capacity. A delay in or cancellation of our expansion plans could also subject us to disputes with various counterparties, including general contractors and sub-contractors, equipment suppliers, financiers and relevant government authorities. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected.

If we experience operational disruption or machinery breakdown in our production facilities, our inventory level and production schedule may be adversely affected.

Our success and reputation depend on our ability to deliver quality products to our customers on time and in required quantities, which in turn relies on the proper and reliable functioning of our production processes. Our production processes rely on the stable operation of our production facilities, particularly machinery and equipment for key processes. Any operational disruption or machinery breakdown could directly impact our production schedules and stock levels, hindering our ability to meet customer orders in a timely manner, thus affecting customer satisfaction.

Operational disruptions or machinery breakdowns in our production facilities may arise from unexpected incidents or catastrophic events, including natural disasters, fires, technical or mechanical failures, power shortages, explosions, labor strikes, epidemics, loss of licenses, certifications or permits, changes in governmental planning for the underlying land, and regulatory developments. Additionally, instability or shortages in electricity supply could halt production activities, causing delays in fulfilling customer orders. In the event of such disruptions, maintaining production volumes and ensuring sufficient stock levels to meet customer demands could be challenging. Identifying and securing alternative facilities or machinery in a timely and cost-effective manner may not always be feasible. Delays in resuming normal operations could also affect the quality and schedule of product deliveries, potentially impacting customer satisfaction and damaging our reputation. Any prolonged suspension of operations or significant disruptions in our production processes could materially and adversely affect our business operations.

If we experience increases in labor costs, shortage of labor or deterioration in labor relations, our production costs may be affected.

Labor costs have been fluctuating and may rise in the future. Our direct labor costs accounted for 8.3%, 7.6%, 7.5% and 8.6% of our total cost of sales in 2022, 2023, 2024 and the three months ended March 31, 2025. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. For details of our employee training efforts and welfare, see "Business—Employees." However, we cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

Future operating results depend upon our ability to obtain raw materials in sufficient quantities on commercially reasonable terms from third-party suppliers.

Raw materials are the major component of our total cost of sales. The raw materials that we mainly use in the manufacturing of our products are standard motors, plastics, gears, shafts, brackets, mold materials, bearings, housings, electronic components, and packaging materials. We procure certain of these raw materials from third-party suppliers. The prices of these materials are susceptible to significant fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of high-quality raw materials in a timely manner at reasonable prices, or if there are significant increases in the costs of raw materials that we could not pass on in full to our customers.

We rely on the timely supply of raw materials in order to carry out our production plans as scheduled. Any delays or disruptions in such supplies from our suppliers may have a material and adverse impact on our ability to meet our customers' demands for our products on time. In addition, any natural or man-made disasters or other unanticipated catastrophic events, including adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of pandemics could impair the operations of our suppliers and impede our ability to manufacture and deliver our products to our customers in a timely manner.

Some raw materials, including those that are available from multiple sources, are at times subject to industry-wide shortages and significant commodity pricing fluctuations. We cannot assure you that we will be able to extend or renew the agreements that we have entered into for the supply of raw materials on similar terms, or at all. The effects of global or regional economic conditions on our suppliers could also affect our ability to obtain raw materials, and we remain subject to significant risks of supply shortages and price increases, which may adversely affect our business, results of operations and financial condition.

If we are not able to fully comply with present or future environmental, safety and occupational health laws and regulations, our business, results of operations and financial condition may be adversely affected.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters. See "Business—Environmental, Social and Corporate Governance." Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. However, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our production process in the future, or that our risk management measures could effectively mitigate the relevant risks and help us navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

In addition, our production process produces hazardous wastes and wastewater. The disposal of hazardous waste and the discharge of pollutants from our production operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered, or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should the authorities impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, results of operations and financial condition.

We have derived a substantial portion of our revenue from sales to a limited number of customers, which may expose to us to risks relating to customer concentration.

Revenue generated from our largest customer in each period during the Track Record Period accounted for 13.0%, 16.3%, 17.6% and 17.4% of our total revenue for such period, respectively, and revenue generated from our top five customers in each period during the Track Record Period accounted for 38.2%, 50.7%, 46.6% and 49.3% of our total revenue for such period, respectively. See "Business—Our Customers" for details.

There are inherent risks whenever a large percentage of total revenue is concentrated with a limited number of customers. Actions taken by our largest customers to exploit their comparably superior bargaining position in negotiating the terms of contracts or otherwise could also have an adverse effect on our operating results. In the event that the existing largest customers cease to engage our solutions, and we are unable to find new customers with similar attributable revenue within a reasonable period of time or at all, our business and profitability may be adversely affected. In addition, if any of such customers delays in their payments or even default, our results of operations, financial condition and liquidity may be materially and adversely affected. As such, should there be any adverse development related to our largest customers' operations or any other reasons resulting in any deterioration or termination of our business relationship with one or more of our major customers, our business, financial condition, operating results and prospects could be materially and adversely affected.

Our business may be subject to seasonal effects, and any disruption of business during any particular season could adversely affect our liquidity and results of operations.

We generally recognize a higher portion of our revenue in the fourth quarter of our fiscal year than other quarters, primarily because certain of our customers tend to schedule their procurement in advance of the major holidays in China, to avoid potential supply chain issues. In contrast, the first quarter is usually our low season, due to the holidays in China. For instance, revenue from the three months ended March 31, 2024 accounted for 20.5% of our revenue for the year ended December 31, 2024. The degree of seasonality could still vary from time to time due to conditions in the industry, the demand of our customers, and other factors over which we have limited control. To the extent there are any significant seasonal fluctuations different from our prior experience, we must arrange for relevant supplies and manufacturing capacity in an effective manner, to ensure we can dynamically meet the market demand.

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade receivables may affect our business, prospects, results of operations and financial condition.

We are exposed to credit risks related to our customers. As of December 31, 2022, 2023 and 2024 and March 31, 2025, our trade and notes receivables were approximately RMB383.5 million, RMB433.7 million, RMB577.5 million and RMB505.6 million, respectively. Our impairment for trade and notes receivables for 2022, 2023, 2024 and the three months ended March 31, 2025 were approximately RMB19.5 million, RMB25.9 million, RMB33.2 million and RMB32.7 million, respectively. See "Financial Information—Discussion of Major Balance Sheet Items—Trade and Note Receivables." Despite the fact that we have taken stringent internal measures to enhance the management and collection of trade receivables, if any of our customers experience financial difficulties in settling the trade receivables due to factors beyond their control such as adverse changes in the competitive landscape and government policies of the industries in which they operate, our corresponding trade receivables recoverability might be adversely affected. Our trade receivable balance may continue to grow alongside our normal course of business, which may increase our risks for uncollectible receivables. If we are unable to collect our trade receivables from our customers in a timely manner per contractual terms or at all, or if there are any material delays in payment by our customers, our liquidity and cash management will be materially and adversely affected, which, in turn, might affect our business, results of operations and financial condition.

Our ability to meet our financial obligations largely depends on the ability of our customers to fulfill their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we encounter difficulties in generating sufficient cash to repay our outstanding financial liabilities, our liquidity, business, results of operations and financial condition may be adversely affected, and we may not be able to expand our business.

We are exposed to risks associated with our investments, such as fair value changes, valuation uncertainties and counterparty risks

During the Track Record Period, we made several types of financial investments to preserve and increase the return on our funds, as well as certain strategic investments that synergize with our business. Our financial investments during the Track Record Period primarily consisted of (1) financial assets at fair value through profit or loss ("FVTPL"), which primarily represented our investments in wealth management products and amounted to RMB725.0 million, RMB947.7 million, RMB904.2 million and RMB903.3 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively; and (2) debt investments at fair value through other comprehensive income ("FVTOCI"), which primarily represented our investments in negotiable certificate of deposit and, to a lesser extent, bank acceptance notes, and amounted to RMB599.4 million, RMB911.2 million, RMB928.7 million and RMB1,001.3 million as of the same dates, respectively. Our strategic investments during the Track Record Period primarily consisted of (1) investment in an associate, which represented our investment in Linked Intelligent Technology Co., Ltd. (領科匯智科技有限公司), which amounted to RMB67.3 million, RMB68.0 million, RMB62.6 million and RMB61.7 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively; and (2) equity investments designated at FVTOCI, which represented our investments in Wuhan Digital Design and Manufacturing Innovation Co., Ltd. (武漢數字化設計與製造創新中心有限公司), Shenzhen Guochuang Embodied Intelligent Robot Co., Ltd. (深圳國創具身智能機器人有限公司), and Tujian Technology (Beijing) Co., Ltd. (途見科技(北京)有限公司), which amounted to RMB17.8 million, RMB17.7 million, RMB17.0 million and RMB36.5 million as of the same dates, respectively. For details of each of the investments, see "Financial Information—Discussion of Major Balance Sheet Items."

Our investments are subject to the risks that any of our counterparties may not perform their contractual obligations, such as in the event that any such counterparty becomes insolvent or declares bankruptcy, which could materially and adversely affect our financial position and cash flow. Furthermore, for those investments measured at fair value, we cannot assure you that market conditions and regulatory environment will create fair value gains on such products we invest in or we will not incur any fair value losses on such investments in the future. If we incur fair value losses, our results of operations and financial condition may be adversely affected.

The fair value measurement of our relevant investments involves the exercise of professional judgment and the use of certain bases, assumptions and observable or unobservable inputs, which, by their nature, could be uncertain. Changes in estimates and judgments could affect their fair value, which in turn may adversely affect our results of operations and financial condition.

Our investments in an associate and equity investment designated at FVTOCI may also subject us to risks typically associated with strategic investments. Our results of operations could be affected by the financial results of such investees. For instance, we recorded share of losses of an associate of RMB5.4 million and RMB1.0 million for 2024 and the three months ended March 31, 2025, respectively. The failure to generate financial results commensurate with investments may also result in impairment losses. In addition, these investments may not as liquid as compared with other types of investments. Furthermore, if our investees have views or interests that conflict with us, or if we have a disagreement with them as to the resolution of a particular issue pertaining to it, or as to the management or operations of its business in general, we may not be able to resolve such disagreement in our favor.

We have granted and may continue to grant share awards, which could result in share-based payment that may affect our financial performance, and potentially dilute existing Shareholders' ownership.

We granted share awards in the past, and we have adopted the 2024 Share Incentive Scheme that permits the grant of share awards to our Directors, employees and consultants. We believe the granting of such share awards is important to our ability to attract, retain and motivate our management team and qualified employees. For details, see "History, Development and Corporate Structure—2024 Share Incentive Scheme," "Statutory and General Information—A. Further Information About Our Group—4.

2024 Share Incentive Scheme" in Appendix IV and Note 35 to the Accountant's Report in Appendix I to this document. We are required to recognize share-based payment expenses based on the fair value of granted share awards. We recorded share-based payment expenses of RMB2.3 million, RMB5.3 million and RMB3.9 million in 2022, 2024 and the three months ended March 31, 2025, respectively, and a reversal of share-based payment expenses of RMB9.3 million in 2023. Any additional grant of share awards by us will further increase our share-based payment, which may adversely affect on our results of operations and financial condition, and potentially dilute existing Shareholders' ownership.

The discontinuation of any preferential tax treatment available to us in China could adversely affect our results of operations and financial condition.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial condition and results of operations, as well as our reputation.

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "EIT Law") and its implementation regulations, enterprises which operate in China are generally subject to enterprise income tax at a statutory rate of 25% on the taxable profit, while enterprises recognized as a "high and new technology enterprise" (高新技術企業) ("HNTE") are entitled to a preferential tax rate of 15%. Our Company enjoyed a preferential income tax rate of 15% as an HNTE from 2022 to 2024. Dongguan Zhaowei also enjoyed a preferential income tax rate of 15% as an HNTE from 2023 to 2025. Continued qualification as an HNTE is subject to a three-year review by the relevant government authorities in China, and in practice certain local tax authorities also require annual evaluation of the qualification. In addition, Suzhou Zhaowei Venture Capital Co., Ltd. and Suzhou Zhaowei Industrial Technology Co., Ltd. enjoyed certain preferential income tax rates during the Track Record Period as they qualified as small meagre-profit enterprises. In the event the preferential tax treatments are discontinued or not verified by the local tax authorities, and the affected entity fails to obtain preferential tax treatments based on other qualifications, it will become subject to the standard PRC enterprise income tax rate of 25%. There is no assurance that we will continue to be qualified to enjoy the above-mentioned preferential tax treatments, or such treatments will not change in the future, which may have a negative impact on our business, results of operations and financial condition.

We historically received government grants and we may not receive such grants or subsidies in the future.

We have received government grants in relation to incentives and awards granted for our research and development initiatives and manufacturing upgrades. We recognized government grants of RMB12.2 million, RMB17.2 million, RMB12.6 million and RMB3.5 million in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. However, these policies may be subject to changes that are beyond our control. We cannot assure you that favorable government policies will continue. In addition, the timing, amount and conditions of government grants are within the sole discretion of the governmental authorities. Governmental authorities may require us to perform certain contractual obligations before we could receive such grants, and we cannot assure you that we could always fully satisfy these conditions or perform the obligations. In such cases, the governmental authorities may cease providing subsidies to us or even require us to repay part or all of the government subsidies we previously received. Any reduction, elimination, repayment or other negative trends in government grants could adversely affect our business, results of operations and financial condition.

We may fail to obtain or maintain all required licenses, permits and approvals to operate our business.

Our business and operations have been subject to extensive regulations. We are required to obtain and maintain applicable licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business. As considerable uncertainties could exist with respect to the interpretation and implementation of existing and future laws and regulations governing our business activities, we cannot assure you that we have obtained all the approvals, permits or licenses required for conducting our business in China, or will be able to maintain our existing approvals, permits or licenses or obtain new ones. The government authorities may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operations of the types of businesses to which the new requirements apply. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. Lastly, our existing licenses may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements. If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, results of operation and financial condition may be materially and adversely affected.

We face certain legal and regulatory risks relating to labor-related laws and regulations, which may adversely affect our business, results of operations and financial condition.

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we did not make adequate social insurances and housing provident fund contributions for certain employees. As advised by our PRC Legal Advisors, if any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance. In addition, if any of the relevant housing provident fund authorities is of the view that our contributions to the housing provident funds do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, the relevant housing provident fund authority may apply to a PRC court for an order of mandatory payment.

During the Track Record Period, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our social insurance or housing provident fund contributions. In addition, we did not receive any notice from judicial or administrative authorities on any material claim from our current and former employees regarding any inadequate contributions. As advised by our PRC Legal Advisors, in the absence of any material employee claims and significant changes in the current policies, regulations, regulatory practices and implementation requirements regarding social insurance and housing fund contributions, the likelihood that we would be subject to material administrative penalties due to failure to make full contributions is remote, based on the fact that (1) we have obtained confirmations from the relevant competent government authorities, confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (2) during the Track Record Period, we had not received any administrative penalty in relation to social insurance and housing provident fund contributions nor any notifications from the relevant competent government authorities requiring us to pay the shortfalls; (3) we were not aware of any material employee complaints or claims with respect to inadequate social insurance and/or housing provident fund contributions; and (4) we undertake that, in the event that competent government authorities require us to make contributions within a stipulated time period or make supplementary contributions and late fees, we will duly comply in a timely manner. As a result, we did not make any provisions in connection with the foregoing incident during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that the relevant government authorities will not require us to pay the shortfall and late fees or impose fines on us, in which case our business, results of operations and financial condition could be adversely affected.

Failure to protect our leasehold interests could adversely affect our business operations.

Under the applicable PRC laws and regulations, the parties to a lease are required to register and file such lease with the relevant government authorities. As of the Latest Practicable Date, 14 of our leased properties had not been registered or filed. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

Certain of our property interests are subject to deficiencies.

As of the Latest Practicable Date, we had not obtained the property ownership certificates for certain buildings in Dongguan, Guangdong Province (the "Affected Buildings"), primarily because we carried out decoration on certain ancillary parts of the building before the property survey review, resulting in discrepancies with the approved planning drawings. The aggregate planned gross floor area of the Affected Buildings was approximately 62,675.94 square meters. As advised by our PRC Legal Advisor, we may be deemed to have constructed buildings in violation of the requirements under our construction project planning permit. As a result, we may face the risks of being required to make rectification within a time limit and be fined. As of the date of this document, we have not been ordered to demolish the Affected Buildings or terminate our operations therein. Furthermore, we have obtained confirmations from the relevant competent government authorities, confirming that (1) Dongguan Zhaowei is currently preparing and advancing rectification work in accordance with the opinion of relevant authorities; (2) neither the relevant authority nor any other competent authority has imposed any administrative penalties on Dongguan Zhaowei due to inconsistencies between the decoration and the planning permit; (3) the Affected Buildings have not been deemed illegal constructions, nor have they been subject to demolition or confiscation orders; (4) Dongguan Zhaowei is permitted to continue to use the Affected Buildings and basement, and such use does not have any adverse impact on its production and operations; (5) Dongguan Zhaowei has obtained the land use rights and relevant construction approval procedures for the Affected Buildings; (6) if Dongguan Zhaowei actively proceeds with rectification in accordance with the opinions of the mapping agency and relevant authorities, there are no material obstacles to obtaining the property ownership certificates for the Affected Buildings, the relevant authorities will not consider the current circumstances as violations of laws or regulations, and no administrative penalties will be imposed; (7) except for the aforementioned incidents in relation to the Affected Buildings, Dongguan Zhaowei is in compliance with national and local laws, regulations, rules and normative documents related to project planning and real estate registration; (8) there have been no administrative penalties or liabilities imposed due to violations of the above-mentioned provisions, and there are no disputes or controversies with the competent authorities; and (9) the competent authority has not received any complaints from third parties regarding the Company (collectively, the "Regulatory Confirmations"). Based on the Regulatory Confirmations, our PRC Legal Advisors are the view that (1) the likelihood that we would be imposed administrative penalties by relevant authorities is remote; and (2) there have been no material adverse changes that would affect our ability to continue our normal operations. However, if we fail to obtain the property ownership certificates for any reason and if the operation of the Affected Buildings is required to be relocated, we may incur costs for relocation, which would in turn materially and adversely affect our business, results of operations and financial condition.

Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers or otherwise harm our business.

Our business is subject to regulation by various governmental agencies in China, including agencies responsible for monitoring and enforcing compliance with various legal obligations, such as environment-related laws and regulations, intellectual property laws, employment and labor laws, trade laws, import and export controls, anti-corruption and anti-bribery laws, and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be different or more stringent than in China. These laws and regulations may increase our compliance costs. Non-compliance with applicable regulations or requirements may subject us to negative consequences, including:

- investigations, enforcement actions, and sanctions;
- mandatory changes to our offerings;
- monetary damages and fines;
- civil and criminal penalties or injunctions;
- termination of contracts;
- loss of intellectual property rights; and
- failure to obtain, maintain or renew certain licenses, approvals and permits.

Responding to any action will likely result in a significant diversion of our management's attention and resources and incur significant costs. If we fail to comply with relevant laws and regulations, or if we fail to defend ourselves in relevant legal or administrative proceedings, our business, results of operations and financial condition could be adversely affected.

We are exposed to risks relating to the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees.

Our continued success is highly dependent upon the efforts of our senior management and other key employees. If either of them or any of our other key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, results of operations and financial position may be adversely affected. In addition, the future growth of our business will depend in part on our ability to attract and retain qualified personnel in all aspects of our business. However, competition to hire highly qualified personnel is intense and we cannot guarantee that we will be able to meet our staffing needs in the future. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be adversely affected.

We may need additional capital for business growth, product development and technology R&D programs and marketing efforts. If we are unable to raise capital in a timely manner or on acceptable terms, or at all, we could incur losses and be forced to delay, reduce or eliminate such efforts.

We may require additional capital beyond that generated by the operating activities from time to time to carry out research and development activities for developing and enhancing our products and technologies, grow our business and better serve our customers, among other things. Accordingly, we may need to issue additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing shareholders, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our A Shares and H Shares. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders. Our ability to maintain or obtain additional capital in a timely manner or on commercially acceptable terms is subject to various factors, including general market conditions for capital raising activities by our peers as well as economic, political and other conditions in China, Hong Kong and globally. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our research and development and business growth could be significantly impaired, and our business and prospects may be adversely affected.

We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We strive to strengthen and differentiate our product portfolio by developing new products and making product improvements. As a result, we regard our intellectual property as critical to our success. We will continue to rely on a combination of patents, trade secrets, know-how, trademarks and copyrights to protect our intellectual property, but this protection may be inadequate. For example, there may be a leakage of our trade secrets or know-how, and our pending or future patent applications may not be registered or approved or, if allowed, they may not be of sufficient strength or scope to protect our intellectual property. As a result, third parties may challenge our patent applications or use the technologies and proprietary processes that we have developed and compete with us, which may adversely affect any competitive advantage we enjoy, dilute our brand and materially and adversely affect our business, results of operations and financial condition.

In addition, policing the unauthorized use of our proprietary technology can be difficult and expensive. Our success largely depends on our ability to use and develop our technology, know-how and product designs without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. The holders of patents and other intellectual property rights potentially relevant to our product offerings may be unknown to us or may otherwise make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to and relied on by us that are subject to infringement or other similar allegations or claims by third parties which may damage our ability to rely on such technologies. In addition, although we endeavor to ensure that companies that work with us possess appropriate intellectual property rights or licenses, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative research and development activities. Our current or potential competitors may have obtained or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products in China or other countries.

The defense of claims, including patent infringement suits and related legal and administrative proceedings, can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to pay damage awards, seek licenses from third parties or pay additional ongoing royalties, which could decrease our profit margins, redesign our products or be restricted by injunctions.

These factors could effectively prevent us from pursuing some or all of our businesses and result in our customers or potential customers deferring, canceling or limiting their purchase or use of our products, which may have a material and adverse effect on our business, results of operations and financial condition.

We may be exposed to infringement or misappropriation claims by or disputes with third parties, which could cause us to lose significant rights and pay substantial damages.

Companies operating in our industry routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. Although we search third parties' intellectual property rights prior to beginning any development projection, our products and technologies and any uses of our products and technologies could infringe third parties' intellectual property rights. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management and technical personnel from our business operations. In addition, our employees could have used third parties' proprietary know-how or trade secrets during their employment with us, which could result in litigation against us. Prior to our development of major new products, our competitors may make filings for patent protection that may not be publicly available and which our new products may infringe. If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology or barred from developing and commercializing certain products, or we may be required to pay burdensome royalties to license their products. If we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not be successful, the failure of which may have a material adverse effect on our business, results of operations and financial condition.

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

Our global operations subject us to various applicable sanctions and export controls regulations. We sell our products in certain overseas markets, including certain European and North American countries. For 2022, 2023, 2024 and the three months ended March 31, 2025, our revenue from overseas sales amounted to RMB146.3 million, RMB157.2 million, RMB212.4 million and RMB41.6 million, respectively, accounting for 12.7%, 13.0%, 13.9% and 11.3% of our revenue, respectively. In the event that any of these countries or regions to which we export imposes economic sanctions or enforces import restrictions or tariffs in relation to our products, our business and operations may be adversely affected.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, in recent years, the U.S. government imposed targeted export control and trade restrictions on the PRC and a number of Chinese companies and institutions, including by adding them onto the Bureau of Industry and Security list (the "Entity List") which limit their access to certain U.S.-origin goods, software and technologies, as well as items that contain a significant portion of or are a direct product of certain U.S.-origin goods, software and technologies. European Union sanctions also have similar regimes to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. We take precautions to prevent our products from being provided to any target of these sanctions. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

Additionally, we may be subject to review and enforcement under domestic and foreign laws that screen foreign investment and acquisitions. In both the U.S. and non-U.S. jurisdictions, these regulatory requirements may treat companies differently based on the type of company in question and investor profile in the company. As a result of these laws, investments by particular investors may need to be filed with local regulators, which in turn may impose added costs on our business, impact our operations; and/or investments by particular investors may be prohibited, which limits our ability to engage in strategic transactions that might otherwise be beneficial to us and our investors. These laws are also regularly changed and updated. For example, recently issued U.S. government regulations (such as a final rule (the Outbound Investment Rule) implementing Executive Order 14105) which took effect in January 2025 and will restrict U.S. person direct and indirect investment into companies with specified connections to China that use specific technologies of concern. Additional U.S. legislation has been proposed that would further expand the set of technologies of concern. These rules may limit our ability to engage in certain kinds of research or to invest or maintain investments in China; they may also limit our ability to raise capital from U.S. and other sources. We believe that our activities do not include any of the covered activities under the Outbound Investment Rule and, therefore, the Outbound Investment Rule would not impact our current business or [**REDACTED**]. However, the interpretation and enforcement of these rules are evolving and unclear. If there are any such changes in the future, either to the rules or to our business, our future fundraising activities may potentially be subject to restrictions regarding investments or otherwise. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our strategic initiatives, financial performance and growth prospects.

We have operations in overseas jurisdictions. Therefore, government policies affecting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or affect our capability to sell products in certain countries or regions. If any new tariffs, legislation or regulations are implemented (including those imposing economic or trade sanctions and those regarding export control or outbound investments), or if existing trade agreements are renegotiated, such changes could affect our business, results of operations and financial condition. Moreover, as our business is closely interrelated with the performance of our customers' end-use products in the marketplace, if our customers are subject to restrictive measures of trade protection or export control, our performance and income will be adversely affected.

In recent years, there have been heightened complexities in international relations. Such tensions could reduce levels of international trade, investment, technological exchange and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' business, prospects, results of operations and financial condition. Economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products. The current international trade tensions and political tensions and any escalation of such tensions, may have a material negative impact on our ability to continue to sell to global customers and further expand our customer base. Geopolitical conditions may also lead to heightened restrictions on foreign investments, introducing increased compliance requirements and uncertainty for investors.

Our export of products to foreign countries, such as the United States, may be subject to high tariff rates resulting from protectionism trade policies, and as a result, our future sales volumes, profitability and results of operations will be materially and adversely affected.

As our sales continue to ramp up, export of our products to the United States may increase. The United States and China had previously been involved in controversy over trade barriers in China that have threatened a trade war between these two countries, and had implemented or proposed to implement tariffs on certain imported products. The United States government has made statements and taken certain actions that may lead to changes in United States and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the United States or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters. In February and March 2025, the United States administration imposed an additional 20 percent duty on Chinese imports. Subsequently, authorities in China announced tariffs over selected United States products and regulatory investigation against United States companies in response to the tariff imposed by the United States. Furthermore, on April 2, 2025, President Trump announced that the United States would impose a 10% tariff on all countries, effective on April 5, 2025, and an individualized reciprocal higher tariff on countries with which the United States has the largest trade deficits, including a 34% additional reciprocal tariff on goods imported from China that brings the total tariff rate to 54%. On April 4, 2025, the Foreign Ministry of China announced that China would impose a retaliatory 34% tariff on goods imported from the United States. On April 8, 2025, President Trump announced to impose an additional 50% tariff on Chinese imports. The Trump administration proceeded to implement a 104% tariff on goods imported from China on April 9, 2025. Subsequently, on April 10, 2025, President Trump announced a temporary suspension of reciprocal tariff measures targeting most U.S. trading partners for a 90-day period, while concurrently escalating tariffs on Chinese goods, which increased to up to 245% with limited exceptions. On April 12, 2025, the State Council further announced that China would escalate the retaliatory tariff to 125% on goods imported from the United States. This sequence of actions underscored a strategic recalibration of the United States trade policy, emphasizing heightened pressure on international trades. On May 12, 2025, the United States and China announced a 90-day pause on most of their recent tariffs on each other. However, the tension might rise again if no further progress was made. We are closely monitoring potential changes in international trade policy and assessing the potential impact of these and other trade policy changes on our business operations and financial performance.

In addition, the worldwide populism trend that calls for protectionism trade policy and potential international trade disputes could cause turbulence in the international markets. These government policies or trade barriers could increase the prices of our products and cause us to lose our sales and market share to our competitors in these countries.

The insurance coverage we have may not adequately protect us against all operating risks.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may further expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

Despite the fact that we purchase statutory social insurance and the necessary insurance types in accordance with relevant laws and our assets (including fixed assets, vehicles and overseas investments), employee safety, cargo transportation and other applicable items/risks are covered by commercial insurance after risk assessment and management team approval, we may not have adequate or full business liability, interruption or litigation insurance coverage for our operational risks in China and overseas. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, prospects, results of operations and financial condition may be materially and adversely affected.

We may be involved in legal and other disputes and claims from time to time arising from our operations and any litigation, legal and contractual disputes, claims or administrative proceedings against us and any failure to comply with relevant laws and regulations may expose us to legal risks.

We may be, from time to time, involved in litigation, other legal proceedings or disputes with our employees, suppliers or customers during the ordinary course of business operations related to, among other things, products and other types of liability, labor disputes or contractual disputes. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management's attention from our business activities. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production schedules We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our reputation, business, prospects, results of operations and financial condition.

We may be the subject of unfair competition, harassing or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings and the public dissemination of malicious statements related to us that could harm our reputation and affect our business operations.

As an established brand, our image is sensitive to the clients' perception of us as a business in entirety, which includes not only the quality our products, but also our corporate management and culture. We cannot guarantee that we may not be the subject of unfair competition, harassment, or other detrimental conduct by third parties. Such conduct includes complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time. Additionally, allegations against us, may be disseminated by anyone, whether or not related to us. Social media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. Although we had promptly taken clarification or rectification measures when we faced negative publicity in the past, it cannot be assured that such measures will always be effective in the future. Any such detrimental conduct against our Company, Directors, employees, spokespersons or products, regardless of veracity, could harm our reputation, or lead to potential loss of consumer confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, results of operations, financial condition, reputation and prospects may be materially and adversely affected.

We may fail to maintain effective internal control measures.

We have implemented various measures to improve our internal control. However, our internal control measures are subject to continuous evaluation and improvement, there can be no assurance that all such measures will prove effective or that material deficiencies in our internal control measures will not be discovered in the future. Our efforts to improve our internal control measures have required, and may still require in the future, increased costs and significant management time and commitment. If we fail to maintain effective internal control measures, our business, results of operations, financial condition or reputation may be materially and adversely affected.

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

We may be exposed to fraud or other misconduct committed by our employees, agents, suppliers, customers or other third parties that could not only subject us to financial losses and sanctions imposed by governmental authorities but also adversely affect our reputation. Such misconduct could include: hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to our decision-making processes; improperly using or disclosing confidential information; engaging in improper activities such as offering bribes to counterparties in return for any type of benefit or gain; misappropriation of funds; conducting transactions that exceed authorized limits; engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities; engaging in smuggling, embezzlement, theft or other criminal activities; engaging in unauthorized or excessive transactions to the detriment of our customers; or otherwise not complying with applicable laws or our internal policies and procedures.

Our internal control measures are designed to monitor our operations and ensure overall compliance. However, our internal control measures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, especially those committed by suppliers or other third parties, and the precautions we take to prevent and detect such activities may not be effective. There is no guarantee that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result. The failure to detect and prevent fraud and other misconduct may have a material adverse effect on our reputation, business, results of operations and financial condition.

Any future occurrence of natural disasters, outbreaks of contagious diseases or other force majeure events may materially and adversely affect our business, results of operations and financial condition.

Our business is subject to general economic and social conditions in China and other countries and regions where we operate. Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts pose significant risks to the regions, including the cities where we conduct our operations. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, results of operations, financial condition and prospects. Additionally, acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

Our Controlling Shareholders have substantial influence over our Company.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately after the completion of the [**REDACTED**], without taking into account any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], our Controlling Shareholders will collectively hold approximately [**REDACTED**]% of the enlarged share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. In addition, our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

The economic and social conditions in China could affect our business, results of operations, financial conditions and prospects.

During the Track Record Period, majority of our revenue was derived from our businesses in China. Accordingly, our business, results of operations, financial condition and prospects are, to a material extent, subject to economic, political and legal developments in China. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be affected.

Any uncertainties embedded in the legal systems of certain jurisdictions where we operate could adversely affect our business, results of operations and financial condition, and our investors could be affected as a result.

The legal systems of the jurisdictions where we operate vary significantly. Some jurisdictions have a civil law system based on written statutes and others are largely based on common law. Unlike common law systems where the case laws have binding effects, prior court decisions under civil law systems may be cited for reference but have limited precedential value. We are based in China and our business in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. As the legal system in China continues to develop, laws and regulations may continue to evolve and be subject to interpretation. As these laws and regulations are continually evolving in response to changing economic and other conditions, we cannot foresee how these laws, rules and regulations will be interpreted and enforced, which may adversely affect the legal protections and remedies that are available to us and our investors.

Government control of currency conversion and restrictions on the remittance of RMB into and out of China could limit our ability to utilize our revenues effectively, to pay dividends and other obligations, and affect the value of our H Shares.

The remittance of currency in and out of China is subject to various laws and regulations. Considerable amount of our revenues and expenses are denominated in Renminbi, and the net [**REDACTED**] from the [**REDACTED**] and any dividends we pay on our H Shares will be in Hong Kong dollars. Under China's existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to make current account foreign exchange transactions, without prior approval from the State Administration of Foreign Exchange ("SAFE"), including paying dividends in foreign currencies and through licensed banks for foreign exchange business, by complying with certain procedural requirements.If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Foreign exchange transactions under our capital account are subject to foreign exchange controls under relevant regulations and require SAFE's approval. These limitations could affect our ability to obtain foreign exchange through offshore financing.

Furthermore, the net [**REDACTED**] from the [**REDACTED**] are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these proceeds into onshore Renminbi. If we cannot convert the net [**REDACTED**] into onshore Renminbi in a timely manner, our ability to deploy these proceeds efficiently may be affected as we will not be able to invest these proceeds on Renminbi denominated assets onshore or deploy them in uses onshore where Renminbi is required. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of mainland China. All of these factors could affect our business, results of operations, financial condition and prospects.

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

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見) (the "July 6 Opinion"), which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. The July 6 Opinion aims to achieve this by establishing a regulatory system and revising the existing rules for overseas listings of Chinese entities and affiliates including potential extraterritorial application of Chinese securities laws.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. In addition, according to the Overseas Listing Trial Measures, any future share issuance or listing after this [**REDACTED**] will also be subject to filing procedures of CSRC and we are also required to report certain material matters to CSRC after this [**REDACTED**]. We cannot assure you that we will be able to complete all filing or report requirements in time or at all. Any failure to complete or delay in completing such filing or reporting procedures for our financing activities could subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on us, limit our ability to pay dividends outside of the PRC, limit our operating activities in the PRC, delay or restrict the repatriation of the net [**REDACTED**] from the [**REDACTED**] or future capital raising activities into the PRC, or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the [**REDACTED**] of our H Shares.

We cannot guarantee that new rules or regulations promulgated in the future pursuant to the July 6 Opinion and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tightening the regulations on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial conditions. Furthermore, any uncertainty and/or negative publicity regarding such an approval, filing or other requirements may also have a material adverse effect on the price of our H Shares.

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

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares ("Non-Chinese Resident Individual Holders"), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知(國税函[2011]348號)) dated June 28, 2011 and issued by the State Tax Administration (the "SAT"), the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法) (the "Individual Income Tax Law") and its implementation regulations, Non-Chinese Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知) issued by the Ministry of Finance and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, none of the aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-mainland China resident individual holders on the transfer of shares in mainland China resident enterprises listed on overseas stock exchanges. To the best of our knowledge, the Chinese tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation regulations, a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its income sourced from China, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between the China and the jurisdiction in which the non-Chinese resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (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繳企業所得税有關問題的通知(國税函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-Chinese resident enterprise holders of H Shares (including HKSCC Nominees). Non-Chinese 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 Chinese 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 Chinese tax authorities' approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-Chinese resident enterprise holders' investments in H Shares may be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law.

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

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs 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 IFRSs, 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 flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

It may be difficult to effect service of process, enforce foreign judgments or bring original actions against us, our Directors and senior management residing in China.

We are a company incorporated under the laws of China, and a substantial majority of our assets are located in China. In addition, most of our Directors and senior management reside within mainland China. As a result, the service of process, investigation, collection of evidence, ratification, and enforcement procedure inside China should follow the rules set forth in the Civil Procedure Law of the People's Republic of China as well as other applicable laws, regulations and interpretations. It would generally require you to commit more time and economic cost. On July 14, 2006, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "2006 Arrangement"). Pursuant to the 2006 Arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement") and the 2019 Arrangement was issued on January 25, 2024 and became effective on January 29, 2024. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a "choice of court agreement in writing" entered into before the 2019 Arrangement taking effect. However, there remains uncertainties as to the outcome of any specific applications to recognize and enforce such judgments and arbitral awards in China.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities. In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. The procedures, however, may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to PRC and Hong Kong listing and regulatory requirements.

As we are listed on the Shenzhen Stock Exchange and will be [**REDACTED**] on the [**REDACTED**], we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shenzhen Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [**REDACTED**] on the [**REDACTED**]. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [**REDACTED**] or settlement between the H Share and A Share markets. With different trading characteristics, the H Share market and the A Share market have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our [**REDACTED**], and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] decision in our [**REDACTED**].

An active [REDACTED] for our [REDACTED] may not develop or be sustained.

Prior to the [**REDACTED**], there was no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our [**REDACTED**] with adequate liquidity will develop and be sustained following the completion of [**REDACTED**]. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations, and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the H Shares following the [**REDACTED**].

We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the [**REDACTED**] (including any [**REDACTED**] which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]). However, the [**REDACTED**] on the [**REDACTED**] does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will not decline following the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares could be materially and adversely affected. The following factors may affect the [**REDACTED**] volume and [**REDACTED**] of our H Shares:

- actual or anticipated fluctuations in our operating performance and revenue;

- our failure to execute our strategies;

- an unexpected business interruption resulting from operational breakdowns, natural disasters, or major changes in our key personnel or senior management;
- adverse market reaction to any indebtedness that we may incur or securities that we may issue in the future;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our products;
- inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- the operating and stock price performance of other companies in our industry, and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of H Shares by us or other Shareholders.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could materially and adversely affect the [REDACTED] of our H Shares.

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

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

Actual or perceived sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing Shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

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

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

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see "Financial Information—Dividend Policy" in this document. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

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

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

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

The industry data and forecasts in this document obtained from various government publications have not been independently verified.

This document includes industry data and forecasts extracted from the report prepared by F&S, which was commissioned by us, and from various official governmental publications and other publicly available publications. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot assure you of the accuracy or completeness of information obtained from these sources. We have not independently verified any of the data, forecasts and other statistics from such sources, nor have we ascertained that the underlying economic assumptions relied upon in those sources. The information from official government sources has not been independently verified by us or any other parties involved in the [**REDACTED**], or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the [**REDACTED**] and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your [**REDACTED**] in our H Shares.

You should not place reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective [**REDACTED**] in our H Shares are reminded that, in making their [**REDACTED**] decisions as to whether to [**REDACTED**] our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**]. We have not authorized the disclosure of any information concerning the [**REDACTED**] in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making your [**REDACTED**] decision regarding our H Shares. By applying to [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the [**REDACTED**], we have applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Listing Rules require a PRC-incorporated issuer to have sufficient management presence in Hong Kong. This normally means that at least two of the PRC-incorporated issuer's executive directors must be ordinarily resident in Hong Kong.

Our business operations and assets are primarily located outside Hong Kong. Our executive Directors are based in the PRC as the Board believes it is more effective and efficient for its executive Directors to be based in a location where our substantial operations are located. We consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. The Company therefore does not, and in the foreseeable future will not, maintain management presence in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, subject to, among other conditions, our appointment of:

(1) two authorized representatives, Mr. Li and Ms. Cheng Choi Ha (鄭彩霞), pursuant to Rule 3.05 of the Listing Rules, who will act at all times as our principal channel of communication with the Stock Exchange; and

(2) our compliance advisor, Guosen Securities (HK) Capital Company Limited, who will act as our principal channel of communication with the Stock Exchange, in addition to our authorized representatives, pursuant to Rule 3A.19 of the Listing Rules.

We have made arrangements to maintain effective communication with the Stock Exchange as follows:

(1) each of our authorized representatives referred to above will have access to our Board and senior management at all times as and when the Stock Exchange wishes to contact them for any matters. Pursuant to Rule 3.20 of the Listing Rules, all of our Directors have provided their respective mobile phone numbers, office phone numbers and email addresses to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in our authorized representatives;

(2) Ms. Cheng Choi Ha (鄭彩霞), one of our authorized representatives, ordinarily resides in Hong Kong and will be readily contactable by the Stock Exchange at all times for any matters. All Directors who are not ordinary residents in Hong Kong have confirmed that they possess or may apply for valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice;

(3) all the Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice; and

(4) in accordance with Rule 3A.19 of the Listing Rules, we have appointed Guosen Securities (HK) Capital Company Limited as our compliance advisor for the period commencing on the [**REDACTED**] Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] Date. We shall ensure that our authorized representatives, Directors and other officers will promptly provide such information and assistance as the compliance advisor may need or may reasonably require in connection with the performance of the compliance advisor's duties as set forth in Chapter 3A of the Listing Rules. The compliance advisor will act as our additional channel of communication with the Stock Exchange and the compliance advisor shall have access at all times to our authorized representatives, our Directors and other officers to ensure that they are in a position to promptly respond to queries or requests from the Stock Exchange.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- a Member of The Hong Kong Chartered Governance Institute;
- a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- a certified public accountant (as defined in the Professional Accountants Ordinance).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules provides that, in assessing "relevant experience," the Stock Exchange will consider the individual's:

- length of employment with the issuer and other issuers and the roles he/she played;
- familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and
- professional qualifications in other jurisdictions.

Pursuant to the section 3.10 of the Guide, the waiver will be for a fixed period of time and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period (as defined below); and (2) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Mr. Niu Dongfeng (牛東峰) ("Mr. Niu") as our joint company secretary. He has extensive experience in accounting and finance matters but presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. Cheng Choi Ha (鄭彩霞) ("Ms. Cheng") as the other joint company secretary, working closely with Mr. Niu. Ms. Cheng is a Chartered Secretary, a Chartered Governance Professional, an Associate of The Hong Kong Chartered Governance Institute and an Associate of The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. For further information regarding the qualifications of Mr. Niu and Ms. Cheng, see "Directors and Senior Management."

The joint company secretaries will be jointly discharging the duties and responsibilities of a company secretary. Our Company's principal business activities are outside Hong Kong. There are practical difficulties in finding persons who possess Mr. Niu's day-to-day knowledge of the Company's affairs while also having the academic and professional qualifications required. Our Company believes that Mr. Niu, by virtue of his knowledge and past experience in handling corporate administrative matters of the Company, is capable of discharging the functions of a joint company secretary. Our Company also believes that it would be in the best interest of our Company and the corporate governance of the Group to have a person such as Mr. Niu, who is an employee of our Company and has day-to-day knowledge of the Company's affairs, as its joint company secretary. Ms. Cheng will be assisting Mr. Niu in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Mr. Niu will be assisted by (1) the compliance advisor of our Company for the first full financial year starting from the [**REDACTED**] Date, particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) the Hong Kong legal advisor of our Company, on matters regarding our Company's ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Niu will endeavor to attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Niu may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of a three-year period ("Waiver Period") on the condition that Ms. Cheng, as a joint company secretary of our Company, will work closely with, and provide assistance to, Mr. Niu in the discharge of his duties as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. Cheng ceases to provide assistance to Mr. Niu as the joint company secretary or if there are material breaches of the Listing Rules by us.

Our Company will further ensure that Mr. Niu has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Prior to the end of the three-year period, the qualifications and experience of Mr. Niu and the need for on-going assistance of Ms. Cheng will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Mr. Niu, having benefited from the assistance of Ms. Cheng for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the "relevant experience" within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

[**REDACTED**]

[**REDACTED**]

WAIVER AND EXEMPTION IN RESPECT OF THE 2024 SHARE INCENTIVE SCHEME

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the 2024 Share Incentive Scheme (the "2024 Share Incentive Disclosure Requirements"):

(1) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a share scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding Share Incentives granted under the 2024 Share Incentive Scheme and their potential dilution effect on the shareholdings upon the listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options granted under the 2024 Share Incentive Scheme;

(2) paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this listing document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(3) paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that our Company shall disclose, inter alia, the number, description and amount of any shares or debentures of our Company which may be subscribed for by any person by virtue of an option or a right to acquire an option, together with the particulars of the option, i.e. (i) the period for which the option is exercisable; (ii) the price to be paid for the subscription for the shares or debentures pursuant to the option; (iii) the consideration, if any, paid or to be paid for the acquisition of the option, or the right to acquire the same; and (iv) the name and address of the person to whom the option is granted or who is entitled to receive the option or, in the case of existing shareholders or debenture holders, the prospectus must specify the shares or debentures.

Pursuant to paragraph 6 of Chapter 3.6 of the Guide, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein ("Waiver Conditions").

As of the Latest Practicable Date, the 2024 Share Incentive Scheme was in effect, to which the 2024 Share Incentive Disclosure Requirements are applicable. See "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document.

As of the Latest Practicable Date, a total of 123 participants have been granted outstanding Share Incentives under the 2024 Share Incentive Scheme in respect of 2,525,400 A Shares in aggregate, representing [**REDACTED**]% of the total issued Shares immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

Assuming full vesting and exercise of all outstanding Share Incentives under the 2024 Share Incentive Scheme, the shareholding of our Shareholders immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) will be diluted by a maximum of approximately [**REDACTED**]%. For particulars of the Share Incentives under the 2024 Share Incentive Scheme granted to our Directors, senior management members and/or other connected persons, see "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document.

We have applied to: (i) the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the grounds that strict compliance with the 2024 Share Incentive Disclosure Requirements would be unduly burdensome for our Company and the waiver and exemption would not prejudice the interest of the investing public for the following reasons:

(1) given that over 100 grantees (other than our Directors or senior management) are involved under the 2024 Share Incentive Scheme, strict compliance with such disclosure requirements in setting out full details of all the grantees under the 2024 Share Incentive Scheme in this document would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and document preparation. For example, the disclosure of personal information of each grantee may require the consent of all grantees to comply with personal information privacy laws and principles. Given the number of grantees, obtaining their consent would cause an unnecessary burden on our Company;

(2) full disclosure of the Share Incentives granted to each grantee under the 2024 Share Incentive Scheme by disclosing or providing a full list of grantees containing all the required details in this document could provide our employees with access to information about the remuneration of their peers or other employees, which may have a negative impact on employee morale, lead to negative internal competition and result in increased costs of recruiting and retaining talents. On the contrary, not disclosing such details in full will allow us more flexibility in determining our remuneration policies and details;

(3) full disclosure of the details of the grantees and the respective numbers of the Share Incentives granted to them under the 2024 Share Incentive Scheme will provide competitors with details of our employee remuneration and facilitate their recruitment activities, which may affect our Group's ability to recruit and retain valuable personnel;

(4) the grant and vesting/exercise in full of the Share Incentives under 2024 Share Incentive Scheme will not cause any material adverse impact to the financial position of our Group;

(5) there will not be any new H Shares issued under the 2024 Share Incentive Scheme;

(6) non-compliance with the 2024 Share Incentive Disclosure Requirements would not prevent our Company from providing our potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(7) material information relating to the Share Incentives under 2024 Share Incentive Scheme have been disclosed in this document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect of the Share Incentives in making their investment decision, and such information includes:

    (i) a summary of the latest terms of the 2024 Share Incentive Scheme;

    (ii) full details of the Share Incentives granted under 2024 Share Incentive Scheme to our Directors, senior management and/or other connected persons as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (other than the residential addresses), on an individual basis, shall be disclosed in this document;

    (iii) with respect to the Share Incentives granted to the remaining grantees (being grantees who are not our Directors and senior management) under the 2024 Share Incentive Scheme, disclosure is made on an aggregate basis categorized into groups based on the outstanding Shares under the Share Incentives granted, being (i) 1 to 10,000, (ii) 10,001 to 20,000, (iii) 20,001 to 30,000, and (iv) 30,001 to 40,000, and in respect of each group, the following details are disclosed in this document: (A) the number of grantees and the respective numbers of each of the Share Incentives granted to them, (B) the consideration paid (if any) for the grant of each of the Share Incentives, and (C) the vesting/exercise period and the exercise price of each of the Share Incentives (if applicable);

    (iv) the number of Shares underlying each of the outstanding Share Incentives under 2024 Share Incentive Scheme and the percentage to our total issued Shares represented by such number of Shares as of the Latest Practicable Date;

    (v) the dilutive effect upon full exercise of the Share Incentives under 2024 Share Incentive Scheme upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]); and

    (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively.

We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the 2024 Share Incentive Disclosure Requirements on the conditions that:

(1) a summary of the latest terms of the 2024 Share Incentive Scheme is disclosed in "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document;

(2) full details as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance of the Share Incentives granted by our Company under the 2024 Share Incentive Scheme, to our Directors and senior management (other than their residential addresses), on an individual basis, are disclosed in "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document;

(3) with respect to the Share Incentives granted to the remaining grantees (being grantees who are not our Directors or senior management) under the 2024 Share Incentive Scheme, disclosure is made on an aggregate basis categorized into groups based on the outstanding Shares under the Share Incentives granted, being (i) 1 to 10,000, (ii) 10,001 to 20,000, (iii) 20,001 to 30,000, and (iv) 30,001 to 40,000, and in respect of each group, the following details are disclosed in this document: (i) the number of grantees and the number of Shares underlying each of the Share Incentives, (ii) the consideration paid (if any) for the grant of each of the Share Incentives, and (iii) the vesting/exercise period and the exercise price of each of the Share Incentives (if applicable);

(4) the number of Shares underlying each the outstanding Share Incentives under 2024 Share Incentive Scheme and the percentage to our total issued Shares represented by such number of Shares as of the Latest Practicable Date are disclosed in "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document;

(5) the dilutive effect upon full exercise of Share Incentives under 2024 Share Incentive Scheme upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) are disclosed in "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document;

(6) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(7) the particulars of the waiver will be disclosed in this document.

In addition, our Company further applies to the Stock Exchange for a waiver from strict compliance with the Waiver Conditions, so that our Company is not required to make available a full list of all grantees for public inspection. The reasons are that making available a full list of all grantees for public inspection will not only provide our employees with access to information about the remuneration of their peers or other employees, leading to negative impact on employee morale, negative internal competition and increased recruiting and retention costs, but also provide competitors with our employee remuneration details, facilitating their recruitment activities and compromising our retention efforts.

We have applied for, and the SFC [has granted] us, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(1) full details as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance of the Share Incentives granted by our Company under the 2024 Share Incentive Scheme, to our Directors and senior management (other than their residential addresses), on an individual basis, are disclosed in "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document;

(2) with respect to the Share Incentives granted to the remaining grantees (being grantees who are not our Directors or senior management) under the 2024 Share Incentive Scheme, disclosure is made on an aggregate basis categorized into groups based on the outstanding Shares under the Share Incentives granted, being (i) 1 to 10,000, (ii) 10,001 to 20,000, (iii) 20,001 to 30,000, and (iv) 30,001 to 40,000, and in respect of each group, the following details are disclosed in this document: (i) the number of grantees and the number of Shares underlying each of the Share Incentives, (ii) the consideration paid (if any) for the grant of each of the Share Incentives, and (iii) the vesting/exercise period and the exercise price of each of the Share Incentives (if applicable); and

(3) the particulars of the exemption will be disclosed in this document, and this document will be issued on or before [●].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Li Haizhou (李海周)	Room 9D, Building 9 Taihua Haoyuan Xixiang, Baoan District Shenzhen, PRC	Chinese
Xie Yanling (謝燕玲)	Room 9D, Building 9 Taihua Haoyuan Xixiang, Baoan District Shenzhen, PRC	Chinese
Ye Shubing (葉曙兵)	Room 9B, Block E Zhongmin Garden Yanluo Subdistrict Shenzhen, PRC	Chinese
Li Ping (李平)	Unit 2805, Building 6 Vanke Feilijun Community Shajing Subdistrict Bao'an District Shenzhen, PRC	Chinese

Employee Representative Director

Name	Address	Nationality
Lu Zhiqiang (陸志強)	Unit 15C, Block D Zhongmin Garden Songbai Road, Songgang Bao'an District Shenzhen, PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
Guo Xinmei (郭新梅)	16A, Jinghui Pavilion Jingxin Garden No. 2002 Lianhua Road Futian District, Shenzhen Guangdong, PRC	Chinese
Zhou Changjiang (周長江)	Unit 816, Building 5 Sunshine 100 International New City Community Changsha, Hunan PRC	Chinese
Lin Sen (林森)	27H, Block 4, South Horizons Ap Lei Chau Aberdeen Hong Kong	Chinese

Further information is set out in "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China Merchants Securities (HK) Co., Limited** 48/F., One Exchange Square Central Hong Kong
	Deutsche Securities Asia Limited 60/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to the Company

As to Hong Kong law and U.S. law:

Baker & McKenzie
14/F, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

As to PRC law:

AllBright Law Offices (Shenzhen)
21-23/F, Tower 1
Excellence Century Centre
Fu Hua 3 Road, Futian District
Shenzhen City, Guangdong Province
PRC

Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law and U.S. law:* **Fangda Partners** 26/F, One Exchange Square 8 Connaught Place Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 10/F, HyQ Chow Tai Fook Finance Tower Qian Hai Shenzhen City PRC *As to US Outbound Investment Rules:* **DLA Piper Singapore Pte. Ltd.** 80 Raffles Place #48-01 UOB Plaza 1 Singapore
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants and* *Registered Public Interest Entity Auditor* 27th Floor, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan** Room 2504-2505, Wheelock Square No. 1717 Nanjing West Road Jingan District, Shanghai City PRC
Receiving Bank	[●]

CORPORATE INFORMATION

Registered Office in the PRC	Room 101, Office Building No. 62 Yanhu Road, Yanchuan Community Yanluo Subdistrict Bao'an District, Shenzhen City PRC
Headquarters and Principal Place of Business in the PRC	Room 101, Office Building No. 62 Yanhu Road, Yanchuan Community Yanluo Subdistrict Bao'an District, Shenzhen City PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**http://www.szzhaowei.net** *(the information contained on the website does not form part of this document)*
Joint Company Secretaries	**Mr. Niu Dongfeng (牛東峰)** Unit 1306, Building 10 Phase 3, Golden Garden No. 2018 Lianhua Road Futian District Shenzhen PRC **Ms. Cheng Choi Ha (鄭彩霞)** *(ACG HKACG)* Room 1910 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Li Haizhou (李海周)** Room 9D, Building 9 Taihua Haoyuan Xixiang, Baoan District Shenzhen, PRC **Ms. Cheng Choi Ha (鄭彩霞)** Room 1910 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Audit Committee	Ms. Guo Xinmei (Chairperson) Dr. Zhou Changjiang Mr. Lin Sen
Remuneration and Appraisal Committee	Dr. Zhou Changjiang (Chairperson) Ms. Guo Xinmei Mr. Ye Shubing
Nomination Committee	Ms. Guo Xinmei (Chairperson) Dr. Zhou Changjiang Mr. Li Haizhou
Strategy and ESG Committee	Mr. Li Haizhou (Chairperson) Ms. Xie Yanling Mr. Ye Shubing Mr. Li Ping Dr. Zhou Changjiang
Compliance Advisor	**Guosen Securities (HK) Capital Company Limited** Suites 3207-3212, Level 32 One Pacific Place, No. 88 Queensway Admiralty Hong Kong

[**REDACTED**]

Principal Bank	**Industrial and Commercial Bank of China Shenzhen Fuyong Branch** 1/F, No. 349 Fuyong Avenue Fuyong Town, Bao'an District Shenzhen City, Guangdong province PRC **Bank of Ningbo Shenzhen Branch** G/F, Huangting Building Jintian Road, Futian District Shenzhen City, Guangdong Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report, in connection with the [**REDACTED**]. *We believe that these sources are appropriate sources for such information and statistics and reasonable care has been exercised by us in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information. The information from official government sources has not been independently verified by us, the Joint Sponsors, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**] *or any of our or their respective directors, senior management, representatives or any other person involved in the* [**REDACTED**] *and no representation is given as to its accuracy.*

SOURCES OF INFORMATION

This section includes information from the F&S Report, a report commissioned by us from Frost & Sullivan, as we believe such information imparts a greater understanding of the industry. Frost & Sullivan is a global consulting company and an independent third party. Frost & Sullivan provides market research on a variety of industries, among other services. We have agreed to pay Frost & Sullivan a total of RMB380,000 in fees for its commissioned undertakings, which we believe to be consistent with market rates. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the F&S Report.

In preparing the F&S Report, Frost & Sullivan performed both primary research which involved conducting interviews with leading industry participants and experts and secondary research which involved reviewing company reports, independent research reports and data based on Frost & Sullivan's research database. Frost & Sullivan also assumed that China's economy is likely to maintain its steady growth in the forecast period, China's social, economic and political environment is likely to remain stable in the forecast period.

DIRECTORS' CONFIRMATION

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

OVERVIEW OF THE GLOBAL INTEGRATED MICRO TRANSMISSION AND DRIVE SYSTEM INDUSTRY

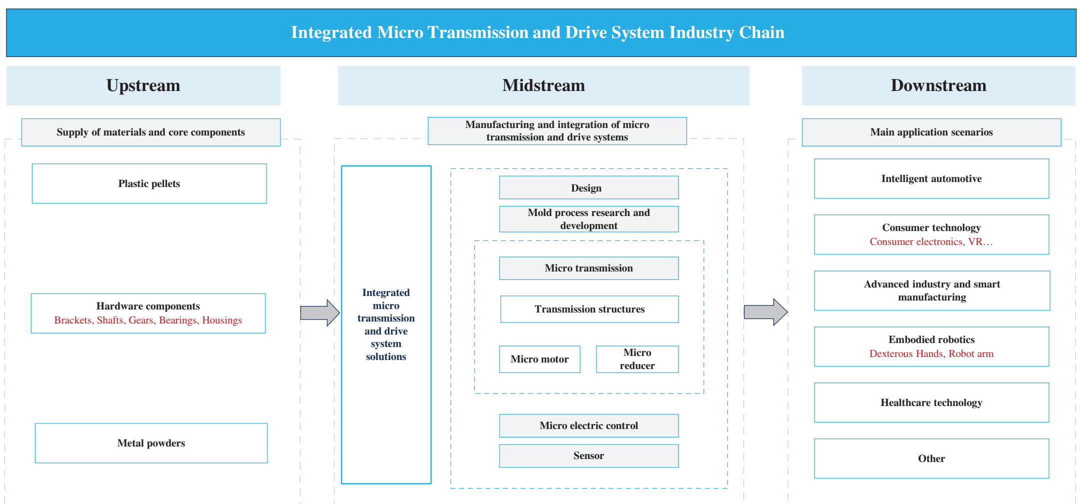
Definition of Integrated Micro Transmission and Drive Systems

Integrated micro transmission and drive systems refer to comprehensive power output units that achieve structural, functional and performance-level synergy and integrated packaging by combining micro transmission components (such as gearboxes, drive shafts, and transmission structures) with micro drive units (including micro motors and their drive control circuits) through system-level design and integration. These systems encompass not only complete mechanical transmission and drive units, but also supporting electronic control and software modules to meet the comprehensive requirements of high performance, precision, compactness, and reliability in complex application scenarios. Specifically, integrated micro transmission and drive systems feature (1) micro transmission systems, primarily high-precision micro gearboxes, reducers, drive shafts and other micro mechanical transmission elements, (2) micro drive systems, primarily micro motors and associated motor drive control circuits (such as pulse width modulation drivers and servo control modules), (3) integrated design, primarily highly integrated mechanical structures and electrical systems of transmission and drive components, forming either a unified product or a modular system, and (4) control and communication interfaces, primarily intelligent control modules and communication interfaces tailored to system requirements, enabling precise motion control and real-time status monitoring.

As such, the development of integrated micro transmission and drive systems places significantly higher demands on enterprise capabilities. To achieve greater customization and control precision, companies must possess in-house design and manufacturing capabilities across the entire value chain, including transmission mechanisms, drive units, electronic control systems and sensing technologies. This full-stack integration enables tighter component coordination, enhanced performance optimization, and better adaptability to specific application scenarios.

Value Chain of the Integrated Micro Transmission and Drive System Industry

Integrated micro transmission and drive systems are core components within the "Four Basics" of industrial development, namely, core basic components, key basic materials, advanced basic crafts and industrial technology foundations. The industry value chain is generally divided into upstream, midstream and downstream segments. The upstream segment includes the supply of raw materials, such as plastic pellets, hardware components and metal powders. The midstream segment involves the manufacturing and integration of micro transmission and drive systems, encompassing R&D, production and system integration. This segment features higher technological barriers, particularly in delivering integrated micro transmission and drive system solutions that consolidate both functional modules. The downstream segment covers a broad range of applications, including intelligent automotive, consumer technology, healthcare technology, advanced industry and smart manufacturing, and embodied robotics.



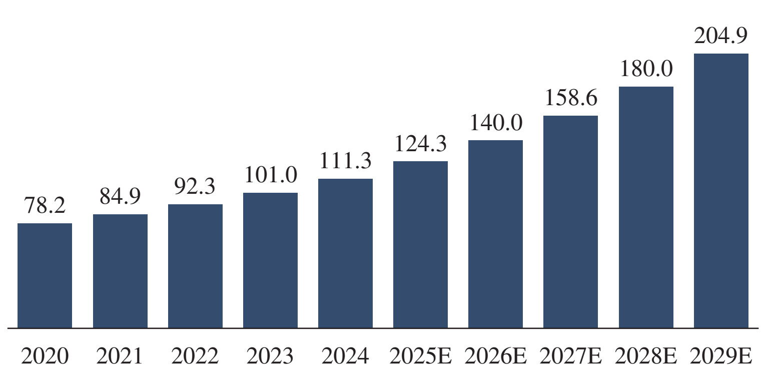
Market Size of the Global Integrated Micro Transmission and Drive System Industry

Driven by broader application scenarios and the growing need for scenario-based design, the global integrated micro transmission and drive system industry increased from RMB78.2 billion in 2020 to RMB111.3 billion in 2024 at a CAGR of 9.2%. Looking ahead, propelled by industrial upgrading and technological advancements, the industry is expected to increase from RMB124.3 billion in 2025 to RMB204.9 billion by 2029 at a CAGR of 13.3%.

Market Size of the Global Integrated Micro Transmission and Drive System Industry, 2020-2029E

RMB in billions

CAGR	**2020-2024**	**2025E-2029E**
Total	9.2%	13.3%



OVERVIEW OF CHINA'S INTEGRATED MICRO TRANSMISSION AND DRIVE SYSTEM INDUSTRY

Downstream Application Scenarios for Integrated Micro Transmission and Drive Systems

Integrated micro transmission and drive systems are increasingly applied in several emerging industries or industry verticals that are undergoing intelligent transformation, including intelligent automotive, embodied robotics, consumer technology, healthcare technology, and advanced industry and smart manufacturing. The expansion of these downstream markets drives parallel growth in the integrated micro transmission and drive system industry.

- *Intelligent automotive sector*. Integrated micro transmission and drive systems are widely applied in the intelligent automotive sector, including in central control screens, electric rear wings and automotive chassis, enhancing safety and comfort. For instance, in the intelligent cockpit sector, central control screen swing actuators integrate DC motors with worm gear transmissions to enable left-right rotation of the screen. In the chassis sector, electronic parking systems employ optimized gear structures and multi-stage planetary transmission designs to address high-torque output requirements within compact spaces. China's intelligent automotive market is projected to increase from RMB995.9 billion by 2025 to RMB1,355.0 billion by 2029 at a CAGR of 8.0%.

- *Embodied robotics sector*. This sector refers to humanoid and non-humanoid embodied robots that serve complex and high-precision scenarios. Integrated micro transmission and drive systems provide precise control for embodied robots. The global embodied robotics market is projected to increase from RMB16.6 billion by 2025 to RMB162.0 billion by 2029 at a CAGR of 77.0%.

- *Consumer technology sector*. This sector includes terminal products such as smartphones, computers, smart home devices, and smart wearable devices. Applications of integrated micro transmission and drive systems include features like interpupillary distance adjustment in VR/AR glasses. China's consumer technology market is expected to increase from RMB1,978.8 billion by 2025 and grow to RMB2,545.6 billion by 2029 at a CAGR of 6.5%.

- *Healthcare technology sector*. This sector encompasses precision medical devices and automated medical treatment scenarios. Integrated micro transmission and drive systems are widely applied in medical robotic arm joints, insulin pumps, analgesia pumps, staplers, and auto-injectors. For example, in micro insulin pumps, stepper motors drive lead screws to enable precise delivery control. China's healthcare technology market is projected to increase from RMB1,206.8 billion by 2025 to RMB1,786.2 billion by 2029 at a CAGR of 10.3%.

- *Advanced industry and smart manufacturing sector*. This sector refers to modern manufacturing forms driven mostly by high-precision and smart technologies. Integrated micro transmission and drive systems are extensively used in various industrial manufacturing equipment, such as CNC machines and conveyors. For instance, in CNC machine production processes, integrated micro transmission and drive systems achieve positioning accuracy at the 0.01mm level. China's advanced industry and smart manufacturing market is expected to increase from RMB4,249.6 billion by 2025 to RMB7,694.5 billion by 2029 at a CAGR of 16.0%.

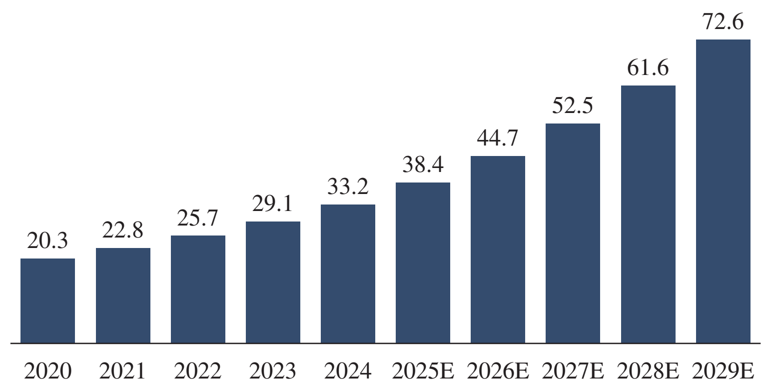
Market Size of China's Integrated Micro Transmission and Drive System Industry

Driven by rising downstream demand and increasing application across high-growth sectors, China's integrated micro transmission and drive system industry increased from RMB20.3 billion in 2020 to RMB33.2 billion in 2024 at a CAGR of 13.0%. Looking ahead, underpinned by accelerated industrial transformation and the shift toward high-performance, miniaturized systems, the industry is expected to increase from RMB38.4 billion by 2025 to RMB72.6 billion by 2029 at a CAGR of 17.3%.

Market Size of China's Integrated Micro Transmission and Drive System Industry, 2020-2029E

RMB in billions

CAGR	2020-2024	2025E-2029E
Total	13.0%	17.3%



Key Drivers of China's Integrated Micro Transmission and Drive System Industry

The development of China's integrated micro transmission and drive system industry is primarily driven by the following factors.

- *Growing demand for miniaturization and precision in downstream applications.* To enhance product competitiveness, downstream manufacturers increasingly demand miniaturized integrated micro transmission and drive systems. These systems offer compact, high-performance solutions, with micro gearboxes playing a pivotal role in enabling size reduction. As applications become more complex and space-constrained, there is also a growing emphasis on the precision of micro gearboxes, which directly affects transmission efficiency, noise levels and overall system stability. As early adopters prove the value of miniaturization and precision, their use is expanding across sectors, driving the broader development of the integrated micro transmission and drive system industry.

- *Rising customization requirements across application scenarios.* Growing demand for scenario-specific customization and high-precision motion control is a key driver behind the evolution of the integrated micro transmission and drive system industry. As downstream sectors—such as intelligent automotive, consumer technology and embodied robotics—seek compact, high-performance solutions, integrated micro transmission and drive systems have emerged to meet these needs. These systems combine micro transmission structures, motors, control modules and sensors into a unified architecture, pushing companies to develop full-stack capabilities across design, production and integration to stay competitive.

- *Surging demand for upgraded intelligent automotive configurations.* With the accelerated development of intelligent automotives, OEMs' demand for high-precision drive systems is growing rapidly. For instance, integrated micro transmission and drive systems are widely applied in intelligent cockpit features, such as motorized air vents, automated display lift mechanisms and haptic feedback systems in touch panels. Additionally, integrated micro transmission and drive systems are increasingly utilized in key automotive subsystems for chassis due to their precision, compactness and high integration.

- *Continued growth of the XR device market.* XR devices mainly include head-mounted displays and smart glasses that enable immersive interaction. The XR device market is currently in a rapid growth phase, with China's market size growing from RMB7.9 billion in 2020 to RMB26.0 billion in 2024, achieving a CAGR of 34.8%. It is projected to increase from RMB38.8 billion by 2025 to RMB136.9 billion by 2029 at a CAGR of 37.1%.

- *Technological innovation driving industrial upgrading.* Integrated packaging technology and intelligent control technology are key drivers of Industry 4.0. For example, drum motors, integrate motors, reducers, sensors and controllers within the drum, saving installation space and enabling stepless speed control via smart drives. With a wide speed adjustment range (0.1-60Hz), they are widely used in conveyors, mixers, fans and other industrial equipment.

- *Expansion of physical AI applications.* Physical AI refers to AI models that understand and interact with the real world through mechanical motion, typically embedded in autonomous machines such as robots or self-driving vehicles. Integrated micro transmission and drive systems serve as the core hardware foundation enabling physical AI to interact with the physical world. For instance, in the field of intelligent automotives, micro drive technologies (such as drive-by-wire chassis solutions) are critical for enabling autonomous vehicle responses. In the future, as AI interactions with the real world increase, the market size for integrated micro transmission and drive systems is expected to further expand.

- *Favorable policies.* Policy support continues to strengthen. In 2024, the MIIT released the Implementation Plan for the Industrial Foundation Strengthening Project (2023-2025), providing that precision gears, micro motors and other components are key areas under the "Four Basics" initiative. Additionally, in June 2024, the NDRC issued the Measures for Creating New Scenarios and Cultivating New Growth Drivers, encouraging the expansion of intelligent robot functions across healthcare, industrial, entertainment and service sectors, further boosting downstream demand.

Key Development Trends of China's Integrated Micro Transmission and Drive System Industry

According to the F&S Report, the future development of China's integrated micro transmission and drive system industry is characterized by the following market trends.

- *Higher levels of miniaturization and integration.* The transmission, motor and electronic control systems are advancing toward higher levels of miniaturization and integration. The use of compact components, such as micro sensors, gearboxes and motors, has notably reduced system size and weight, making them well-suited for space-constrained applications like embodied robotics and intelligent automotive.

- *Continuous evolution of intelligent drives.* China's integrated micro transmission and drive system market is accelerating towards greater intelligence. The next-generation solutions will integrate higher levels of intelligent sensing capabilities, relying on sensor technology to achieve high-precision perception, real-time feedback and adaptive control, which are critical for achieving higher intelligence, efficiency, and reliability in compact and complex applications.

- *Higher requirements on manufacturing processes and high-end equipment.* The industry's reliance on precision manufacturing processes and high-end manufacturing equipment will continue to deepen. A strong inventory of such equipment is critical for enhancing process capabilities and will be a key driver of future corporate competitiveness. For example, in gear injection molding, the speed of a typical injection molding machine is 100mm/s, while high-end machines can achieve 300-500mm/s, effectively shortening injection cycles and reducing molding costs by 30%. In precision machining, high-end equipment such as laser welding machines and laser marking machines better meet the requirements for high precision, high efficiency, and pollution-free processing compared to conventional machines. In precision inspection, the use of CT inspection equipment to detect internal defects can more effectively shorten production cycles and improve yield rates compared to conventional equipment and manual visual inspection.

- *Deepening of scenario-based demand.* Application scenarios are becoming increasingly diverse, requiring integrated micro transmission and drive systems to precisely match specific needs, thus placing higher demands on market players' understanding of industry requirements and capabilities in customized design. For example, in the medical device sector, orthopedic surgical wound irrigation pump systems must dynamically adjust irrigation pressure (0.1-0.5MPa) according to different surgical sites and possess waterproof and corrosion-resistant characteristics. Leading players use motor-driven screw mechanisms to achieve high-precision control, reducing system response times to 0.3 seconds and employing medical-grade encapsulation materials, significantly improving surgical efficiency and safety.

Entry Barriers for China's Integrated Micro Transmission and Drive System Industry

The major entry barriers in China's integrated micro transmission and drive system industry include the following.

- *Technical barriers*. China's integrated micro transmission and drive system industry is highly interdisciplinary, covering fields such as machinery, electricity, materials, information and control. Product development relies on precision motor selection, system design and gear technology with high technical complexity, requiring companies to have strong R&D and design capabilities, which pose significant technical barriers.

- *Talent barriers*. China's integrated micro transmission and drive system industry is highly professional, with high requirements for design, process and management talents. New entrants need to invest substantial time and resources to cultivate talents.

- *Customer and certification barriers*. The customer certification cycle in the industry is relatively long, typically ranging from one to three years, requiring companies to have strong technical, supply and quality control capabilities. After the establishment of cooperation, the replacement cost is high, making it difficult for new entrants to break through quickly.

- *Capital barriers*. China's integrated micro transmission and drive system industry requires substantial capital investment, especially in large-scale production and R&D. This includes the procurement of advanced production, testing and experimental equipment, as well as raw material management, all of which constitute capital barriers for new entrants.

COMPETITIVE LANDSCAPE OF THE GLOBAL AND CHINA'S INTEGRATED MICRO TRANSMISSION AND DRIVE SYSTEM INDUSTRY

Competitive Landscape of the Global Integrated Micro Transmission and Drive System Industry

In 2024, the top five market players in the global integrated micro transmission and drive system industry accounted for an aggregate market share of approximately 7.2%, as measured by revenue. The Company ranked No. 4 in the global integrated micro transmission and drive system industry in 2024, accounting for a market share of approximately 1.4%, demonstrating a significant market leadership advantage in global market. The following chart illustrates the market shares of the top five market players in global market in terms of revenue in 2024.

Ranking of the Global Integrated Micro Transmission and Drive Systems Industry by Revenue, 2024

Rank	Name	Revenue (RMB in billions)	Market Share (%)
1	Company A(1)	2.0	1.8%
2	Company B(2)	1.7	1.5%
3	Company C(3)	1.6	1.4%
4	The Company	1.5	1.4%
5	Company D(4)	1.2	1.1%
	Others	103.3	92.8%
	Total	111.3	100.00%

(1) Company A is a publicly listed company headquartered in Japan. It primarily engages in the development and manufacturing of precision motors, micro transmission systems, and related drive components, serving applications in consumer electronics, automotive, industrial automation, and robotics.

(2) Company B is a privately held company headquartered in Switzerland. It primarily engages in the development and manufacturing of high-precision drive systems, including micro motors, gearheads, controllers, and encoders, widely used in robotics, medical devices, industrial automation, and aerospace applications.

(3) Company C is a privately held company headquartered in Germany. It primarily engages in the development and production of compact, high-performance drive systems, including coreless DC motors, precision gearheads, and motion controllers, serving fields such as medical technology, laboratory automation, aerospace, and industrial robotics.

(4) Company D is a publicly listed company headquartered in Hong Kong, China. It primarily engages in the development and manufacturing of motion subsystems and precision drive systems, including micro motors, actuators, and related components, serving a wide range of industries such as automotive, smart home, power tools, and industrial automation.

Competitive Landscape of China's Integrated Micro Transmission and Drive System Industry

In 2024, the top five market players in China's integrated micro transmission and drive system industry accounted for an aggregate market share of approximately 9.0%, as measured by revenue. The Company ranked No. 1 in China's integrated micro transmission and drive system industry in 2024, accounting for a market share of approximately 3.9%.

Ranking of China's Integrated Micro Transmission and Drive Systems Industry by Revenue, 2024			
Rank	Name	Revenue (RMB in billions)	Market Share (%)
1	The Company	1.3[1]	3.9%
2	Company A	0.5	1.4%
3	Company C	0.5	1.4%
4	Company D	0.4	1.2%
5	Company B	0.4	1.1%
	Others	30.2	91.0%
	Total	33.2	100.0%

(1) Represented revenue generated by the Company from mainland China.

OVERVIEW OF THE EMBODIED ROBOTICS INDUSTRY

Embodied Robot and Its Core Components

An embodied robot is a physical intelligent system capable of interacting with its environment through structure, sensing and control. It emphasizes the critical role of the body in intelligence and behavior, typically featuring flexible mobility and sensory capabilities to perform complex tasks. Humanoid and non-humanoid embodied robots are two different forms of embodied robotics.

Embodied robotics represents a rapidly expanding application within the integrated micro transmission and drive systems industry, where the dexterous hand serves as the critical end-effector for fine manipulation and interactive tasks. These systems demand compact, high-precision micro gearboxes, actuators and integrated motor-drive units to enable multi-degree-of-freedom and precise motion control. As embodied robots evolve toward greater intelligence and scenario-specific deployment, they are driving greater demand for micro drive modules, fueling innovation and industry growth.

Dexterous hands are a critical actuator subsystem of embodied robots, enabling fine manipulation and complex interaction tasks. It performs picking, gripping and XYZ-axis movements, enabling high-precision operations. It is powered by four essential and interrelated core systems: a micro drive system that generates power, a micro transmission system that delivers power to the fingers, a sensing system that monitors position, velocity and acceleration, and a micro control system that uses sensing data to precisely manage the drive and transmission through software and algorithms. An embodied robot typically uses two dexterous hands. Among all components, dexterous hands generally have the highest unit value, accounting for approximately over 20% of the total value of an embodied robot.

One key performance metric of a dexterous hand is its number of active degrees of freedom ("DOF"), representing joint movements directly driven by the actuator. The active DOF defines the hand's flexibility and operational complexity, with some reaching up to 24 DOFs across fingers, palm and wrist. More active DOFs enable complex motions but demand advanced algorithmic control.

Industry standards typically define a high-end dexterous hand as having at least five fingers, 16 active DOFs, a motor no-load speed of over 50,000 RPM, and equipped with advanced sensors and intelligent control systems.

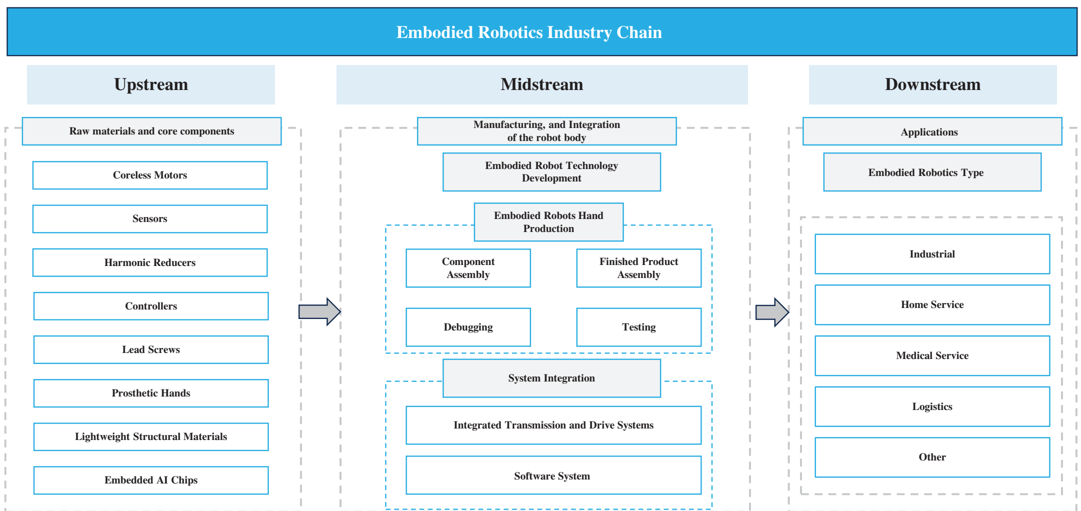
Value Chain of the Embodied Robotics Industry

The embodied robotics industry brings together multidisciplinary technologies, including artificial intelligence, robotics, sensing, and advanced manufacturing, to develop intelligent agents capable of perception, cognition, motion and interaction.

The upstream segment mainly includes raw materials and core components required for embodied robots, such as coreless motors, sensors, harmonic reducers, controllers and embedded AI chips, with coreless motors and reducers being the primary cost drivers.

The midstream segment involves manufacturing and integration of robot bodies, covering the technology development, production and system integration of embodied robots.

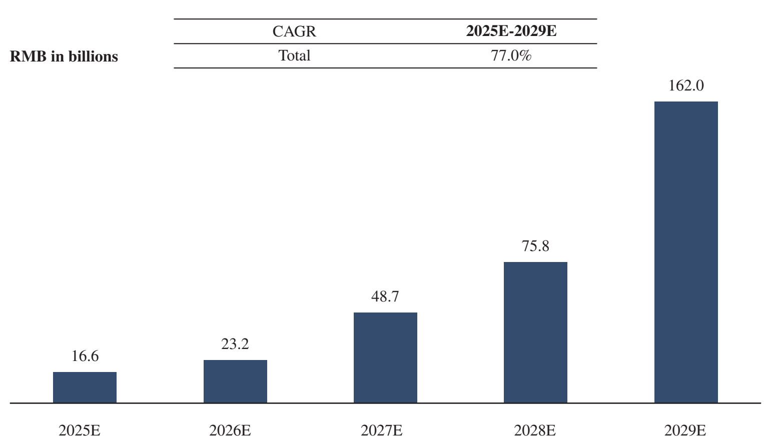
The downstream segment comprises various types of embodied robots, including those used in industrial, home service, medical service, logistics, and other application scenarios.



Market Size of the Global Embodied Robotics Market

Although embodied robotics are still in the early stages of commercialization, downstream manufacturers have already planned future applications, such as Da Vinci surgical robots and minimally invasive surgical robots. Based on the estimated potential demand from downstream application fields, the global market size for embodied robotics is expected to grow from RMB16.6 billion by 2025 to RMB162.0 billion by 2029 at a CAGR of 77.0%.

Market Size of the Global Embodied Robotics Market, 2025E-2029E



Key Drivers for the Global Embodied Robotics Market

The development of the global embodied robotics market is primarily driven by the following factors.

- *Expansion of downstream applications and evolving market demand.* Embodied robots are increasingly deployed across diverse fields such as intelligent automotives, consumer electronics, medical devices, and advanced manufacturing. They can replace manual labor in complex, high-precision or hazardous environments enhancing both operational efficiency and product quality. For example, in industrial manufacturing, embodied robots help streamline production processes, while in medical settings, they achieve operational precision of 0.1-0.3 mm, enabling sophisticated procedures such as minimally invasive surgery.

- *Favorable policies.* In recent years, governments worldwide have actively promoted the development of embodied robotics through favorable policy initiatives. In January 2023, the MIIT and 16 other departments jointly released the "Robot+ Application Action Plan" to promote deeper integration between robotics and the real economy and accelerate smart manufacturing and industrial upgrades. In October 2023, the MIIT also issued the "Guidelines for the Innovative Development of Humanoid Robots," explicitly calling for breakthroughs in key technologies such as dexterous hands and robotic arms. Internationally, the European Union launched the "Industry 5.0 Strategy" in October 2024, advocating for the deep integration of robotics into manufacturing systems and designating dexterous hands as a core component of future factories. As a critical part of humanoid robots, dexterous hands are expected to see rapid growth under these policy tailwinds.

- *Continual advancements in dexterous hand intelligence.* Ongoing advancements in artificial intelligence have significantly improved the accuracy and stability of dexterous hands. Cutting-edge technologies, such as image recognition, deep learning and intelligent control, have greatly enhanced their perception and decision-making capabilities. AI-powered sensors using deep learning and multimodal fusion algorithms have increased grasp success rates by approximately 10%, further accelerating the evolution of dexterous hands toward higher levels of intelligence and biomimetic performance. As a result, the rising intelligence of dexterous hands will directly benefit embodied robots, enhancing their overall cognitive capabilities, adaptability and task execution performance.

Key Development Trends for the Global Embodied Robotics Market

According to the F&S Report, the future development of the global embodied robotics market is characterized by the following market trends.

- *Optimization of micro drive systems in embodied robots.* Integrating drivers into palms or fingers through compact structural designs enhances the flexibility and efficiency of embodied robots, enabling precise movements across a wide range of scenarios. It also simplifies internal transmission layouts, facilitates sensor integration, and enhances ease of maintenance, and component replacement.

- *Higher degrees of freedom and precision.* Growing demand from downstream sectors for intelligent, high-precision and customized dexterous hands is driving embodied robots toward higher degrees of freedom, precision and reliability. Technical requirements for transmission and drive systems have significantly increased. For example, in microsurgical applications, dexterous hands must achieve operational precision of 0.3mm and maintain positioning errors within 0.3 degrees. To replicate human hand dexterity and support complex tasks, embodied robots are evolving to accommodate greater flexibility and multi-joint articulation.

- *Extension of product lifespan.* As technologies mature, the operational lifespan of dexterous hands in embodied robots is also improving. Early-generation products typically had a lifespan of only three to eight years due to design limitations and limited practical experience. As industry players gain more experience in integrated structural layouts, motor deployment and material selection, leading companies are now achieving product lifespans of up to 10 years. Such improvements are accelerating the transition of embodied robots from R&D and demonstration phases into widespread use in high-duty industrial and commercial environments.

Comprehensive Strength Comparison of Global High-End Dexterous Hand Players

There are multiple dimensions for evaluating the competitiveness of high-end dexterous hand companies within the industry. At the product level, key factors include achievable lifespan and active degrees of freedom. At the market level, focus is placed on market promotion and deployment progress. Across these dimensions, the Company ranks among the first tier globally and leads in comprehensive strength.

Comprehensive Competitiveness Comparison of Leading Global Dexterous Hand Players
(Based on Key Competitive Dimensions, as of Dec 31, 2024)

Company	Achievable lifespan	Active degrees of freedom	Market processes
The Company	10 Years	17 (independent drive per joint)	Commercial Launch and Market Operations
Company E(1)	5 Years	17 (independent drive per joint)	Development and Prototype Testing
Company F(2)	3~5 Years	16 (independent drive per joint)	Development and Prototype Testing
Company G(3)	3~5 Years	15 (independent drive per joint)	Development and Prototype Testing
Company H(4)	5 Years	12 (independent drive per joint)	Development and Prototype Testing
Company I(5)	3~5 Years	9 (centralized drive)	Commercial Launch and Market Operations
Company J(6)	5~8 Years	15 (centralized drive)	Commercial Launch and Market Operations
Company K(7)	5~8 Years	15	Proof of Concept and Demand Analysis

(1) Company E is a publicly traded company headquartered in the United States. It primarily designs and manufactures electric vehicles, energy storage systems, and solar energy solutions.

(2) Company F is a publicly traded company headquartered in China. It primarily engages in the development of LiDAR sensing solutions and perception software for autonomous vehicles.

(3) Company G is a privately held company headquartered in China. It primarily engages in the development of intelligent quadruped robots and general-purpose mobile platforms, integrating advanced AI, sensing, and control technologies for diverse application scenarios.

(4) Company H is a privately held company headquartered in China. It primarily engages in the development of collaborative robotic arms and flexible automation solutions.

(5) Company I is a privately held company headquartered in Germany. It primarily engages in the development of clamping technology and gripping systems used in automation, robotics, and machine tools.

(6) Company J is a privately held company headquartered in Italy. It primarily engages in the development of soft robotics and adaptive grippers.

(7) Company K is a publicly listed company headquartered in Japan. It primarily engages in the development of electrical and electronic equipment, offering products ranging from factory automation systems to HVAC, elevators, semiconductors, and satellites.

Entry Barriers Analysis

The development of dexterous hands involves the integration of advanced technologies across mechanics, electronics, AI and sensing. It presents significant challenges in high-precision control, multi-degree-of-freedom design and complex perception, thereby placing demanding requirements on the technical strength and innovation capabilities of new market entrants. Key barriers in this field include high-precision motion control, complex motion modeling, advanced sensing and intelligent algorithms, all of which require strong R&D capabilities and top-tier algorithm talent, further elevating the entry threshold. Moreover, in applications such as industrial automation and high-end medical care, customer expectations are highly specialized, and the certification requirements for reliability, safety and functionality are particularly stringent, making qualification even more difficult. The sector is also characterized by high R&D and manufacturing costs, resulting in considerable capital intensity and associated risks.

PRC LAWS AND REGULATIONS

This section sets out an overview of certain aspects of PRC laws and regulations relevant to our business and operations.

INDUSTRIAL POLICIES AND REGULATORY PROVISIONS

According to the Outline of the 14th Five-Year Plan for National Economic and Social Development and Vision 2035 of the People's Republic of China (the "PRC") (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要) promulgated and came into effect by the National People's Congress of the PRC (the "NPC") on March 12, 2021, China will carry out projects to rebuild industrial foundation and promptly resolve bottlenecks and weaknesses in basic spare parts and components, basic software, basic materials, basic processes, and fundamental industrial technology. Leveraging the leading enterprises in relevant sectors, China will step up efforts to make major breakthroughs in important products and core technologies in key fields, and work quickly to make groundbreaking progress in engineering and industrialization. The government will support small and medium-sized enterprises to enhance their professional advantages, and foster "little giant" enterprises with high growth potential, advanced technology and strong market competitive edge as well as single-product specialists in the manufacturing industry.

In accordance with the Notice of the State Council on Issuing "Made in China 2025" (國務院關於印發<中國製造2025>的通知) promulgated and came into effect on May 8, 2015 by the State Council, it will actively develop new products to meet the application demands for industrial robots and special-purpose robots (e.g., in automotive, machinery, electronics, hazardous goods manufacturing, defense and military, chemicals, and light industries), and service robots (e.g., in healthcare, household services, education and entertainment). Efforts will be made to standardize and modularize robotic technologies and expand market applications, and break through the key technical bottlenecks such as robot bodies, reducers, servo motors, controllers, sensors, actuators, and integrated system design and manufacturing.

According to the notice of the Ministry of Industry and Information Technology (the "MIIT") on Issuing Action Plan for the Development of Basic Electronic Components (2021-2023) (工業和信息化部關於印發<基礎電子元器件產業發展行動計劃(2021-2023年)>的通知), which was issued by the MIIT on January 15, 2021, and took effect on the same day, priority will be given to the development of high-voltage, high-current, miniaturized, and low-power control relays; compact and highly reliable switches/buttons; and miniaturized, integrated, high-precision, and energy-efficient micro-special motors.

According to the notice of Issuing the 14th Five-Year Plan for Robotics Industry Development (關於印發<"十四五"機器人產業發展規劃>的通知), jointly issued by the MIIT and 14 other ministries on December 21, 2021, which took effect on the same day, it aims to optimize high-performance servo drive control, structural design and manufacturing processes for servo motors, self-tuning technologies and so on. It calls for the development of high-precision, high-power-density dedicated servo motors and high-performance motor brakes for robotics. The plan also emphasizes integrated and modularized robotic joints which incorporate institutions, drive mechanisms, perception, and control, researching servo motor drives, dynamic compensation for high-precision harmonic drives, real-time data fusion for composite sensors, and modular integration technologies to achieve high-speed real-time communication and torque protection. Leading enterprises are encouraged to focus on the weak links in key components and high-end complete machines, collaborate with supporting enterprises to advance R&D, engineering validation, and iterative upgrades for precision gears, lubricants, encoders, and core software.

The Action Plan for Accelerating Green and Low-Carbon Innovation in Power Equipment (關於印發<加快電力裝備綠色低碳創新發展行動計劃>的通知), issued by the MIIT and four other ministries on August 24, 2022 and came into effect on the same day, promotes the development of high-power-density permanent magnet motors, synchronous reluctance motors, smart motors, and ultra-efficient asynchronous motors.

LAWS AND REGULATIONS ON PRODUCTION SAFETY, ENVIRONMENT PROTECTION AND FIRE SAFETY

Production Safety

According to the Production Safety Law of the PRC (中華人民共和國安全生產法) promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021 and came into effect on September 1, 2021, an enterprise shall comply with Production Safety law of the PRC and other laws and regulations related to production safety, strengthen production safety management, establish and improve a production safety responsibility system and production safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in production safety, improve production safety conditions, strengthen standardization and informatization of production safety, and improve the production level to ensure their production safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Environmental Protection

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated by the SCNPC on December 26, 1989, and last amended on April 24, 2014 and effective on January 1, 2015, it outlines the authorities and duties of environmental protection regulatory agencies. The Ministry of Environmental Protection under the State Council is authorized to issue national standards for environmental quality and discharge of pollutants, and to exercise unified supervision and administration over environmental protection scheme of the PRC. Meanwhile, local government may formulate local standards for discharge of pollutants which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Assessment

According to the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法), which was promulgated by the SCNPC on October 28, 2002, and last amended on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Environmental Protection of Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on November 29, 1998, and last amended on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (建設項目竣工環境保護驗收暫行辦法), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection competent administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not been carried out or have not passed the acceptance inspection shall not be put into production or use.

Pollutant Discharge

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (中華人民共和國固體廢物污染環境防治法) (the "Law of Solid Wastes"), which was promulgated by the SCNPC on October 30, 1995, and last amended on April 29, 2020 and came into effect on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management.

According to the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), which was promulgated by the SCNPC on May 11, 1984, and last amended on June 27, 2017 and came into effect on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Furthermore, environmental impact assessment must be carried out in accordance with the law for newly-formed projects and reconstruction, or extension projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), which was promulgated by the SCNPC on September 5, 1987, and last amended on October 26, 2018 and took effect on the same day, enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalogue published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), and keep the original monitoring records. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalogue, as well as other units that implement administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit. In addition, enterprises, institutions and other production and operation units constructing projects that have an impact on the atmospheric environment shall carry out environmental impact assessment and make environmental impact assessment documents public in accordance with the law; the units that emit pollutants into the atmosphere must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

According to the Regulations on the Administration of Pollution Discharge Permits (排污許可管理條例) promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, enterprises, institutions and other production and operation units subject to administration of pollution discharge permits shall discharge pollutants in accordance with the Administration of Pollution Discharge Permits (排污許可管理條例), and shall not discharge pollutants without obtaining a pollutant discharging permit. The administration on pollutant discharge units is divided into key management and simplified management pursuant to the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Environmental protection authorities impose various administrative penalties, such as fines, an order to correct, restriction or suspension of production for rectification, and an order to cease operation, etc., on individuals or enterprises that violate the Environmental Protection Law.

According to the Administrative Measures for Pollutant Discharge Licensing (排污許可管理辦法) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and scheduled to be implemented on July 1, 2024, enterprises, public institutions and other producers and operators under the administration of discharge permits shall apply for and obtain a pollutant discharge license and discharge pollutants in accordance with the provisions of the discharge permit. Any enterprise that fails to obtain a pollutant discharge license as required shall not discharge pollutants.

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (固定污染源排污許可分類管理名錄(2019年版)) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

Fire Safety

According to the Fire Protection Law of the PRC (中華人民共和國消防法), promulgated by SCNPC on April 29, 1998, last amended on April 29, 2021 and took effect on the same day, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The Fire and Rescue Department of People's Government are responsible for implementation. The fire prevention design and construction work of a construction project must conform to the national fire prevention technical standards. For construction projects which are required to have fire prevention design in accordance with the national fire prevention technical standards for project construction, the examination and acceptance system on fire prevention design for construction projects shall be applied. Where, upon the completion of construction projects, application for acceptance on fire prevention is required by the competent department of housing and urban-rural development under the State Council, the construction entities shall apply to the competent department of housing and urban-rural development for acceptance checks for fire prevention. With respect to construction projects other than those mentioned above, construction entities shall, after an acceptance check, file their results to the competent department of housing and urban-rural development for record purposes, and such department shall conduct random inspections thereof. Construction projects that are subject to fire prevention acceptance check in accordance with the laws are prohibited from being put into use if they do not go through or fail the fire prevention acceptance check. Other construction projects that fail the random inspections according to laws shall be suspended from using.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (建設工程消防設計審查驗收管理暫行規定), issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020, last amended on August 21, 2023 and came into effect on October 30, 2023, special construction projects as defined under such Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects shall conduct fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall file fire protection design and acceptance of the project with competent authority.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Civil Code of the People's Republic of China (中華人民共和國民法典), which was promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, in the event of product defects which have caused damage to others, the manufacturer shall bear tortious liability. And where a product is found to be defective after it is put into circulation, the manufacturer and the seller shall promptly adopt remedial measures such as stopping sale, issuing a warning, and recalling the product etc.; where the damage is aggravated as a result of failure to adopt remedial measures promptly or ineffective remedial measures, the manufacturer and the seller shall also bear tortious liability for the aggravated damage.

According to the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by the SCNPC on February 22, 1993, latest amended on December 29, 2018, and effective on the same day, the market regulatory authorities of the State Council are responsible for the supervision and administration of the quality of products of the whole country. Producers and sellers shall be prohibited to produce or sell industrial products that do not come to the requirements and demands for physical health and safety of body and property. Producers shall be responsible for the quality of the products they produce, and the products shall not pose unreasonable danger to personal or property safety. The products shall have functional performance and the adopted product standards shall be indicated on the products or their packaging. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, such illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

According to the Administrative Regulations for Compulsory Product Certification (強制性產品認證管理規定), which was promulgated by the former General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which merged into the State Administration of Market Regulation (the "SAMR")) on July 3, 2009, amended on September 29, 2022 and became effective on November 1, 2022, products specified by the state shall not be delivered, sold, imported or used in other business activities until they have been certified (the "Compulsory Product Certification") and labeled with China Compulsory Certification (中國強制認證) mark. For products subject to Compulsory Product Certification, the state implements unified product catalogs (the "3C Catalog"), unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards.

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF GOODS

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the Standing Committee of the NPC on May 12, 1994, and latest amended on December 30, 2022 and came into effect on the same day, and the Regulations on the PRC on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例) issued by the State Council of the PRC on December 10, 2001, last amended on March 10, 2024 and became effective on May 1, 2024, the State Council of the PRC shall allow free importation and exportation of goods, and maintain fair, free and orderly import and export trade in goods except for the goods which is explicitly prohibited or restricted by laws or administrative regulations.

According to the Customs Law of the PRC (中華人民共和國海關法) promulgated by the SCNPC on January 22, 1987, and last amended on April 29, 2021 and came into effect on the same day, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and combats smuggling, compiles customs statistics and handles other customs operations. To undergo customs declaration formalities, the consignee or consignor of imported or exported goods and the customs declaration enterprise shall file with the Customs in accordance with the law. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Law of the PRC on Import and Export Commodity Inspection (中華人民共和國進出口商品檢驗法) promulgated by the SCNPC on February 21, 1989, and last amended on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (中華人民共和國進出口商品檢驗法實施條例) last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022 the General Administration of Customs of PRC ("the General Administration of Customs") is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalogue and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (中華人民共和國海關報關單位備案管理規定) promulgated by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification and in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators. According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (關於進出口貨物收發貨人備案有關事宜的通知) issued by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

LAWS AND REGULATIONS ON LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Law and Labor Contracts Law

According to the Labor Law of the PRC (中華人民共和國勞動法) promulgated by the SCNPC on July 5, 1994, and last amended on December 29, 2018 and came into effect on the same day, the Labor Contract Law of the PRC (中華人民共和國勞動合同法) promulgated by the SCNPC on June 29, 2007 and last amended on December 28, 2012 and came into effect on July 1, 2013, and the Implementing Regulations of the Labor Contracts Law of the PRC (中華人民共和國勞動合同法實施條例) promulgated by the State Council on September 18, 2008 and came into effect on the same day, labor contracts must be executed in writing if labor relationships are to be established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated by the SCNPC on October 28, 2010, and last amended on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Housing Provident Fund (住房公積金管理條例) promulgated by the State Council on April 3, 1994, and last amended on March 24, 2019 and came into effect on the same day, and other relevant laws and regulations, employers in China are required to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund.

In addition, any employer that fails to make contributions to above-mentioned social insurance and housing provident fund as required may be ordered to pay the required contributions within a prescribed time limit. If the employer still fails to make the relevant contributions within the prescribed time, a fine may be imposed, and for the overdue contribution, the people's court may enforce collection.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984, and last amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the PRC (中華人民共和國專利法實施細則) promulgated by the State Council on June 15, 2001, and last amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

Trademark

According to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982, and last amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002, and last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. The registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. Each renewal of registration of a trademark shall be valid for ten years from the date after the expiry of the previous trademark registration.

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991, last amended on January 30, 2013 and became effective on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on February 20, 2002 and came into effect on the same day, "computer software" (the "software") refers to computer programs and related files. Chinese citizens, legal persons or other organizations enjoy the copyright of the software he/it has developed, whether the software is released publicly or not. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organization shall be 50 years, concluding on 31 December of the 50th year after the software's initial release. But if the software has not been released within 50 years from the date on which the software development is completed, it shall no longer receive protection.

Domain Names

According to the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) issued by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain names are registered on a "first come, first-served" basis. The domain names registered or used by an organization or individual shall not contain any contents prohibited by laws and administrative regulations. A domain name registration applicant shall provide the domain name registration service agency with truthful, accurate and complete identity information on the domain name holder.

LAWS AND REGULATIONS ON TAXATION

EIT

According to the EIT law, which was promulgated by the SCNPC on March 16, 2007, last amended and became effective on December 29, 2018, and the Implementing Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) ("Regulations for the EIT law") promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and took effect on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is established in the mainland China in accordance with the law, or that is established in accordance with the law of a foreign country (region) but whose actual administration institution is in the mainland China. A non-resident enterprise refers to an enterprise established in accordance with the law of a foreign country (region) and whose actual administration institution is outside the mainland China, but it has institutions or establishments in the mainland China or, if not, it has incomes originating from the mainland China. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or establishments in the mainland China to the extent that such incomes are derived from the mainland China, or such incomes are obtained outside the mainland China but have an actual connection with the set-up institutions or establishments, high-tech enterprises in need of support from the State shall be subject to a reduced enterprise income tax rate of 15%. Non-resident enterprises that have not set up institutions or establishments in the mainland China or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set-up institutions or establishments, shall pay enterprise income tax at the rate of 10% in relation to their income sourcing from the mainland China.

Value-added Tax

According to the Interim Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on December 13, 1993, last amended and became effective on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance (the "MOF") on December 18, 2008, last amended on October 28, 2011 and came into effect on November 1, 2011, all entities and individuals engaged in sale of goods, the provision of processing, repair and maintenance services, sales of services, intangible assets and real estate, and the importation of goods in mainland China are subject to valued-added tax ("VAT"). The standard VAT rates are generally simplified to 17%, 11%, and 6%, while small-scale taxpayers are subject to a VAT rate of 3%.

According to the Notice of the MOF and the SAT on the Adjustment to VAT Rates (財政部、國家稅務總局關於調整增值稅稅率的通知), promulgated by the MOF and the SAT on April 4, 2018, and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening VAT Reform (關於深化增值稅改革有關政策的公告), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

DIVIDEND DISTRIBUTION

According to the Company Law (中華人民共和國公司法), a PRC company is required to set aside as statutory reserves at least 10% of its after-tax profit, until the cumulative amount of statutory reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

LAWS AND REGULATIONS ON LAND, PLANNING AND ENGINEERING CONSTRUCTION

Land

According to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the SCNPC on June 25, 1986, last revised on August 26, 2019, and came into effect on January 1, 2020, and Regulation on the Implementation of the Land Administration Law of the PRC (中華人民共和國土地管理法實施條例) promulgated by the State Council on January 4, 1991, last revised on July 2, 2021, and implemented on September 1, 2021, along with the Interim Regulations of the PRC concerning the Assignment and Transfer of the Right to the Use of the State-Owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例), released by the State Council on May 19, 1990, revised on November 29, 2020, and implemented on the same day, the land in China is owned by the state or collectively. Except for land that is legally designated as state-owned or has been legally expropriated for state ownership, all other land is collectively owned. The use rights of state-owned land can be utilized by third parties through means such as transfer, allocation, leasing, or contribution to equity. The third party that acquires the use rights of state-owned land can use, benefit from, and dispose of these rights according to the law within the statutory period and the scope of planning purposes.

Planning

According to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法), published by the SCNPC on October 28, 2007, last revised and implemented on April 23, 2019, for the construction of buildings, structures, roads, pipelines and other projects in an area covered by the plan of a city or town, the developing unit or individual shall apply for a permit for a planned construction project to the department in charge of urban and rural planning under the people's government of the city or county concerned or to the township people's government designated by the people's government of the province, autonomous region, or centrally-administered municipality.

Engineering Construction

According to the Construction Law of the PRC (中華人民共和國建築法) released by the SCNPC on November 1, 1997, and recently amended and implemented on April 23, 2019, prior to commencement of a construction project, the developer shall apply to the construction administrative authorities of a People's Government of county level and above at the location of the project for a construction permit pursuant to the relevant provisions of the State, except for small projects below the limit determined by the construction administrative authorities of the State Council. The completed construction project may be delivered for use upon passing acceptance inspection; construction projects which have not undergone acceptance inspection or do not pass acceptance inspection shall not be delivered for use.

LAWS AND REGULATIONS ON HOUSING LEASING

According to the Law of the PRC on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) released by the SCNPC on July 5, 1994, with the latest revision on August 26, 2019, and implemented on January 1, 2020, the lessor and the lessee shall enter into a written lease contract for leasing of building to stipulate the term of lease, purpose of the lease, lease price, maintenance and repair liability etc and any other rights and obligations of both parties; the lease contract shall be registered and filed with the real estate administration authorities.

According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and implemented on February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Individuals or organizations who violate the provisions shall be ordered by the development (real estate) department of the People's Governments of centrally-administered municipalities, municipalities or counties to make correction within a stipulated period; where the individual failed to make correction within the stipulated period, a fine of not more than RMB1,000 shall be imposed; where the organization failed to make correction within the stipulated period, a fine ranging from RMB1,000 to RMB10,000 shall be imposed.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT, OVERSEAS INVESTMENT AND FOREIGN EXCHANGE SUPERVISION

Foreign Investment

The Company Law (中華人民共和國公司法), promulgated by the SCNPC on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, provides that companies established in China may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The shareholders of a limited liability company is liable to the company to the extent of the amount of capital contributions they have made; while the shareholders of a joint stock limited company is liable to the company to the extent of shares they have subscribed for.

According to the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "Foreign Investment Law") promulgated by the NPC on March 15, 2019, and the Implementing Rules of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the "Foreign Investment Implementation Regulations"), promulgated by the State Council on December 26, 2019, all of which came into effect on January 1, 2020, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment; for any field restricted by the negative list, foreign investors shall conform to the investment conditions as required; fields not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly. Meanwhile, the competent government departments shall, according to the requirements of national economy and social development, formulate a catalogue of industries encouraging foreign investment, stipulating the specific industries, fields and areas in which foreign investors are encouraged and guided to invest.

The Special Management Measures for the Entry of Foreign Investment (外商投資准入特別管理措施(負面清單)(2024年版)) ("the Negative List 2024"), jointly issued by the NDRC and the Ministry of Commerce ("MOFCOM") on September 6, 2024 and came into effect on November 1, 2024. According to the Negative List 2024, the Foreign Investment Law and the Foreign Investment Implementation Regulations, foreign investors are prohibited from investing in sectors categorized as "prohibited" under the Negative List 2024. For sectors classified as "restricted," foreign investments must comply with specific conditions stipulated in the Negative List 2024. Sectors not listed in the Negative List 2024 are generally treated as "permitted" for foreign investment.

Overseas Investment

According to the Administrative Measures for Outbound Investment (境外投資管理辦法) promulgated by MOFCOM on September 6, 2014 and implemented on October 6, 2014, MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

According to the Administrative Measures for Outbound Investment of Enterprises (企業境外投資管理辦法) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the investor, making an outbound investment shall obtain approval or conduct record-filing for outbound investment projects, or the projects, report relevant information, and cooperate with the supervision and inspection. Sensitive projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval, specifically, including projects involving sensitive countries and regions and sensitive industries; non-sensitive projects directly carried out by investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing.

Foreign Exchange Regulation

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996, last amended on August 5, 2008 and effective on the same day, transactions involving goods, services, income and current transfers in the balance of payments are regarded as current accounts, under which the foreign exchange payments shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document; domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知) issued by the State Administration of Foreign Exchange on December 26, 2014 and effective on the same day, a domestic company shall, within 15 business days from the date of the end of its overseas listing and issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the prospectus and other public disclosure documents.

On February 13, 2015, the State Administration of Foreign Exchange issued the Circular of Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), which came into effect on June 1, 2015 and was partially abolished on December 30, 2019. It stipulates that banks shall directly examine and handle foreign exchange registration under overseas direct investment, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration and examination of overseas direct investment through banks.

REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

The Securities Law of the PRC (中華人民共和國證券法) ("the Securities Law"), which was promulgated by the SCNPC on December 29, 1998, last revised on December 28, 2019 and took effect on March 1, 2020, has comprehensively regulated the activities of the securities market in China, including the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies, and the responsibilities of securities regulatory agencies. The Securities Law further stipulates that enterprises in China that directly or indirectly issue securities overseas or list securities overseas shall comply with the relevant provisions of the State Council. The specific measures for subscribing and trading shares of companies in China in foreign currency shall be separately prescribed by the State Council. The securities regulatory authority of the State Council shall carry out supervision and administration of the securities market pursuant to the law, safeguard the transparency, fairness and equitableness of securities market, prevent systemic risks, protect the legitimate rights and interests of investors, and promote healthy development of the securities market.

According to the Overseas Listing Trial Measures and five supporting guidelines (collectively, the "Filing Rules") issued by the CSRC on February 17, 2023 and effective on March 31, 2023, where a domestic company issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three business days after submitting application documents for overseas securities offering and listing.

The Filing Rules provides that no overseas offering and listing shall be made under any of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Filing Rules stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within 3 working days after the occurrence and public disclosure of (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) jointly issued by the CSRC and other three departments on February 24, 2023 and effective on March 31, 2023, in the overseas offering and listing activities of domestic companies, domestic companies, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic company that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing.

OVERVIEW

Our history can be traced back to April 2001, when our Company was incorporated. Drawing on decades of accumulated technical and industry know-how, we have become a leading provider of integrated micro transmission and drive system solutions, ranking No. 1 in China and No. 4 globally as measured by revenue, according to the F&S Report. We are dedicated to driving continuous innovation through our unique tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework.

Our Company was converted into a joint stock limited company in January 2018, and subsequently listed on the Shenzhen Stock Exchange (stock code: 003021) in December 2020. See "—Major Shareholding Changes of Our Company—Conversion into Joint Stock Limited Company and Listing on the Shenzhen Stock Exchange." As of the Latest Practicable Date, our group of Controlling Shareholders collectively owned 62.54% of the total issued share capital of our Company, comprising (i) 53.61% of the equity interests held by Mr. Li together with the entity controlled by him, Zhaowei Holding, and (ii) 8.93% of equity interests held by Ms. Xie, the spouse of Mr. Li, through Qingmo Partnership.

KEY DEVELOPMENT MILESTONES

The following table sets out a summary of our Group's key development milestones:

Year	Development Milestones
2001	Our Company was established in April 2001 with a focus on "precision, micro, and ultra-thin" ("精密、微小、超薄") product and technology strategy.
2005	We started sales of precision gears and motor components to reputable customers in Japan, establishing itself as a reliable partner for high-precision micro drive solutions.
2008	We started providing solutions for automotive electronics to industry-leading customers worldwide. We have developed our proprietary micro gearboxes.
2011	We started providing micro transmission module for base station antenna systems to customers in telecommunication industry.
2015	We have successfully developed the world's smallest 3.4 mm planetary gearbox.
2016	Our Shenzhen Industry Park was put into operation
2018	We have developed our proprietary electronical control systems. Our Company was recognized as an Engineering Technology Research Center of Guangdong Province (廣東省工程技術研究中心).
2019	Our Company was awarded as the Second Prize of National Science and Technology Progress (國家科技進步二等獎).
2020	Our Company was listed on the Shenzhen Stock Exchange (stock code: 003021) in December 2020. We have developed our proprietary micro motor systems. We were awarded as National Manufacturing Champion Enterprise (國家製造業單項冠軍企業).
2022	Our Dongguan Micro Drive System Research and Manufacturing Base was put into operation.
2023	We were awarded as National Green Factory (國家級綠色工廠).

Year	Development Milestones
2024	We officially launched *Dexterous Hand*.
	We were awarded as National Manufacturing Champion Enterprise (國家製造業單項冠軍企業).
	We were awarded as National Center for Enterprise Technology (國家企業技術中心).
2025	We were awarded the 2024 Robotics Core Technology Innovation Award (2024年度機器人核心技術創新獎).

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Our Early History

Our Company was established in the PRC on April 19, 2001 as a limited liability company with an initial registered capital of RMB500,000. At the time of establishment, our Company was owned as to 80% and 20% by Mr. Li and Mr. Lian Yulin (連育林), respectively.

In September 2006, the registered share capital of our Company was increased from RMB500,000 to RMB2 million by way of capital contribution of RMB1.5 million by Mr. Li. Upon completion of such increase in registered capital, our Company was owned as to 95% and 5% by Mr. Li and Mr. Lian Yulin, respectively.

On April 18, 2008, Mr. Lian Yulin entered into an equity transfer agreement with Mr. Xie Weiqun (謝偉群), pursuant to which Mr. Lian Yulin agreed to transfer his 5% equity interest in our Company to Mr. Xie Weiqun at the consideration of RMB100,000. Upon completion of such equity transfer, our Company was owned as to 95% and 5% by Mr. Li and Mr. Xie Weiqun, respectively.

Between May 2012 and September 2016, our Company underwent several rounds of increases in registered capital. As of September 27, 2016, our Company's registered capital was RMB40 million, and the shareholding structure of our Company was as follows:

Shareholder	Number of Shares held	Approximate percentage of shareholding
Zhaowei Holding(1)	19,000,000	47.50%
Mr. Li	9,745,000	24.36%
Gongqingcheng Juzhaode Investment Management Partnership Enterprise (Limited Partnership) (共青城聚兆德投資管理合夥企業(有限合夥)) ("**Juzhaode Partnership**")(2)	5,500,000	13.75%
Qingmo Partnership(3)	5,500,000	13.75%
Mr. Xie Weiqun(4)	255,000	0.64%
Total	**40,000,000**	**100.00%**

(1) Zhaowei Holding was owned as to 55% and 45% by Li and Ms. Xie, respectively.

(2) As of September 27, 2016, the general partner of Juzhaode Partnership was Mr. Shen Yaqiang (沈亞強), a senior engineer of our Group, holding 1.31% partnership interests in Juzhaode Partnership. The remaining 98.69% partnership interest of Juzhaode Partnership was held by 49 limited partners, including Ms. Xie as to 16.40%, Mr. Ye Shubing (葉曙兵) as to 14.55%, Mr. Li Ping (李平) as to 14.55%, Mr. Li Hai (李海) as to 7.27%, Ms. Zuo Mei (左梅) as to 3.64% and Mr. Li as to 3.09% and other 43 employees of our Group as to 39.19% in aggregate.

(3) The general partner of Qingmo Partnership was Ms. Xie. Mr. Li as a limited partner and Ms. Xie held 50% and 50% partnership interests in Qingmo Partnership, respectively.

(4) Mr. Xie Weiqun is the brother of Ms. Xie and was the senior project R&D engineer in our Group since 2005.

Conversion into Joint Stock Limited Company and Listing on the Shenzhen Stock Exchange

On January 10, 2018, our Company was converted into a joint stock company with a registered capital of RMB80 million and was renamed as Shenzhen Zhaowei Machinery & Electronics Co., Ltd. (深圳市兆威機電股份有限公司). The shareholding structure of our Company immediately after the completion of the conversion into a joint stock company was as follows:

Shareholder	Number of Shares held	Approximate percentage of shareholding
Zhaowei Holding	38,000,000	47.50%
Mr. Li	19,490,000	24.36%
Juzhaode Partnership	11,000,000	13.75%
Qingmo Partnership	11,000,000	13.75%
Mr. Xie Weiqun	510,000	0.64%
Total	**80,000,000**	**100.00%**

On December 4, 2020, we completed the listing of our A Shares on the Shenzhen Stock Exchange (stock code: 003021), during which our Company issued an aggregate of 26,670,000 A Shares, accounting for approximately 25% of our Company's then share capital immediately following completion of our A Shares listing. Following the completion of our A Shares listing, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares held	Approximate percentage of shareholding[1]
Zhaowei Holding	38,000,000	35.62%
Mr. Li	19,490,000	18.27%
Juzhaode Partnership	11,000,000	10.31%
Qingmo Partnership	11,000,000	10.31%
Mr. Xie Weiqun	510,000	0.48%
Other Shareholders	26,670,000	25.00%
Total	**106,670,000**	**100.00%**

(1) Certain percentage figures included in this table have been subject to rounding adjustments. The discrepancy between total and sum of amounts listed in this table is due to rounding.

OUR MAJOR SUBSIDIARIES

The following table sets forth the principal activities, the date and place of incorporation/establishment, and the equity interest attributable to our Group in respect of each of our major subsidiaries as of the Latest Practicable Date:

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
Dongguan Zhaowei	October 31, 2018	PRC	100%	Provision of integrated micro transmission and drive system solutions
Suzhou Drive Co., Ltd. (蘇州兆威驅動有限公司)	May 6, 2021	PRC	100%	Provision of integrated micro transmission and drive system solutions
Shenzhen Zhaowei Dexterous Hand Technology Co., Ltd. (深圳市兆威靈巧手技術有限公司)	March 18, 2025	PRC	100%	Research, development, and manufacture of embodied robotics products

2024 SHARE INCENTIVE SCHEME

The 2024 Share Incentive Scheme was adopted by our Shareholders at the second extraordinary general meeting held on August 28, 2024. The purposes of the 2024 Share Incentive Plan are, among others, to incentivize the management personnel and employees, attract and retain management talents and key personnel and enhance cohesiveness and competitiveness of our Company. See "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document.

MAJOR ACQUISITIONS AND DISPOSALS

We had not conducted any major acquisition, disposal or merger during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE [REDACTED]

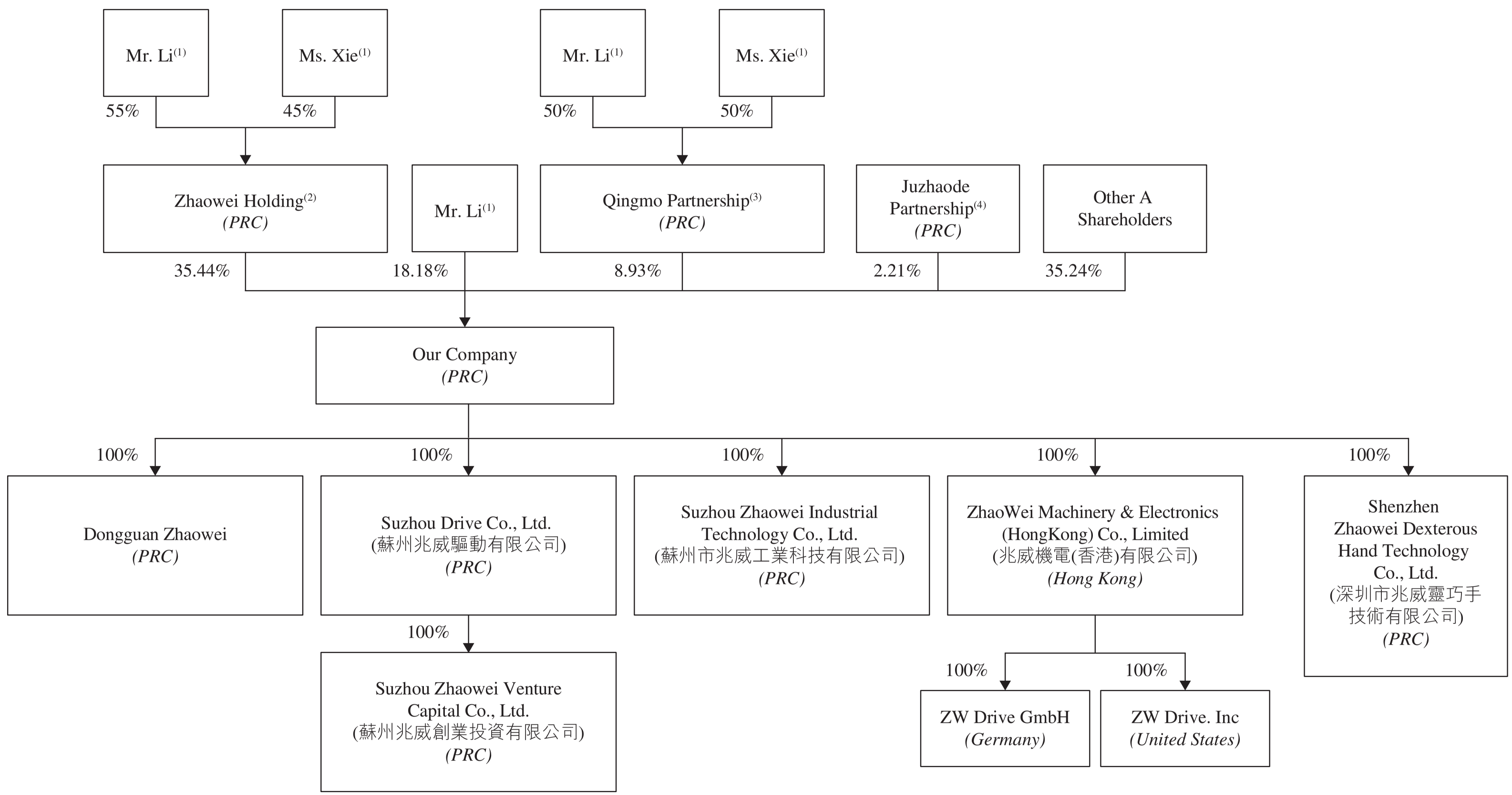
Since December 4, 2020, our Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations in any material respects and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor's view, nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respect.

We seek to be [**REDACTED**] on the Stock Exchange to further enhance our capital strength and overall competitiveness, boost our international brand profile and image, satisfy our international business development needs, and continue advancing our global strategy. See "Business—Growth Strategies" and "Future Plans and Use of [**REDACTED**]."

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Before the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately prior to the [**REDACTED**]:



(1) Mr. Li and Ms. Xie are spouses. For details of the background of Mr. Li and Ms. Xie, see "Directors and Senior Management."

(2) As of the Latest Practicable Date, Zhaowei Holding was owned as to 55% and 45% by Mr. Li and Ms. Xie, respectively.

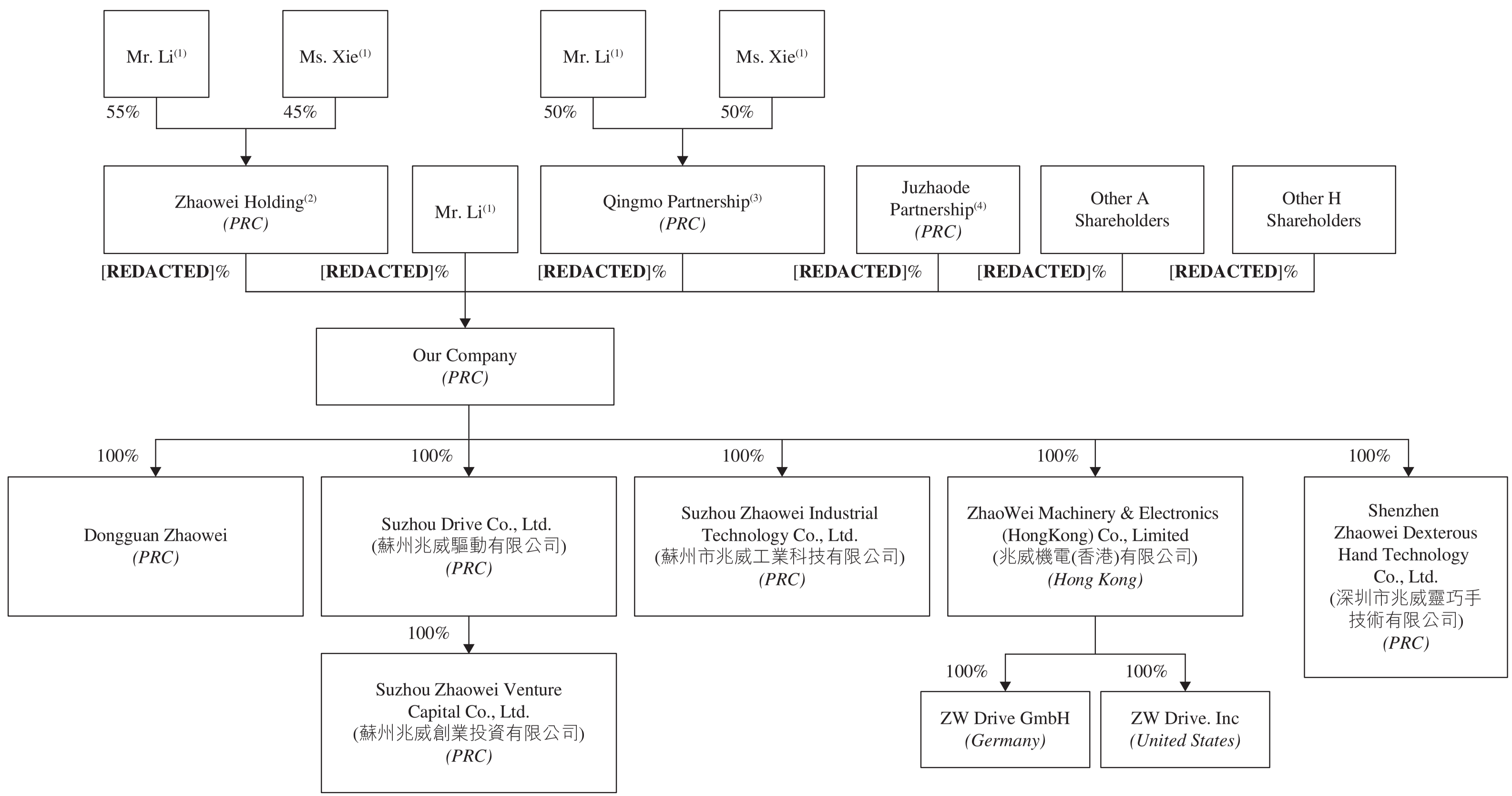
(3) As of the Latest Practicable Date, the general partner of Qingmo Partnership was Ms. Xie. Mr. Li as a limited partner and Ms. Xie held 50% and 50% partnership interests in Qingmo Partnership, respectively.

(4) As of the Latest Practicable Date, the general partner of Juzhaode Partnership was Mr. Xin Dong (辛棟), an employee of our Group, holding 0.10% partnership interests in Juzhaode Partnership. The remaining 99.90% partnership interest of Juzhaode Partnership was held by 10 limited partners, including Ms. Xie as to 10.20%, Mr. Ye Shubing (葉曙兵) as to 31.04%, Mr. Li Ping (李平) as to 34.85%, Ms. Zuo Mei (左梅) as to 10.33% and other 6 employees of our Group as to 13.48% in aggregate.

As of the Latest Practicable Date, all of our Shares were traded on the Shenzhen Stock Exchange, and our Controlling Shareholders controlled directly and indirectly 62.54% of our total issued Shares. To the best knowledge of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, save as disclosed above, no other Shareholders of our A Shares were close associates of any of our Controlling Shareholders.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]:



Notes (1) to (4): See "—Shareholding and Corporate Structure Immediately Before the [**REDACTED**]."

[**REDACTED**]

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the Shares held by our core connected persons will not be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules.

Details of these core connected persons are set out below:

- Mr. Li, Ms. Xie, Zhaowei Holding and Qingmo Partnership, our Controlling Shareholders, are core connected persons of our Company, holding approximately [**REDACTED**]% of the total issued share capital of our Company in aggregate;

- Mr. Ye Shubing (葉曙兵), being an executive Director of our Company, is a core connected person of our Company, holding approximately [**REDACTED**]% of the total issued share capital of our Company;

- Mr. Li Ping (李平), being an executive Director of our Company, is a core connected person of our Company, holding approximately [**REDACTED**]% of the total issued share capital of our Company;

- Mr. Lu Zhiqiang (陸志強), being an employee representative Director of our Company, is a core connected person of our Company, holding approximately [**REDACTED**]% of the total issued share capital of our Company; and

- Juzhaode Partnership, our employee shareholding platform, holding approximately [**REDACTED**]% of the total issued share capital of our Company.

Save as provided above, to the best of our Directors' knowledge, none of the other Shareholders is a core connected person of our Company upon the [**REDACTED**], is accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, or was financed directly or indirectly by core connected persons of our Company for their acquisition of Shares. As a result, a total of approximately [**REDACTED**]% of the Shares (upon completion of the [**REDACTED**] assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) will be counted towards the [**REDACTED**] for the purpose of Rule 8.08(1) of the Listing Rules.

OUR MISSION AND VISION

Advancing the future of integrated micro transmission and drive technology to empower a smarter and better life for all.

OUR VALUES

We create value through relentless innovation, tireless dedication, and an unwavering pursuit of excellence.

OVERVIEW

Who We Are

We are a leading provider of integrated micro transmission and drive system solutions, ranking No. 1 in China and No. 4 globally as measured by revenue, according to the F&S Report. We are dedicated to driving continuous innovation through our unique tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework. This framework is designed to meet the increasingly stringent demands of the intelligent era for system integration, rapid responsiveness and spatial efficiency in micro drive applications. By deeply fusing these three systems, we achieve high-performance drive control within an exceptionally compact footprint, enabling us to address the market's growing requirements for precision, miniaturization and intelligent functionality, and to continuously advance the development of micro drive technologies. As of March 31, 2025, we possessed 382 relevant patents, ranking No. 1 in China's integrated micro transmission and drive system industry.

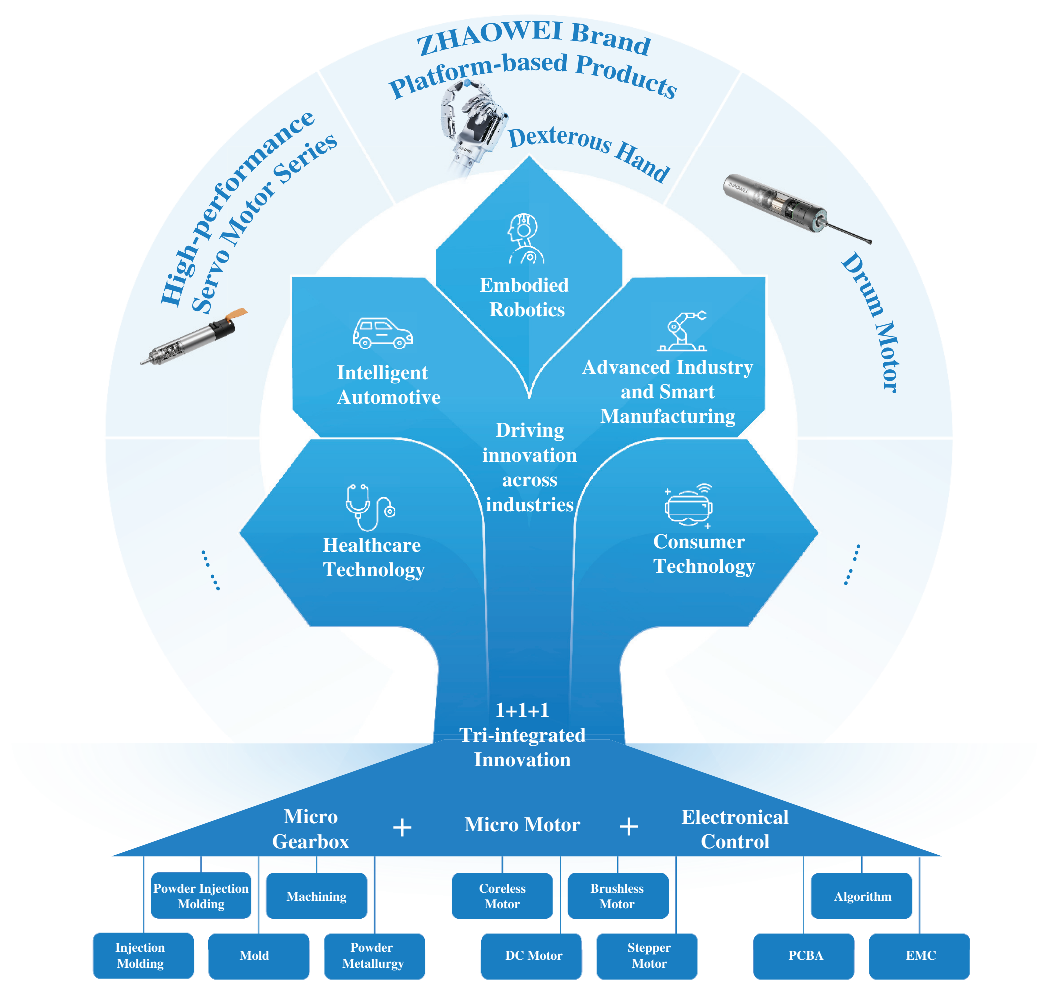
We primarily provide integrated micro transmission and drive system solutions tailored to the specific needs of high-growth industry verticals, ranging from intelligent automotive and embodied robotics to consumer technology, healthcare technology and advanced industrial manufacturing, where we have built deep technical expertise and long-standing customer partnerships. We focus on these sectors, as they are undergoing structural transformation through intelligent, automated and miniaturized technologies, emerging as next-generation industries. Our solutions enable these industries to redefine what is possible in precision, efficiency and control.

We operate in a rapidly expanding industry. China's integrated micro transmission and drive system market increased from RMB20.3 billion in 2020 to RMB33.2 billion in 2024 at a CAGR of 13.0%, according to the F&S Report. The growth is expected to accelerate further, reaching RMB72.6 billion by 2029 at a projected CAGR of 17.3% from 2025 to 2029, driven by industrial upgrades and technological progress. Meanwhile, as a highly interdisciplinary field, integrated micro transmission and drive systems require exceptionally high precision, rigorous customer certification and significant capital investment in R&D, all of which create substantial barriers to entry.

Leveraging our proven track record and market leadership, we believe we are well-positioned to capture the enormous market opportunities. Since our founding in 2001, we have remained committed to a technology path focused on precision, miniaturization and ultra-thin. We established early leadership in automotive electronics, having entered the global supply chain of the world's largest automotive components supplier more than a decade ago. Over the past decades, we have developed advanced and unique techniques spanning plastic injection molding, powder metallurgy, metal powder injection molding and precision metal machining, and successfully developed full-chain capabilities covering mold design, core parts manufacturing and integrated drive system development. Leveraging our tri-integrated innovation framework, we deeply integrate transmission systems, micro motor systems and electronic control systems to deliver high-performance drive control within compact product dimensions. We developed China's smallest Φ3.4mm micro transmission system; we are the world's first company to mass-produce micro transmission systems under Φ6mm with high quality and efficiency; we have also achieved a technological breakthrough in our Φ4mm brushless coreless motor and now possess the capability for mass production.

Our unique tri-integrated innovation framework and deep technological and process expertise have enabled us to establish a dual-pronged growth model. On one hand, we continuously co-develop tailored solutions with leading players across diverse industry verticals to address complex application needs and capture diversified growth opportunities. On the other hand, we leverage our accumulated industry experience and technical capabilities to drive the standardization and scale-up of our self-branded, platform-based products, enhancing market recognition and building multiple growth engines.

To date, we have developed three major platform-based products under our ZHAOWEI brand, i.e., high-performance servo motor series, drum motor and dexterous hand. Our self-branded products primarily target high-potential industry verticals, such as high-end intelligent consumer products, advanced manufacturing and humanoid robotics. Our high-performance servo motor series feature powerful output capabilities, exceptional dynamic performance and high efficiency, supporting a wide range of application scenarios, including high-end consumer technology products. Our drum motor drive system is a next-generation, fully integrated motorized roller that combines a motor, gearbox and electronic control system into a compact and efficient design, featuring high power for peak performance, modular and maintenance-friendly design, enhanced durability with high-strength gearbox, and standardized product range for versatile applications. Moreover, in the rapidly emerging field of humanoid robotics, we have developed highly-integrated micro drive modules that power our industry-leading dexterous hand solution, capable of precisely replicating human grip and fine-motion control. As the first company in China to introduce a commercialized high-degree-of-freedom dexterous hand product, we have established collaborative partnerships across the industry value chain and commenced our global commercialization journey. According to the F&S Report, the commercialization progress of our dexterous hand ranks among the most advanced worldwide. The following diagram illustrates our business model.



Our Market Opportunities across High-growth Industry Verticals

We strategically focus on providing industry-customized solutions for several emerging industries or industry verticals that are undergoing intelligent transformation, including intelligent automotive, embodied robotics, consumer and healthcare technology, and advanced industry and smart manufacturing. Leveraging our market leadership and competitive edge, we believe that we are well positioned to capture the upside potential of these enormous markets.

- *Intelligent automotive sector*. Integrated micro transmission and drive systems are integral to enhancing automotive safety and comfort through compact, quiet and efficient electromechanical components. While China's domestic NEV market is growing rapidly, there is a global shortage of reliable suppliers of such systems. This gap presents a significant opportunity for agile, innovation-driven Chinese suppliers of integrated micro transmission and drive system solutions. According to the F&S Report, the market size of China's intelligent automotive sector is expected to increase from RMB995.9 billion in 2025 to RMB1,355.0 billion in 2029 at a CAGR of 8.0%.

- *Embodied robotics sector*. Through a combination of high-performance actuators, precision reducers and brushless coreless motors, integrated micro transmission and drive system solutions empower humanoid and industrial robots to achieve high degrees of freedom and delicate motion control. As robots evolve from programmed tools to embodied intelligent agents, integrated micro transmission and drive system solutions will continue to serve as the critical enabling technologies for next-gen embodied robotic applications. According to the F&S Report, the global embodied robotics market is expected to grow from RMB16.6 billion in 2025 to RMB162.0 billion in 2029 at a CAGR of 77.0%.

- *Consumer and healthcare technology sector*. Integrated micro transmission and drive system solutions enable precise motion control and interactive feedback, and are widely applied across the consumer technology sector, such as smartphones, smart home devices and smart wearables, significantly enhancing user interaction and immersion. According to the F&S Report, China's consumer technology market is expected to increase from RMB1,978.8 billion in 2025 to RMB2,545.6 billion in 2029 at a CAGR of 6.5%. In the healthcare technology domain, integrated micro transmission and drive system solutions are increasingly adopted by virtue of their ability to meet the sector's rigorous standards for accuracy, reliability and miniaturization. According to the F&S Report, China's healthcare technology market is expected to increase from RMB1,206.8 billion in 2025 to RMB1,786.2 billion in 2029 at a CAGR of 10.3%.

- *Advanced industry and smart manufacturing sector*. Integrated micro transmission and drive system solutions are widely applied in the transformation of industrial manufacturing and communications infrastructure. As global demand for industrial digitalization accelerates, we are well-positioned to capture increasing market share. According to the F&S Report, China's advanced industry and smart manufacturing market is expected to increase from RMB4,249.6 billion in 2025 to RMB7,694.5 billion in 2029 at a CAGR of 16.0%.

Our Tri-integrated Innovation Strategy and Industry-customized Solutions

We are deeply committed to precision-driven, application-oriented innovation. By accurately identifying and responding to evolving market demands, we provide customers with tailored, high-performance solutions. Central to our success is our proprietary tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework. This enables us to deliver not only core components but also intelligent, integrated solutions across the entire value chain.

Our transmission systems feature high-precision gears designed to achieve ultra-quiet operation, compact size, lightweight form factor, and minimal backlash, delivering smooth and efficient torque transmission. Our proprietary micro motor systems, in comparison with conventional motors, offer rapid acceleration, lower operational noise, and reduced vibration, ensuring superior responsiveness and reliability across dynamic application scenarios. Paired with our advanced control systems, which are specifically engineered to match the characteristics of our motors and gearboxes, we achieve precise motion control and high-speed operation with exceptional accuracy.

Our tri-integrated approach differentiates us from conventional R&D efforts conducted in isolation. Rather than advancing each system independently, we pursue coordinated development across all three domains, achieving functional harmony, faster iterations and system-level optimization. As a result, our solutions deliver markedly greater value, enabling customers to overcome complex technical bottlenecks and accelerate their shift toward intelligent, high-end transformation.

By fusing these capabilities, we have established full-chain competitive strength, ranging from critical component development to intelligent, scenario-driven system integration. This enables us to quickly adapt to industry-specific applications across intelligent automotive, embodied robotics, consumer and healthcare technology, and advanced industry and smart manufacturing.

- *Intelligent automotive solutions*. We have been dedicated to providing intelligent solutions for automotive electronics. Our long-standing partnership with the world's largest automotive components supplier spans over a decade, and we have established in-depth collaborations with leading Chinese OEMs. With our strong technical capabilities in precise transmission design and dynamic control, we have developed a series of innovative solutions tailored for various automotive applications, covering the intelligent cockpit sector, the chassis sector and the automotive body electronics sector.

- *Embodied robotics solutions*. We are at the forefront of next-generation embodied robotics with our proprietary dexterous hand, powered by our fully integrated micro-drive modules. Engineered for high precision, flexibility and durability, our dexterous hand features up to 20 active degrees of freedom, each independently motor-driven, enabling complex human-like grip and fine-motion control. Unlike traditional tendon- or cable-driven systems, our electromechanical structure delivers faster response, higher torque precision and significantly longer product lifespan of up to 10 years. Built on our vertically integrated capabilities across precision gears, micro motors and compact controllers, our dexterous hand sets a new benchmark in performance and reliability for humanoid robotic interaction.

- *Consumer and healthcare technology solutions*. By focusing on miniaturization, high-precision transmission and integrated control, we empower our customers to create products that are not only smaller and smarter, but also more human-centric. We deliver seamless motion control in next-generation wearables, such as our IPD adjustment module; we address the core challenges of low noise, accurate dosing and operational reliability for medical devices, such as precision actuation systems used in surgical staplers and infusion pumps; we also bridge the gap between mechanical performance and intelligent functionality for smart living, such as drive systems for robotic vacuum cleaners and smart locks, which earn broad customer acclaim with their quiet operation and reliability.

- *Advanced industry and smart manufacturing solutions*. Amid the transformation and upgrading of China's industrial and manufacturing sector, we have high-quality products and solutions tailored to market and customer needs. Our representative offerings include platform-based, customizable drum motor systems under our proprietary brand, which feature internally developed high-performance gearboxes, motors and controllers. Such offerings are optimized for stability, efficiency and scalability, and are widely deployed in automated food processing lines, logistics conveyors and security screening systems in airports and rail stations.

Our Business Scale and Financial Performance

We have cultivated a large and loyal base of blue-chip customers by virtue of our strong track record of delivering superior product performance, robust quality assurance, and a complete portfolio of one-stop, industry-customized drive solutions. Particularly, our customer base includes leading enterprises spanning a wide spectrum of industries and geographies. For example, in the intelligent automotive sector, we serve the top five OEMs and tier 1 suppliers in both China and globally. In the fast-growing embodied robotics sector, our micro drive modules and dexterous hand solutions have been adopted by an increasing number of global frontrunners, solidifying our position at the forefront of this transformative industry. We are also recognized as a core partner by leading companies in other high-growth verticals, such as smartphones, XR devices and smart home systems.

We experienced significant growth during the Track Record Period. We generate revenue primarily from the provision of integrated micro transmission and drive system solutions. Our revenue increased from RMB1,152.5 million in 2022 to RMB1,205.9 million in 2023, and further to RMB1,524.6 million in 2024. Our revenue further increased from RMB312.4 million in the three months ended March 31, 2024 to RMB367.5 million in the three months ended March 31, 2025. Particularly, we have selectively established a presence in certain overseas markets, including certain European and North American countries, by successfully integrating into the supply chains of several global industry leaders, which has provided us with crucial first-mover advantages and a solid foundation for global expansion. In 2024, revenue from regions and countries outside mainland China accounted for 13.9% of our total revenue. Furthermore, our net profit was RMB150.5 million, RMB179.9 million, RMB225.4 million, RMB55.4 million and RMB55.1 million in 2022, 2023, 2024, and the three months ended March 31, 2024 and 2025, respectively. Our adjusted net profit (non-IFRS measure) increased from RMB152.8 million in 2022 to RMB170.6 million in 2023 and further to RMB230.7 million in 2024. Our adjusted net profit (non-IFRS measure) further increased from RMB55.4 million in the three months ended March 31, 2024 to RMB59.1 million in the three months ended March 31, 2025.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors.

Global leader and China's largest provider of integrated micro transmission and drive system solutions, empowering diverse high-growth industrial sectors

We are a leading provider of integrated micro transmission and drive system solutions, ranking No. 1 in China and No. 4 globally as measured by revenue, according to the F&S Report. We are dedicated to driving continuous innovation through our unique tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework. As of March 31, 2025, we possessed 382 relevant patents, ranking No. 1 in China's integrated micro transmission and drive system industry.

Integrated micro transmission and drive components are critical and often mission-critical parts across a range of precision-demanding verticals. Our systems are widely embedded in high-performance end products across four high-growth major domains: intelligent automotive, embodied robotics, consumer and healthcare technology, and advanced industry and smart manufacturing, each of which is undergoing profound transformation through miniaturization, automation and intelligent interaction. We serve as a foundational enabler in these sectors.

Our solutions have already achieved leading positions across multiple application niches. In the rapidly emerging XR sector, we are the exclusive supplier of miniature IPD adjustment modules for a flagship MR product of a global industry leader, securing the No. 1 market share in this segment. In the automotive sector, where we have built a strong track record over the past decades, we rank No. 1 in several niche product categories, such as rotating and flip screen systems for intelligent cockpits and drive systems for automotive rear spoilers. In addition, we have provided micro drive systems to leading brands of robotic vacuum cleaners, achieving a sizeable market share in this segment.

Our comprehensive product matrix spans a wide range of end-use scenarios, and is designed with strong horizontal synergy, allowing us to serve overlapping customer bases with customized but modularized solutions. This cross-scenario adaptability not only enhances operational efficiency, but also reinforces long-term customer stickiness and creates significant opportunities for scale effects, system integration and solution co-development. Our clear leadership in both scale and innovation underpins our ability to shape the future of integrated micro transmission and drive systems across industries. Through our deep-rooted platform capabilities and first-mover position in key verticals, we are well positioned to sustain our competitive edge and expand our influence globally.

Strategic leadership in high-precision technologies for dexterous hand and embodied robot drive modules

Leveraging our tri-integrated innovation strategy, we have achieved rapid R&D innovation and accelerated product commercialization, securing a first-mover advantage in the development of dexterous hands core drive module for humanoid robots. As the first company in China to introduce a commercialized high-degree-of-freedom dexterous hand product, we have established collaborative partnerships across the industry value chain and commenced our global commercialization journey. We have carried out small-batch deliveries for dozens of customers engaged in the embodied robotics industry. In addition, we have commenced joint and customized development with select customers. According to the F&S Report, the commercialization progress of our dexterous hand ranks among the most advanced worldwide.

Our proprietary and self-manufactured core drive module for humanoid robots and dexterous hand products represent a strategic leap forward, positioning us at the forefront of next-generation embodied robotic applications. With a bold vision to replicate the complexity and dexterity of the human hand, we have pioneered a globally original design featuring a fully integrated power unit within each joint. This architecture enables our dexterous hand to achieve movement precision and flexibility that closely mimics human motion, supporting nuanced grip trajectories and fine-motor control across diverse usage scenarios. Our dexterous hand stands out in the market with 17 degrees of freedom, enabling complex, full-range movements. It features a highly integrated electromechanical system combining motors, gearboxes, lead screws, control boards, and flexible electronic skin. Each joint is independently actuated with high-precision micro motors, achieving backlash under 1° and positioning accuracy within 0.3°. It offers market-leading integration, durability (up to 10-year service life) and performance. The product includes a self-developed high-precision gearbox, ball screw transmission with over 90% efficiency, and advanced tactile sensing via electronic skin. A compact multilayer control board and 10Mbps high-speed communication enable real-time, precise control, supported by versatile interfaces for flexible integration.

This technical architecture gives our dexterous hand a distinct advantage in applications requiring high fidelity, responsiveness and reliability. We thereby are able to deliver a highly modular, scalable and efficient dexterous hand solution that is well suited for a range of next-gen humanoid applications, ranging from household-grade to industrial-grade intelligent robots.

Industry-leading R&D capabilities underpinning sustainable innovation and market leadership

Our research and development capabilities form the cornerstone of our technological leadership and long-term competitiveness in the global integrated micro transmission and drive system industry. We view innovation as a strategic imperative and a core value. We have established a comprehensive and integrated R&D framework built upon our tri-integrated innovation strategy framework, seamlessly linking system design, process development and product realization, to ensure a continuous cycle of technology iteration and original breakthroughs.

As a leader and pioneer in integrated micro transmission and drive system technologies, we have accumulated a wide array of proprietary core technologies in material formulation, gear architecture, micromechanical design and motion control. These competencies enable us to stay at the forefront of emerging application fields, such as intelligent vehicles, humanoid robotics, XR, smart healthcare and precision electronics. Our R&D leadership not only drives product performance and customization, but also allows us to serve as a technological bellwether for the broader industry.

Our R&D model is firmly rooted in market and customer demands. We have institutionalized a "market-driven, customer-centric" development mechanism that aligns project initiation and resource allocation with real-world application needs. By doing so, we ensure that our innovations not only anticipate future trends but also achieve rapid commercialization. Additionally, we place significant emphasis on intellectual property development and protection. As of March 31, 2025, we owned 382 patents, ranking No. 1 in China's integrated micro transmission and drive system industry. We also had 63 software copyrights in China and 165 pending patent applications as of the same date.

Leveraging our industry-leading R&D capabilities, we have been able to continually overcome technological barriers and set new benchmarks for the industry. For example, we developed China's smallest Φ3.4mm micro transmission system, which powers applications ranging from smartphone cameras modules to insulin injection pump systems, with active exports to multiple European and North American markets. In addition, we are the first company globally to achieve scalable, high-quality and high-efficiency mass production of micro transmission systems under Φ6mm. We believe that the strength of our R&D capabilities is also well illustrated by the numerous awards and recognition we received. For example, we were named as the 2022 National Intellectual Property Advantageous Enterprise by China National Intellectual Property Administration; we were recognized as the National Center for Enterprise Technology by the National Development and Reform Commission in 2023; and we were awarded the 2024 Robotics Core Technology Innovation Award by Shenzhen Robotics Association.

We have devoted significant resources to our R&D initiatives. Our R&D hub is equipped with state-of-the-art design, simulation, testing and prototyping infrastructure. Particularly, we have established three specialized testing laboratories, namely, the Precision Measurement Center, the Micro Drive Integrated Testing Laboratory and the Intelligent Control Laboratory. Together, these facilities form the foundation of our comprehensive product validation system, enabling us to rigorously test and refine our solutions to meet the highest standards of precision, reliability and performance. In addition, we have assembled a dedicated research and development team of 513 members as of March 31, 2025, representing 21.5% of our total employees. In 2022, 2023, 2024 and the three months ended March 31, 2025, our research and development costs were RMB117.3 million, RMB128.7 million, RMB155.1 million and RMB39.7 million, respectively, representing 10.2%, 10.7%, 10.2% and 10.8% of our revenue in the same periods, respectively. We also maintain long-term collaborations with top-tier universities and research institutes, including institutions under the 985 and 211 projects. In addition, we have engaged external experts and advisors to jointly advance cutting-edge interdisciplinary research in files such as motor and transmission theory and AI-powered intelligent control.

A global, blue-chip customer base with high stickiness built on co-innovation

We have cultivated a large and loyal base of blue-chip customers by virtue of our strong track record of delivering superior product performance, robust quality assurance, and a complete portfolio of one-stop, industry-customized drive solutions. Particularly, our customer base includes leading enterprises worldwide, including those listed among the Fortune Global 500 in 2024, spanning across vehicles and components, electronics and electrical equipment, robotics, industrial machinery, internet services and retail, computers, and network and communications equipment. For example, in the intelligent automotive sector, we serve the top five OEMs and tier 1 suppliers in both China and globally. In the fast-growing embodied robotics sector, our micro drive modules and dexterous hand solutions have been adopted by an increasing number of global frontrunners, solidifying our position at the forefront of this transformative industry. In the XR device market, we are a supplier to global industry leaders. We are also recognized as a core partner by leading companies in other high-growth verticals, such as smart home systems. Our broad customer reach mitigates exposure to cyclical fluctuations in any single sector and allows us to benefit from structural trends in automation, electrification and human-machine interaction. Moreover, our broad customer base drives demand for multiple product lines across different application scenarios. For example, customers who already collaborate with us in intelligent automotive or consumer technology sectors have also shown strong interest in our dexterous hand products as they expand into emerging fields such as embodied robotics. This customer overlap not only enhances our ability to achieve cross-category synergies in sales, but also provides new products with a stable customer base and immediate application scenarios from an early stage, accelerating market validation and scaling.

We take pride in the enduring nature of our customer relationships. For example, we have maintained a longstanding partnership with the world's largest automotive components supplier for over a decade, with cumulative shipments of ABS-related products exceeding 100 million units. Moreover, our top five customers in 2024, on average, had partnered with us for over eight years, demonstrating the high level of satisfaction and recurring demand we enjoy across our customer portfolio.

Our success in maintaining long-term customer stickiness is further underpinned by our commitment to co-innovation with our customers. We work closely with our customers to co-develop forward-looking, application-specific solutions that address complex technical requirements and accelerate time to market. We proactively study our customers' application scenarios and pain points, identify unmet demands, and translate those insights into high-performance solution offerings with rapid turnaround from design to production. Such early engagements allow us to secure first-mover advantages and become deeply embedded in our customers' innovation cycles. For example, in collaboration with a major automotive OEM, we co-developed a smart child safety seat solution, which addresses multiple technical hurdles, including variable backrest angle adjustment, 360-degree base rotation and enhanced system reliability, and has been highly acclaimed in the market following its launch.

By leveraging our strong technological innovation, outstanding product development capabilities, rigorous quality assurance and cohesive project management, we are able to deliver high-performance, integrated drive solutions to customers in a fast, flexible and scalable manner. Our ability to serve as a long-term innovation partner, rather than merely a component supplier, differentiates us in the market and contributes to the strategic depth of our customer relationships. By aligning our roadmap with that of our customers, we ensure sustained relevance in fast-evolving markets. As we continue to broaden our product applications and global reach, we are well positioned to further expand our ecosystem of loyal customers and deepen our influence across multiple high-growth industries.

Unparalleled advanced manufacturing capabilities enabling precision at scale

Our ability to deliver high-performance, application-specific solutions is underpinned by our industry-leading manufacturing infrastructure. We are one of the very few enterprises in China to operate an end-to-end in-house manufacturing system that spans the full value chain of integrated micro transmission and drive solutions, from system design and precision mold development to gear component fabrication, integrated assembly and performance testing, according to the F&S Report. This full-process integration allows us to maintain tight control over every aspect of product quality, cost, lead time and innovation deployment.

Integrated micro transmission and drive systems are inherently complex, requiring ultra-high precision, exceptional reliability, and adaptability to rapidly evolving use cases in sectors such as humanoid robotics, XR devices and smart home technologies. The manufacturing of such systems involves a diverse set of processes and the ability to quickly iterate, making proprietary production capacity a key barrier to entry and competitive advantage. Our ability to fine-tune process parameters and rapidly transition from prototyping to volume production enables us to respond swiftly to shifting customer needs and accelerate the commercialization of new technologies, allowing us to seize critical first-mover advantages especially in emerging fields such as humanoid robotics, XR devices and smart home systems. For example, in our robotic vacuum cleaner project, we completed the entire product cycle from project initiation to small-batch trial production within just four months, which was significantly shorter than the industry average, according to the F&S Report, demonstrating our agility in scaling innovation and accelerating time-to-market.

Drawing on decades of accumulated technical know-how, we have mastered multiple gear production processes, including plastic injection molding, powder metallurgy, metal injection molding and precision metal machining, allowing us to deliver complex, high-precision components at scale. We are among the very few in China capable of applying such diverse processes at commercial scale, according to the F&S Report. Moreover, we have developed robust production technologies that form a core part of our competitive moat. For example, we have built an in-house design and manufacturing system for small-module gear molds, overcoming industry challenges related to precision, durability and stability. Our proprietary gear testing and calibration capabilities allow us to mass-produce high-accuracy MIM and PM gears with superior strength and consistency, widely used in automotive, smart home and medical applications. As for powder metallurgy, we have made significant breakthroughs in material science, mold design and manufacturing process stability to enable high-strength, impact-resistant gears with tight tolerances. In addition, our standardized gear product lines, such as our planetary gearboxes and precision spur gearboxes, have demonstrated excellent performance in low-noise and high-load applications, resulting in a comprehensive product series with 6mm to 38mm outer diameter. Additionally, our independently developed coreless motors under 12mm, including high-torque brushed and brushless DC motors, have been successfully deployed in automotive, medical and embodied robotics sectors, positioning us at the forefront of domestic innovation in the area.

Moreover, our production lines are not only technologically advanced but also highly digitized and automated. As of the Latest Practicable Date, our manufacturing arsenal included over 100 fully automated injection molding lines, more than 20 automated PM production units, over 10 automated assembly lines and fully operational SMT lines. We have deployed a full suite of digital manufacturing systems, including MES, EMAN, iMould and SRM platforms, enabling real-time visibility, traceability and intelligent process control across manufacturing. On the equipment front, we have made significant investments in globally renowned machinery brands, such as ZEISS Industrial CT and Swiss GF AgieCharmilles wire-cutting and EDM machines, placing us at the technological frontier in terms of equipment sophistication and import density. In addition, our three dedicated laboratories, namely, the Precision Measurement Center, the Micro Drive Integrated Testing Laboratory and the Intelligent Control Laboratory, guarantee rigorous multidimensional product verification, ensuring our products and solutions consistently meet stringent global standards. Our proactive commitment to quality management is affirmed by certifications such as ISO9001, ISO14001, IATF16949, and ISO13485.

Visionary and seasoned management team with a values-driven culture empowering sustainable growth

Our success is led by a visionary and seasoned management team that is relentlessly pursuing innovative integrated micro transmission and drive solutions to bring greater value to diverse industry verticals. Their foresight and sagacity, in-depth industry experience, extensive managerial and operational experience, and long-term focus and commitment underpin our current accomplishment and future direction.

Mr. Li, our founder and chairman, is among the trailblazers that seeks to revolutionize traditional transmission and drive systems with precision, miniaturization and intelligence. With over 30 years of industry experience, he possesses a profound understanding of the industry and technology trends. Leveraging his forward-looking industry vision, innovative operational thinking and excellent management skills, Mr. Li has led us to establish our market leadership and continuously drive our innovation roadmap. Ms. Xie, our co-founder and vice chairwoman, has also been a core part of our journey from inception. Her deep operational insight and strategic execution capabilities have contributed significantly to our organizational resilience and growth.

In addition, we have established a cohesive and diversified senior management team, members of which possess strong academic background and profound understanding of China's highly sophisticated and rapidly evolving integrated micro transmission and drive system industry. Our general manager, Mr. Ye Shubing, and deputy general manager, Mr. Li Ping, each bring over 20 years of industry experience, combining robust industry knowledge with proven leadership in managing complex projects and cross-functional teams. Their pragmatic yet innovative approach to business execution has enabled us to scale efficiently while staying agile in a rapidly evolving landscape. Our chief electrical control expert, Dr. Yidong Chen, is a leading figure in motor control technologies. He spearheaded the development of our next-generation dexterous hand product, which has achieved industry-leading levels of precision, integration and functional reliability. His deep technical expertise continues to shape the cutting-edge of our R&D efforts. We are also supported by other seasoned executives, including Ms. Zuo Mei, our chief financial officer, and Mr. Niu Dongfeng, our board secretary, who collectively uphold rigorous financial discipline, compliance oversight and investor communication standards, reinforcing the trust of our stakeholders.

Our management philosophy is complemented by a distinctive corporate culture that emphasizes integrity, innovation, collaboration and social responsibility. Internally, we emphasize on promoting our corporate values, mission and vision throughout the organization, fostering a shared value-driven corporate culture across our workforce. We also place strong emphasis on giving back to society. Since our founding, we have actively fulfilled our corporate social responsibilities through various philanthropic and charitable initiatives. We have woven the timeless values of natural harmony, reverence for wisdom and filial commitment into the fabric of our corporate culture. These values not only guide our internal governance and interpersonal relationships but also shape our commitment to employee well-being, community development and long-term sustainability.

GROWTH STRATEGIES

We intend to pursue the following key strategies to grow our business sustainably and maintain our market leadership.

Accelerate the commercialization of our dexterous hand and core drive modules for humanoid robots to capture enormous market opportunities across industrial and consumer applications

We are committed to accelerating the commercialization of our next-generation dexterous hand and core drive modules for humanoid robots, positioning ourselves at the forefront of the human-machine interaction revolution.

We will soon launch our second-generation dexterous hand, featuring higher precision, lighter weight and a more advanced sensing system. Going forward, we will also deepen our investment across multiple technical dimensions, including the hardware front, the algorithmic capabilities, the sensing technologies and the cerebellum-like functionality. We believe that these innovations will allow dexterous hand products to optimize repetitive tasks in industrial settings, such as assembly line pick-and-place, while retaining flexibility for dynamic environments, such as home service robotics. In addition, to enable broad adaptability, we plan to customize parameters, such as torque thresholds, motion trajectories and response speeds, to meet diverse commercial requirements, from precision surgical robots requiring micron-level control to logistics robots needing rapid payload adjustments.

While we have commenced global commercialization and carried out small-batch deliveries, we plan to secure orders and increase shipment volumes. At the same time, we will actively pursue additional potential customers and aim to enter the supply chains of leading industry players. Furthermore, we plan to strengthen our collaboration with leading companies, including those focused on embodied robotics and industrial-scale foundation models, through joint development and customization to enable greater synergy across the value chain. We also intend to deepen our cooperation with universities by establishing joint laboratories to promote industry-academia research collaboration. Meanwhile, we aim to further enrich our product portfolio and expand the application scenarios for our dexterous hand and core drive modules for humanoid robots.

Moreover, we aspire to evolve from a solution provider into a platform and ecosystem architect over the long term. We aim to further develop a dual-engine model that tightly integrates hardware and algorithms to power our human-machine interaction products and services, thereby enhancing the overall profitability of our solutions and offerings. For example, we plan to develop gesture recognition modules based on camera capture systems, with future extensions into multi-scene gesture modulation, and robotic VR control systems. Furthermore, we expect to establish an open algorithm platform accessible to external developers, offering scenario-based customization, algorithmic plug-ins, system-level integration tools and high-speed communication protocols. We believe this platform will not only strengthen our product performance but also foster a collaborative innovation ecosystem that expands the commercial reach of our dexterous hand products and other human-machine interface technologies.

Further expand market share through proprietary brand development and deeper customer penetration

We are committed to further expanding our market share through our dual-pronged strategy. We plan to deepen existing customer relationships, while accelerating the commercialization of core products under our proprietary brand, particularly in emerging high-growth verticals.

Capitalizing our tri-integrated innovation strategy and comprehensive product and solution portfolio, we are advancing the development and deployment of key proprietary brand products, particularly our dexterous hand products, high-performance servo motor series and drum motors. These signature offerings are designed to meet the unique requirements of high-growth application scenarios, including humanoid robotics, smart healthcare and intelligent consumer electronics. As a technology pioneer with deep know-how in micro motor and drive system design, we are uniquely positioned to bring to market higher degree-of-freedom solutions that enable intelligent motion and redefine user interaction. In addition to continuous R&D initiatives for product development and iteration, we will amplify our brand visibility through tech symposiums, industry exhibitions and summits, and product launch events, positioning "Zhaowei" as synonymous with innovation, intelligence, precision and reliability.

Meanwhile, built upon our industry reputation and proven track record established with global and domestic blue-chip customers, we intend to further strengthen these strategic partnerships. By closely aligning with our customers' evolving needs and delivering highly customized, application-specific solutions, we aim to deepen integration across their product ecosystems and enhance customer lifetime value. In our core intelligent automotive segment, we will continue to diversify our product offerings and leverage our micro drive and transmission expertise to solidify our leadership in electrification, autonomous features and automotive-grade precision modules. We will also deepen our penetration into other emerging verticals and application scenarios to capture a greater market share, such as smart healthcare, intelligent consumer electronics and intelligent living, through our customer-centric innovation and product development.

Invest in AI-powered digital innovation to reinforce our technological edge

We are actively advancing the integration of AI and digital intelligence across our operations to solidify and enhance our competitive advantage in integrated micro transmission and drive technologies. By integrating AI technology across our R&D, production and entire operational workflows, we aim to unlock unprecedented efficiency, precision and scalability.

We have established and will continue to expand our AI innovation division, recruiting talent from renowned institutions and leading tech firms. Moreover, our pilot project in AI-powered digital innovation has already demonstrated promising results, where an AI inspection system completes quality checks in minutes, which previously required a full day of manual labor, with comparable accuracy. We plan to scale this AI capability to streamline end-to-end workflows, from project management and design standardization to pricing, contract review, production scheduling, procurement planning and sales forecasting. For example, we plan to deploy AI algorithms to automate contract reviews, optimize pricing strategies and forecast sales volume. We will also establish a centralized AI knowledge base to codify our accumulative industry knowhow and engineering insights. In addition, we intend to automate a substantial portion of product design and component optimization tasks through AI technology, accelerating new product development. We believe such full-chain AI integration will support our transition toward more flexible, modular and responsive business models, ensuring we remain agile in a fast-changing market landscape.

Furthermore, we plan to develop domain-specific AI models tailored to the integrated relatively micro transmission and drive system industry and our targeted industry verticals and application scenarios. We will invest in in-house infrastructure and explore strategic collaborations with mature AI solution providers. By embedding AI into the core of our operations, we aim to unlock new levels of productivity and innovation, while building a robust and scalable digital foundation for our long-term growth.

Expand production capacity to capture global growth opportunities

As demand for intelligent micro drive systems continues to accelerate, particularly in high-growth sectors such as intelligent automotive electronics, smart home devices and medical equipment, we plan to expand our production capacity to support our long-term growth. The ongoing electrification and digitalization of downstream industries have significantly increased order volumes, while new applications continue to emerge, further reinforcing the urgency for scalable, efficient and regionally optimized manufacturing. During the Track Record Period, our existing manufacturing facilities generally maintained a high utilization rate of around 80%, reflecting the strong and growing market demand for our product and solution offerings. To ensure that we remain responsive to customer needs and market dynamics, we are undertaking a multi-pronged expansion strategy.

Domestically, we are constructing our Zhaowei Drive Industrial Park, which comprises R&D hubs, new manufacturing facilities, and logistics hub and technical support center, with a gross floor area of approximately 106,296 square meters in Suzhou High-Tech district. We commenced its construction in 2022, and the main construction successfully passed its final inspection and acceptance at the end of 2024. We expect to commence operations at part of the Zhaowei Drive Industrial Park in 2025 and will prioritize its full commissioning thereafter. We plan to equip the Suzhou production base with intelligent manufacturing technologies, such as most advanced manufacturing automation technologies, as well as industry-leading machinery. By locating the plant in China's Yangtze River Delta, we expect to reduce lead times for domestic customers while benefiting from regional supplier clusters.

In addition to our domestic expansion, we plan to establish overseas production bases in Southeast Asia, Europe or other strategically advantageous locations. This initiative is aimed at improving our responsiveness to international customers and optimizing global supply chain efficiency. By localizing manufacturing closer to overseas demand centers, we also expect to benefit from reduced logistics costs, shortened delivery cycles and enhanced service capabilities.

Continue to expand our global footprint

We are committed to further expanding our global footprint and accelerating the internationalization of our business. We aim to bring our advanced micro drive technologies and intelligent solutions to a broader global audience, while positioning ourselves as a world-class partner in the era of intelligent digitalization.

We have selectively established a presence in certain overseas markets, including certain European and North American countries, which has provided us with crucial first-mover advantages and a solid foundation for global expansion. We intend to strategically expand into more overseas markets that demonstrate strong demand for our product and solution offerings and offer a favorable local environment. We plan to deepen our collaborations with international partners and broaden our global sales and service networks to reach more customers in key markets. We will prioritize channel diversification and local responsiveness, ensuring we are well-positioned to serve diverse regional needs with agility and precision. By building an international presence with global insight and local execution, we are laying the foundation for long-term, diversified growth and sustainable value creation worldwide.

In particular, we plan to capitalize on the global expansion of our downstream customers, especially leading NEV manufacturers, as they extend their reach to international markets. We will follow their footprints to enhance our penetration in high-growth regions, such as Southeast Asia and other emerging markets. These regions not only offer robust demand potential but also present cost and trade advantages that align with our global production and sales strategies. Meanwhile, our engagements with top-tier XR device manufacturers validate our capacity to meet stringent international standards for precision and miniaturization. We expect to scale production of XR drive modules to support our customers' product launches, with a focus on securing an increasing share in the global XR component market.

Pursue global strategic alliances, investments and acquisitions and attract global talent

We intend to selectively pursue strategic alliance, investment and acquisition opportunities to strengthen our global competitiveness in the integrated micro transmission and drive system industry, particularly with respect to high-growth industry verticals such as humanoid robotics. We will evaluate and execute alliance, investment and acquisition opportunities that complement and scale up our business, optimize our profitability, help us penetrate high-growing sectors, and add new capabilities to our company. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets.

Specifically, we will systematically evaluate high-value targets across the value chain, from upstream components such as coreless motors, electronic skin and precision sensors, to midstream robotic system integration and downstream vertical application scenarios, including industrial manufacturing, commercial services, extreme-environment robotics and domestic service robots. We will focus on identifying established industry players with proven technologies, as well as emerging startups with cutting-edge innovation and robust R&D capabilities. In addition, we will continue to explore cooperation with overseas customers and distribution channel partners, expanding our presence through collaborative go-to-market strategies and local alliances.

Furthermore, we will continue to invest in our talent strategy. We aim to build partnerships with top-tier R&D teams and attract global talent from well-known institutions and industry peers with relevant technical backgrounds and international perspectives through various incentive structures. These efforts will accelerate the formation of a core team capable of executing our hardware and software development strategy and leading transformative innovation.

OUR PRINCIPAL PRODUCTS AND SOLUTIONS

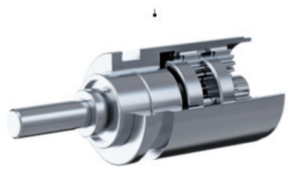
We specialize in the research, development and production of precision drive systems, providing customers with intelligent drive solution design, as well as customized services for component manufacturing and assembly. For the past decades, we have been committed to delivering one-stop micro drive solutions for a wide range of customers.

Under our tri-integrated innovation strategy, we leverage the synergistic integration of our transmission, micro motor and electronic control systems to create a comprehensive competitive edge across the entire value chain, from core components to intelligent integrated solutions. Through this strategy, we empower our customers to overcome industry-wide technical bottlenecks and accelerate the transformation toward high-end intelligent manufacturing.

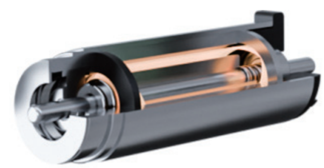
We have established ourselves as a leader in high-precision transmission systems, offering a complete range of self-developed gear parts and micro gearbox series, which form a core part of our tri-integrated innovation strategy framework. Leveraging advanced injection molding and powder metallurgy capabilities, we manufacture core components, including plastic injection gears, powder-metallurgy gears, metal powder injection molded gears and machined metal gears, achieving industry-leading gear precision standards. Moreover, our proprietary planetary gearboxes are widely applied in fields requiring high precision and miniaturization, such as medical devices, embodied robotics and advanced manufacturing. Notably, we have successfully developed the world's smallest 3.4mm planetary gearbox and has built out a full series of high-performance planetary gearboxes, including the zero-backlash gearbox.

Our micro motor systems serve as the power core of our various micro drive solutions, offering high efficiency, compact size and outstanding torque characteristics. We have developed multiple proprietary product series, including brushed DC motors, brushless DC motors, and brushless coreless motors. These motors are engineered with high-performance neodymium-iron-boron (NdFeB) magnets, ensuring excellent power density, low cogging torque, strong overload capacity and enhanced thermal performance. Particularly, our brushless coreless motor series achieves a maximum efficiency of 90%, delivering long life, exceptional control performance, and smooth, low-noise operation.

We have further independently developed high-precision micro electronic control systems, forming a critical third pillar of our integrated drive solutions. Our electronic drive modules feature a stable, reliable and modular design, making them suitable for a wide range of application scenarios. Featuring high performance standards, they can be tailored to the specific needs of various drive components. Particularly, we operate industry-leading Siemens PCB surface-mount production lines and maintain rigorous quality control standards.



Transmission Systems



Micro Motor Systems

Electronic Control Systems

By combining our deep expertise in mechanical transmission with advanced micro-motor engineering and precision electronic control, we were set to unlock greater potential and moved from supplying individual components to delivering integrated, industry-customized and high-performance drive solutions. The multiplying effect of our tri-integrated innovation strategy is way more than an addition of capabilities, but a markedly leap in value. As we are embracing modularization across various industry verticals, we can respond quickly to diverse customer demands across industries and, more importantly, to provide smarter, more efficient and more compact motion solutions that are at the forefront of industry innovation. To date, we have developed products and solutions featuring precision, miniaturization and ultra-thin design for several major industry verticals, including intelligent automotive, consumer and healthcare technology, advanced industry and smart manufacturing, and embodied robotics. The following table sets forth a breakdown of our revenue by business line during the Track Record Period.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Revenue										
Intelligent automotive solutions	492,576	42.7	679,143	56.3	895,109	58.7	180,605	57.8	240,239	65.4
Consumer and healthcare technology solutions	471,849	40.9	389,804	32.3	487,711	32.0	98,803	31.6	95,205	25.9
Advanced industry and smart manufacturing solutions	180,155	15.6	126,298	10.5	126,326	8.3	30,070	9.6	27,255	7.4
Embodied robotics solutions	2,534	0.2	3,131	0.3	6,014	0.4	844	0.3	3,297	0.9
Others[(1)]	5,345	0.5	7,569	0.6	9,439	0.6	2,044	0.7	1,534	0.4
Total	**1,152,459**	**100.0**	**1,205,945**	**100.0**	**1,524,599**	**100.0**	**312,366**	**100.0**	**367,530**	**100.0**

(1) Others primarily include solutions sold to enterprise customers operating in other technology sectors.

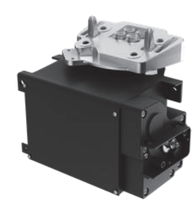
Intelligent Automotive Solutions

We have been dedicated to providing intelligent solutions for automotive electronics for over a decade. Through continuous technological innovation and a commitment to excellence, we have developed a comprehensive range of micro-drive products tailored for various automotive applications, covering the intelligent cockpit sector, the chassis sector and the automotive body electronics sector. The following chart illustrates our representative products under the intelligent automotive solutions along with their various application scenarios.

Intelligent Cockpit Sector

Central Control Screen Actuators

We have developed tilting and rotation actuators for the central control screen. Our central control screen tilting actuator utilizes a combination of a DC motor, parallel transmission and worm gear transmission to achieve speed reduction and torque amplification. This mechanism drives the main shaft, which holds the screen, enabling the vehicle's central control screen to rotate 15° to the left or right, allowing it to face either the driver or the front passenger. Our central control screen rotation actuator uses a combination of a brushless DC motor, a single-stage worm gear and parallel transmission to drive the screen's 0-90° rotation between landscape and portrait orientations. A built-in buffer structure at the end-stop positions ensures smoother and more stable screen movement.

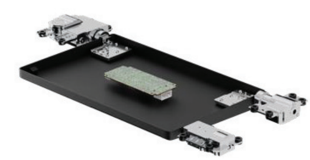


Sunshade Actuator

Our sunshade actuator features an innovative planetary transmission design that integrates the motor with the rotating shaft. This allows for a high reduction ratio and high torque within a compact structure, enabling the visor to open and close around the motor's central axis. The design seamlessly combines practicality with entertainment functionality.

Rear Ceiling-Mounted Screen Actuator

Our rear ceiling-mounted screen actuator enables screen rotation through the motion of the product housing, offering multiple preset angles for optimal viewing adjustment. In addition, its integrated position-lock feature ensures stable screen positioning even on rough roads.



Automotive Armrest Screen Drive Actuator

Our automotive armrest screen drive actuator utilizes a precision motor and gearbox to deliver optimal torque and rotation speed for smooth display deployment. The compact, lightweight solution enables multi-angle positioning with silent operation while maintaining excellent vibration resistance.

Automotive Refrigerator Actuator

Our automotive refrigerator actuator adopts a worm and helical gear design, integrating a motor module with the output shaft to achieve smooth, linear reciprocating motion for opening and closing the refrigerator. The actuator is equipped with a self-locking function, ensuring that the refrigerator remains securely closed even when the vehicle is on an incline, such as a ramp or slope, thereby enhancing safety and operational stability during transit.

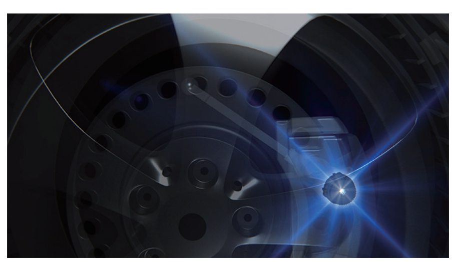
Automotive Air Vent Actuator

Our automotive air vent actuators are characterized by high efficiency, high precision and outstanding reliability. The core components are engineered to respond rapidly to driver commands, enabling precise control of air vent adjustments. They offer long service life, compact size, light weight and low noise operation. In addition, our actuators feature a strong static anti-backdrive force, allowing the air vent blades to maintain their position within a certain range even when powered off, and support multiple rotational speed modes. The actuator connectors can also be customized to meet the specific integration requirements of different customers.

Chassis Sector

EPB System

Our EPB system addresses the challenge of generating high torque from a compact structure through optimized gear tooth profile design and multi-stage planetary transmission analysis. This ensures sufficient braking force to prevent vehicle rollback while maintaining a compact footprint. Additionally, the precise meshing of gears significantly reduces noise, enhancing overall user comfort.



Electric Steering Wheel Adjustment Actuator

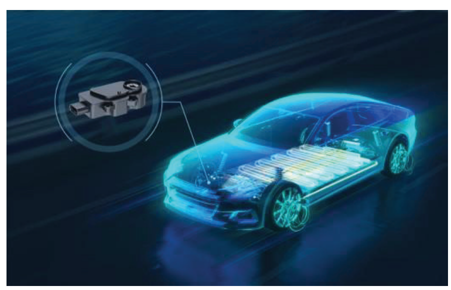
Our electric steering wheel adjustment actuator is mounted on the steering column and utilizes a two-stage leadscrew mechanism to drive the rapid extension and retraction of the column. This enables the steering wheel to be efficiently retracted for storage purposes.

AGS Actuator

Our AGS actuator addresses the challenge of delivering high torque output with low noise in a compact design—while extending the service life of the clutch—through the analysis and design of a specialized gearbox solution for automotive clutch air valve systems. It is engineered to provide rapid response and high torque output under high current conditions.

Thermal Management Actuator

Our thermal management actuator consists of a brushless DC motor and a gear transmission module. It drives a ball valve to regulate the flow distribution across different pipelines, maintaining the motor and battery within their optimal temperature range and enabling efficient thermal utilization.



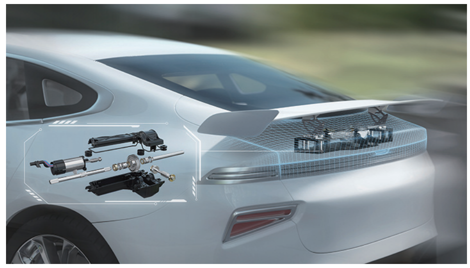
Automotive Body Electronics Sector

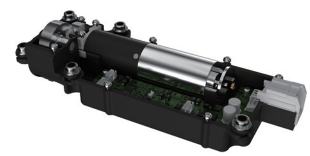
Automotive Tailgate Extension Actuator

Our automotive tailgate extension actuator uses a motor-driven planetary gear reduction system to rotate an output spline, which in turn applies torque to a leadscrew, driving the lift and lowering motion of the tailgate strut. Designed to deliver high support torque within limited space, this actuator is widely applicable for tailgate lift systems in SUVs, sedans and other passenger vehicles.

Automotive Rear Spoiler Drive System

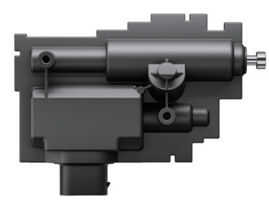
Our automotive rear spoiler drive system uses a compact worm gear transmission to enable multi-position spoiler adjustment with precise height control at multiple angles, self-locking at each position for stability, and enhanced high-speed aerodynamics.





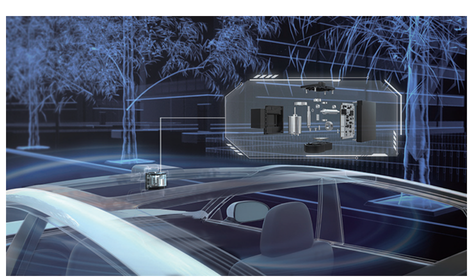
Retractable Door Handle Actuator

Our retractable door handle actuator features a compact micro-drive design that delivers high torque output despite its small size, enabling the smooth extension and retraction of the vehicle's door handle. It features space-saving design for seamless vehicle integration and high torque output for consistent operation, and is precision-engineered for long lasting duty cycles.



LiDAR Adjustment Module

Our LiDAR adjustment module utilizes a stepper motor combined with a worm and helical gear structure to enable dynamic positioning of LiDAR components—either deploying the radar emitter outward from the vehicle or retracting it inside. This innovative design enhances the radar's detection range and flexibility, enabling 360-degree environmental sensing and improving driving safety in complex conditions.



Consumer and Healthcare Technology Solutions

In today's fast-evolving landscape of consumer and healthcare technology sector, innovation, precision, compactness and responsiveness have become essential. As such, we are driven by the belief that micro drive systems are foundational to enabling smarter, more personalized and more efficient technology experiences. Whether it's delivering seamless motion control in next-generation wearables or ensuring the safety and precision of medical devices, our micro drive system solutions bridge the gap between mechanical performance and intelligent functionality. By focusing on miniaturization, high-precision transmission and integrated control, we empower our customers to create products that are not only smaller and smarter, but also more human-centric. The following chart illustrates our representative products under our consumer and healthcare technology solutions along with their various application scenarios.

Consumer Technology

High-performance Servo Motor Series

Our high-performance servo motor series is capable of achieving instantaneous positional stops during high-speed rotation, while delivering continuous unidirectional rotational positioning during low-speed operation. Featuring powerful output capabilities, exceptional dynamic performance and high efficiency, our motors provide robust power support across a wide range of application scenarios, including high-end consumer technology products. In addition, our servo motor series offers outstanding advantages such as strong overload capacity, long service life, ultra-low noise, instantaneous responsiveness, and a wide speed adjustment range, making it an ideal choice for demanding and precision-driven environment.

IPD Adjustment Drive Module

Our IPD adjustment drive module is designed to enhance the visual experience in VR headsets and similar devices. This innovative system allows precise adjustment of the distance between the device's lenses to match the user's unique interpupillary distance, ensuring optimal visual clarity and comfort.

Utilizing advanced integrated molding techniques, we have engineered the gearbox housing and support structure as a unified component. This design simplifies assembly processes, increases transmission efficiency and improves adjustment precision, all while reducing operational noise. We thereby provide a cost-effective solution that enhances the user's viewing experience. Moreover, such streamlined and efficient product structure makes it suitable for integration into various VR headsets and smart eyewear.


Learning Tablet Camera Module

We have optimized the external camera solution for learning tablets by integrating the camera module into the tablet body, achieving a more streamlined and unified product design. With the pop-up camera mechanism, users can easily angle the camera downward to capture textbook content, enabling seamless hybrid learning experiences both online and offline. Our solution not only enhances the user experience for students but also adds to the product's sense of technological sophistication.


Smart Door Lock Gearbox

Our smart door lock gearbox utilizes a multi-stage parallel gear transmission system to drive the lock cylinder, enabling precise control of locking and unlocking functions. This design ensures high reliability, extended service life and fast unlocking speed. In addition, the gearbox features a self-locking mechanism, allowing the lock to be operated manually in the event of a power outage.


Robotic Lawn Mower Drive System

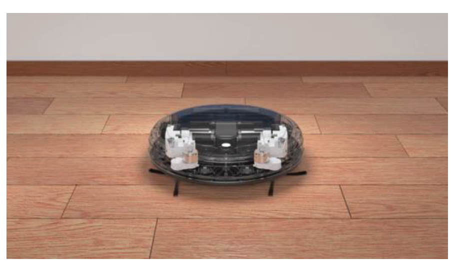
Our robotic lawn mower drive system features a brushless motor paired with a multi-stage parallel gear transmission, enabling speed reduction and torque amplification. This system drives the rotation of the wheels, providing the necessary propulsion for forward and backward movement.

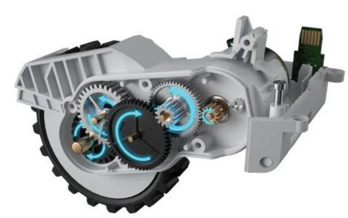

Floor Scrubber Drive System

We have developed our floor scrubber drive system to address the limitations of existing floor cleaning devices, such as low cleaning efficiency and suboptimal cost-performance ratios. This innovative drive module integrates a high-performance DC motor with a parallel gear transmission mechanism, effectively powering the scrubber's roller brush and suction components to enhance cleaning performance and operational efficiency. It can be equipped with a high-performance motor to work in coordination with third-party manufacturers' systems, enabling both roller brush cleaning and suction inlet self-cleaning functions. Moreover, to cater to diverse operational environments, we offer customizable features such as dustproof and waterproof capabilities, tailored to meet specific customer requirements. This flexibility ensures the drive module's durability and reliability in various usage scenarios, extending the lifespan of the floor scrubber.

Robotic Vacuum Cleaner Drive System

Through innovative transmission system design and anti-tangle optimization, we deliver a comprehensive set of drive modules for robotic vacuum cleaners. Our solution features multi-motor coordination, covering main brush, side brush, mopping modules, and bi-directional drive wheels. Characterized by low noise, high torque and reliable performance, it offers customers a fully integrated and efficient drive solution for robotic cleaning applications.



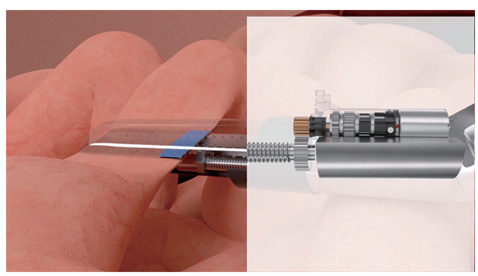


Healthcare Technology

Minimally Invasive Electric Surgical Stapler Drive System

Recognizing the stringent performance requirements of surgical staplers, including factors such as suturing speed, force and noise levels, we have leveraged our expertise in transmission system design to develop our micro-invasive electric surgical stapler drive system. This system employs a motor-driven planetary gearbox transmission to control the forward and backward movement of the stapling mechanism, facilitating precise and efficient tissue suturing. The solution offers flexible operation and enhances the overall functionality of surgical staplers, thereby supporting more precise and efficient surgical outcomes.

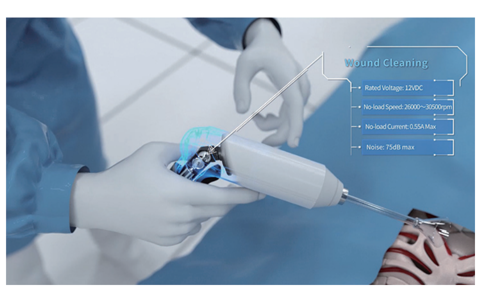
The drive system is characterized by its high torque output, compact structure and low noise operation. The integration of a high-performance motor with a planetary gearbox allows for significant torque generation within a minimal spatial footprint, making it well-suited for the constrained environments typical of minimally invasive surgeries. Additionally, the system's low noise and vibration levels contribute to a more comfortable operating experience for surgical personnel, potentially reducing fatigue during procedures.



Orthopedic Surgical Wound Irrigation Pump System

Our orthopedic surgical wound irrigation pump system is engineered to enhance the efficiency and safety of orthopedic procedures by providing precise control over irrigation flow. Utilizing a combination of a DC motor and face gear transmission, this system offers multi-level flow regulation, allowing surgeons to adjust irrigation levels according to specific surgical requirements.

Our solution features flow regulation, convenient operation and low noise operation. The system's multi-level adjustment capabilities enable tailored control over irrigation intensity, ensuring optimal cleaning of the surgical site. In addition, the user-friendly design simplifies intraoperative adjustments, allowing surgeons to focus more on the procedure. Moreover, the system operates quietly, contributing to a more comfortable and focused surgical environment.



Insulin Injection Pump

We have developed our insulin injection pump system aimed at enhancing the precision and reliability of insulin delivery for diabetes management. This system utilizes a stepper motor paired with a parallel transmission mechanism, which drives a lead screw and nut assembly to control the injection piston. This configuration ensures accurate subcutaneous insulin delivery tailored to individual dosage requirements.

The system's compact and lightweight design makes it suitable for integration into a wide range of insulin injection devices, offering flexibility and convenience for users. Additionally, the drive system operates with low noise and delivers high torque, contributing to a comfortable user experience without compromising performance.

Bone Driller Micro Drive System

We have developed our bone driller micro drive system aiming to enhance the performance and reliability of orthopedic surgical instruments. This system incorporates a high-frequency brushless motor that ensures the drill bit operates at high rotational speeds, facilitating precise bone drilling while maintaining low noise levels to improve the surgical environment.

Particularly, this system innovatively features the integration of synchronized irrigation channels on both sides of the drill bit. These channels are designed to spray cleaning fluid from the edges of the housing, independent of the drill's drive structure, enabling timely cleansing of bone debris from the surgical site. This function aids in maintaining a clear operative field and reducing the risk of infection.

Moreover, the compact design of the system allows for seamless integration into various bone drilling devices, addressing the increasing demand for orthopedic surgeries driven by an aging population. By offering precise control and ease of operation, our solution contributes to the advancement of orthopedic surgical techniques and patient outcomes.

Ophthalmic Care Eyewear Gearbox

Our ophthalmic care eyewear gearbox is designed to enhance the functionality of eye care devices, such as vision correction instruments. This advanced drive system connects with our customer's lens magnets to control the movement distance of the slider, enabling intelligent focus adjustment when users wear the eyewear. This technology allows for precise lens positioning, providing users with a customized and comfortable visual experience.

The gearbox's compact and lightweight design ensures seamless integration into various ophthalmic care products without compromising their form factor or aesthetics. By facilitating accurate and automated lens adjustments, our solution significantly enhances the effectiveness of eye care treatments and vision correction therapies.

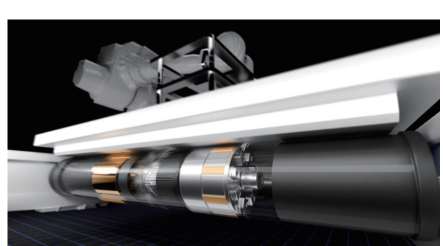
Advanced Industry and Smart Manufacturing Solutions

The new wave of industrial revolution presents a crucial opportunity for the transformation and upgrading of China's manufacturing sector. Amid the global surge of technological innovation driven by intelligent manufacturing, micro drive systems, which is one of the fundamental pillars of industrial development, are playing an increasingly vital role in advancing industrial innovation and upgrades.

We deeply understand the evolving applications and customer demands in industrial upgrades. Leveraging our years of technological expertise and a commitment to precision manufacturing, we have developed high-quality products tailored to market and customer needs. These include platform-based solutions such as drum motors, valve actuators and precision equipment, all designed to enhance industrial automation and efficiency. The following chart illustrates our representative products under our advanced industry and smart manufacturing solutions along with their various application scenarios.

Drum Motor Drive System

Our drum motor drive system is a next-generation, fully integrated motorized roller that combines a motor, gearbox and electronic control system into a compact and efficient design. Featuring a small footprint, easy assembly and simple operation, it is widely used in food transportation, industrial automation and security screening systems at airports and high-speed rail stations. By addressing key industry pain points, we have developed an innovative drum motor solution that enhances performance and reliability. Particularly, our drum motor drive system features high power for peak performance, modular and maintenance-friendly design, enhanced durability with high-strength gearbox, and standardized product range for versatile applications.

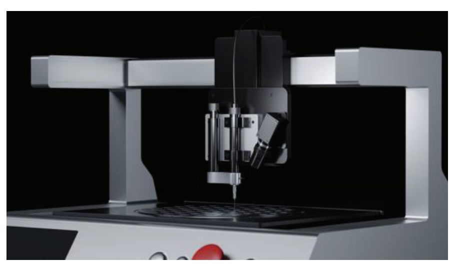


Air and Water Valve Actuators

Our air and water valve actuators feature an integrated design that combines electronic control, gearbox transmission and drive motor. They offer a certain degree of self-locking capability and are characterized by their compact size, high temperature resistance, strong load capacity, low noise, cost-effectiveness and long service life.

Precision Dispensing Screw Valve Drive System

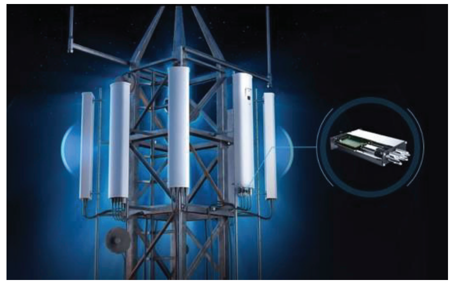
We have developed a precision dispensing screw valve drive system tailored for industrial dispensing machines, addressing the critical need for accurate and consistent material application. This advanced system integrates a rotating screw planetary reduction gearbox with a brushless coreless motor, enabling the screw to rotate within the stator cavity to achieve precise, metered dispensing. This design ensures stable and uniform material flow, significantly enhancing the performance and reliability of dispensing machines. The system is characterized by low noise, high precision and long service life.



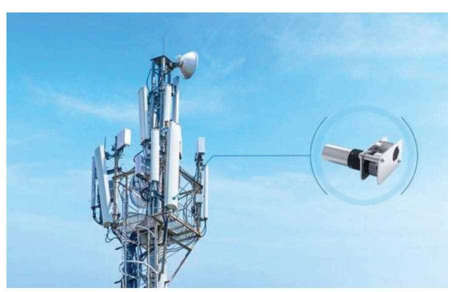
Right-Angle Geared Motor

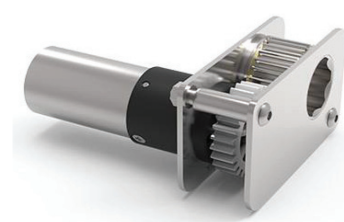
Our right-angle geared motor features a space-efficient design for easy integration. It is typically connected directly to the machine's output shaft and can be flexibly mounted in tight spaces. The output shaft and motor are positioned at a 90-degree angle, allowing for vertical installation of the motor on the driven shaft side, further saving installation space. Our product is widely applicable across various fields, including smart home systems, logistics, medical devices, automatic doors, industrial robots, and automotive systems.

RCU Module	We provide customers with a comprehensive RCU module solution that includes both hardware and drive module design. When integrated with the customer's software system, it enables remote adjustment of the downtilt angle of base station antenna radiation signals, allowing for precise control of network coverage position and range.



Micro Transmission Module for Antenna Feed System	We have developed a micro transmission module for base station antenna systems, addressing the critical need for precise and reliable remote control of antenna parameters in modern telecommunications infrastructure. This module integrates a high-performance micro motor with a custom-designed gearbox, enabling accurate adjustments to the antenna's downtilt angle, thereby optimizing network coverage and performance. The micro motor offers a customizable current specification, accommodating various operational requirements. The gearbox features allow for tailored output speeds, ensuring compatibility with diverse antenna adjustment needs. Designed to withstand diverse environmental conditions, our micro transmission module ensures consistent performance across various climates, thereby enhancing the longevity and reliability of base station antennas. By transitioning from manual to electric adjustment mechanisms, this module significantly improves operational efficiency and precision in network management.





Embodied Robotics Solutions

The embodied robotics industry has been playing an increasingly vital role across diverse sectors, including industrial automation, logistics, medical surgery, deep-sea exploration, aerial drones, smart manufacturing and everyday intelligent services. As we are committed to staying at the forefront of this technological revolution, we have harnessed our expertise in micro drive systems to power real-world embodied robotic applications, driving advancements that enhance efficiency, precision and adaptability.

With a strong foundation in precision gear reducers, high-performance motors and sophisticated electronic control systems, we deliver customized solutions for robotic motion control. Our innovations are particularly valuable in applications such as robotic heads and fingers, where compact size, lightweight design and exceptional precision are paramount. By seamlessly integrating these advanced drive technologies, we empower modern robots to operate with greater dexterity, responsiveness and efficiency, unlocking new possibilities across industries and shaping the future of intelligent automation.

Our offerings primarily include the core drive module for humanoid robots and the dexterous hand product. Leveraging our expertise innovation in the micro drive area, our core drive module for humanoid robots features a highly integrated electromechanical design and is equipped with a high-performance motor. It delivers a high transmission ratio within a compact space, enabling six degrees of freedom in the drive shaft. This allows the module to replicate complex human finger movements and execute refined, lifelike gestures with precision.

In November 2024, we officially launch *ZW Hand*, our proprietary, cutting-edge dexterous hand. This innovative product is primarily utilized in the humanoid robotics sector, where it can be paired with various flexible robots to perform complex and precise gripping actions. Shortly following its official launch, *ZW Hand* has received wide market acceptance.

ZW Hand offers the following key features, which enable intricate manipulations that closely mimic human hand movements.

- *Multiple degrees of freedom*. Built upon a highly integrated electromechanical architecture, our dexterous hand product features 17 degrees of freedom. As such, it is capable of full-range hand and finger movements, allowing it to perform complex and precise tasks.

- *High integration*. Our dexterous hand integrates motors, gearboxes, lead screws, electronic controls and electronic skin into a single system. Each finger joint is equipped with an independent high power density micro motor module, enabling precise and independent control. Among high-degree-of-freedom dexterous hands currently available in the market, our product ranks first in terms of integration and performance.

- *High durability and long lifespan*. Rigorously designed with precisely matched and low-wear gear configurations, our dexterous hand is built for long-term use in demanding environments for a service life of up to 10 years, making it No. 1 among its competitors in China.

- *Full actuation*. All finger joints are individually motorized and controlled using multi-loop systems with a one-to-six driver control board, which enables rich and fluid gestures, thereby achieving backlash within 1° and motor control positioning accuracy of less than 0.3°. In contrast, tendon-driven systems, which are commonly used by other competitive peers, suffer from shortcomings such as shorter lifespan, greater control complexity and significant challenges in large-scale manufacturing.

- *High-precision gearbox*. Our high-precision gearbox integrates ball screws with our self-developed, self-manufactured high-performance motors and gearboxes. It features a compact structure, smooth operation, and high transmission efficiency.

- *Ball screw transmission*. Ball screw transmission converts rotary motion into linear motion with high precision, offering excellent positioning repeatability and typically achieving efficiencies above 90%. It is capable of bearing heavy loads, while delivering even wear for extended service life.

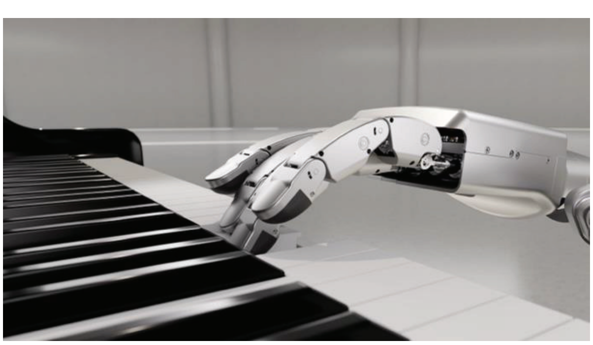
- *Integrated flexible electronic skin*. The built-in electronic skin fits ergonomically and offers superior three-dimensional tactile perception. It accurately detects and responds to subtle touches, supporting applications such as intelligent grasping, adaptive holding and safety feedback in human-robot interactions.

- *Integrated control board and high-speed communication*. Our dexterous hand is powered by a compact, multilayer PCB architecture that consolidates all motor and sensor controls on a single control board, which allows for intelligent control of stepper and coreless motors and enabling seamless integration. Paired with a high-performance drive chip operating at a frequency of up to 600MHz, which makes the internal communication speed reach up to 10Mbps, this system multi-finger synchronization and high-precision motion control.

- *Versatile interfaces*. Multiple external communication interfaces are provided for flexible system integration across use cases.

The versatility of *ZW Hand* makes it suitable for a range of high-end applications. For example, for humanoid robots, *ZW Hand* enables human-like interactions and precise object manipulation; for medical and rehabilitation devices, *ZW Hand* assists with motor recovery training and prosthetics; for industrial automation, *ZW Hand* facilitates delicate handling in electronics and assembly lines; and for service and companion robots, *ZW Hand* enhances interaction in care and education environments. In short, its ability to perform complex tasks with human-like dexterity positions it as a pivotal component in advancing humanoid robotic capabilities across diverse sectors.

By integrating advanced micro-drive systems, precision planetary gearboxes and sensors, *ZW Hand* exemplifies our commitment to innovation in micro-drive technology. This product not only enhances the functionality of robots but also opens new possibilities for automation and intelligent systems in various industries.



OUR PRODUCT DEVELOPMENT TECHNOLOGY AND PROCESS

Our product development is guided by our unique tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework. This framework is designed to meet the increasingly stringent demands of the intelligent era for system integration, rapid responsiveness and spatial efficiency in micro drive applications. By deeply fusing these three systems, we achieve high-performance drive control within an exceptionally compact footprint, enabling us to address the market's growing requirements for precision, miniaturization and intelligent functionality, and to continuously advance the development of micro drive technologies.

Given that our integrated micro transmission and drive systems are tailored for a wide range of industry verticals and specialized application scenarios, a significant portion of our products must be designed and manufactured based on specific requirements, with relatively low levels of standardization. As a result, advanced product design, precision development capabilities have become essential to our competitive edge.

Through years of industry accumulation, we have built a leading position in product design and process technologies, anchored by our first-mover "know-how" advantage. Developing and manufacturing integrated micro transmission and drive systems demands extensive practical experience. For example, micro transmission solutions require extremely small dimensions, tight tolerances, and precise meshing accuracy, placing exceptionally high technical requirements on micro gear and gearbox design. Selecting optimal materials to meet stringent performance standards, as well as mastering complex gear structure design, requires deep expertise in motor and transmission engineering. Precision mold development also relies heavily on experience, as there are no established industry standards for calculating cavity parameters based on material shrinkage rates.

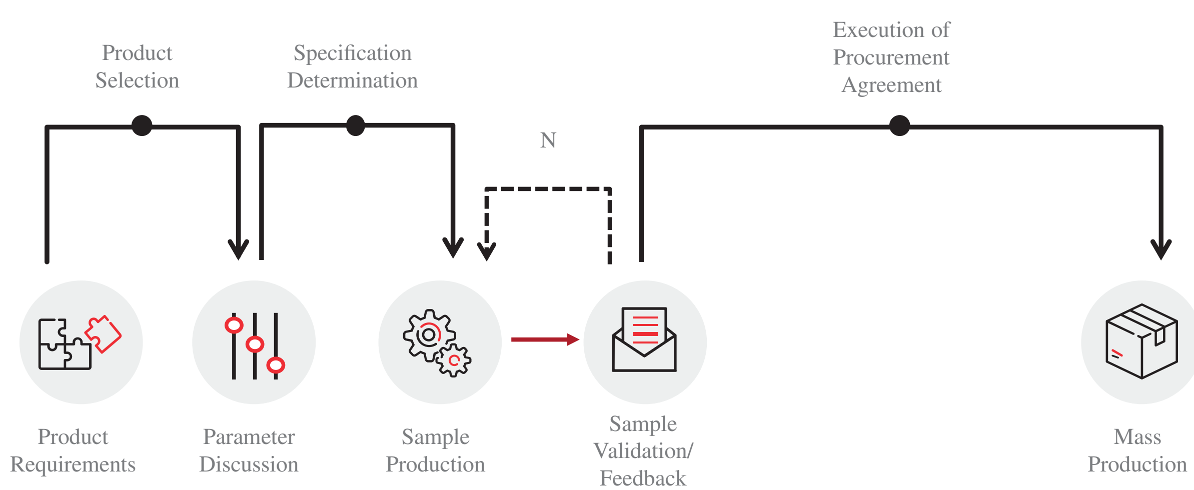
We regard talent as the cornerstone of our technology leadership, consistently increasing R&D headcount, strengthening career development pathways, investing heavily in R&D resources, and offering competitive compensation schemes. As of March 31, 2025, our dedicated R&D team comprised 513 members, representing 21.5% of our total workforce.

To further strengthen our capabilities, we have been actively building a platform-based product development system. We have independently developed a suite of proprietary design software specifically tailored for micro transmission systems, significantly enhancing the efficiency, accuracy and scalability of our R&D and manufacturing processes. As of March 31, 2025, our software modules had received several computer software copyright registrations in China.

Our in-house software platform supports a wide range of functions, including transmission parameter optimization, 2D gear profile design and 3D precision modeling. It also enables complex simulations, such as gear error analysis, strength verification, lifetime estimation, and efficiency calculations for various micro gear systems. This capability allows for high-fidelity modeling and precise custom design for planetary gear systems, worm and helical transmissions, bevel gears, face gears, and other specialized configurations, including double-arc gears, cycloidal gears and toroidal worm drives. Beyond design, our platform also provides comprehensive visual analysis tools for gear precision, including measurement of chordal tooth thickness, small-module double-flank contact accuracy analysis and 3D gear accuracy visualization. These features are particularly valuable in optimizing micro gearboxes used in high-precision applications.

What sets our software platform apart from commercially available ones is its practicality, adaptability and deep integration with our real-world development needs. Built on years of internal design know-how, it enables real-time iteration and refinement based on evolving project demands. As such, in modeling accuracy and calculation results, our software has surpassed comparable commercial tools. As we continue advancing toward a platform-based model, we plan to establish a centralized AI knowledge base to further systematically codify our accumulative industry knowhow and engineering insights. By promoting platformization, we will further enhance standardization and modularization of each process, improving the transferability of our techniques and enabling the replication and expansion of our core know-how into a broader range of applications.

Our product development process follows a structured and rigorous workflow to ensure quality, efficiency and customer satisfaction. We begin by identifying specific product requirements based on customer needs, application scenarios and industry trends, ensuring a clear understanding of application needs. Based on these requirements, we conduct product selection and engage in detailed parameter discussions to refine and optimize technical specifications. Once the specifications are agreed upon, we prepare a formal specification sheet that serves as the basis for subsequent development stages. We then initiate sample production in accordance with the finalized specifications, followed by comprehensive sample validation and customer feedback collection. Should any sample fail to meet the required standards, we promptly revise and reinitiate the sample development process until full compliance is achieved. Once the samples are approved, we proceed to execute a procurement agreement with the customer to formalize the commercial terms, and subsequently commence mass production to ensure timely and high-quality delivery of products. The following chart illustrates our simplified product development process.



OUR INTELLIGENT MANUFACTURING

We have established an advanced intelligent manufacturing system that integrates flexibility, automation and digital precision, allowing us to deliver high-precision, high-quality micro drive systems at scale. Our intelligent manufacturing capabilities span the entire value chain, ranging from core component production to system integration, and form a key pillar of our competitive strength.

At the core of our manufacturing prowess is our one-stop micro drive intelligent manufacturing platform. This vertically integrated system allows us to independently produce key components, from gearboxes and micro motors to electronic control modules. Leveraging a diverse array of specialized manufacturing processes, including injection molding, powder metallurgy, metal injection molding and precision metal machining, we are able to deliver products that meet the stringent precision and performance requirements of our customers across industries.

Moreover, we have implemented unmanned intelligent manufacturing to reduce labor costs and enhance efficiency. We have deployed robotic systems for automatic loading, machining and unloading for certain manufacturing processes, as well as multiple automation units, enabling fully unmanned night-shift operations.

To further enhance manufacturing efficiency and product traceability, we have implemented a MES support real-time monitoring, digital scheduling and process optimization. We have also established fully automated production lines, enabling us to reduce production variability, improve quality consistency and optimize lead times. Our efforts in intelligent manufacturing have been recognized through the award of the Level 3 Intelligent Manufacturing Maturity Certificate.

Our Manufacturing Technologies and Equipment

Since the manufacturing process of our products requires substantial and varied technical expertise, we believe that our manufacturing capabilities are paramount to our success. In order to produce products for diverse industry verticals with high precision and premium quality, we have developed a number of key manufacturing technologies.

Injection molding technologies

Precision manufacturing lies at the heart of our micro-drive system solutions. Over the years, we have continuously advanced our injection molding capabilities to meet the increasingly complex and high-precision requirements of our customers, particularly in the fields of automotive, consumer electronics and medical devices.

One of our core technological innovations is our central-gated injection molding technology for plastic gears, which enables us to achieve above-industry precision levels for glass-fiber-reinforced plastic gears. By allowing molten plastic to radiate uniformly from the center of the gear cavity, this method ensures consistent pressure distribution, reduces internal stress, and corrects the orientation of glass fibers within the gear structure. This not only minimizes radial anisotropy and dimensional distortion, but also significantly improves gear precision, mechanical strength and surface finish. Combined with fully automated multi-station de-gating and inner hole shaping processes, we are able to ensure high forming quality and high-yield mass production of precision plastic gears. We can achieve mass production of injection-molded gears with precision of up to ISO Grade 7, exceeding the industry average of IOS Grade 8 to ISO Grade 9, according to the F&S Report, as well as gears of module as small as 0.065 mm.

We have also developed a proprietary tooth profile correction technology for injection-molded gears, which is particularly effective in addressing irregular S-shaped tooth line distortions in molded gears. Using high-end profile measurement equipment and an internal knowledge database, our technical team calculates precise compensations to adjust gear tooth parameters and correct localized deviations. For example, in an automotive PEEK gear project, this approach reduced tooth profile error from 65μm to just 20μm, demonstrating our capability to meet the high-speed, high-load demands of top-tier automotive applications.

Powder metallurgy technologies

Leveraging our decades of R&D efforts, industry knowhow accumulation and experience, we have developed a comprehensive precision powder metallurgy ("PM") gear manufacturing system for small-module gears. Our innovations include high-performance powder formulations, optimized compaction and sintering techniques, and automated powder removal and distribution systems. Particularly, we utilize sinter hardening technology, which achieves mechanical properties equivalent to conventional heat treatment without the need for additional thermal processing. As the cooling rate is approximately 2°C per second, significantly slower than the typical 80°C per second in conventional heat treatment, product deformation is minimized, making this method especially suitable for the production of high-precision gears. Moreover, sinter hardening uses the residual heat from sintering, followed by rapid cooling with air jets, making it more energy-efficient, environmentally friendly and cleaner as oil-free. The parts can proceed directly to tempering, eliminating the cost and complexity of conventional heat treatment. These advances have enabled us to reach mass production accuracy up to ISO Grade 7, which is comparable to ground gears but with significantly higher production efficiency. We can also achieve mass production of PM gears with module sizes down to just 0.15 mm. With daily production capacity exceeding 400,000 units, our PM technology allows for highly stable, precise and scalable manufacturing of small-module gears.

MIM technology

Metal injection molding ("MIM") technology combines powder metallurgy and injection molding to break through the shape and strength limitations of traditional powder metallurgy, the strength limitations of die casting, the material flow limitations of press molding, the mass production limitations of precision casting and the high-cost limitations of turned parts.

We have pioneered MIM technology for ultra-small gears in collaboration with renowned institutions. Notably, we have successfully developed a 64-cavity mold for producing 0.753mm micro gears, achieving ultra-high-volume daily output of over two million units. We have also implemented closed-loop de-binding systems to improve batch consistency and introduced a white-light interferometry-based metrology solution for high-precision gear inspection. As a result, we became the first company in the world to achieve large-scale, high-quality and high-efficiency production of ultra-small MIM gears, according to the F&S Report. We can achieve mass production of MIM gears of up to ISO Grade 7, as well as gears with module sizes down to just 0.065 mm.

Advanced manufacturing equipment

We believe that maintaining advanced manufacturing facilities are essential for enhancing product quality and cost competitiveness. To meet the growing demands for product performance, precision and delivery efficiency, we have made significant investments in advanced manufacturing equipment. These investments ensure that we stay at the forefront of advanced manufacturing and continue to meet the stringent performance expectations of our global customers.

Our equipment portfolio includes industry-leading machinery manufactured by top-tier brands in Japan, Germany, Switzerland and the United States, such as FANUC and SODICK injection molding systems, ultra-high-speed machining centers from YASDA, Röders and Mikron, WAHLI gear processing centers, and Swiss GF AgieCharmilles wire-cutting and spark erosion machines. In the meantime, we have developed fully automated assembly lines, which leverage image recognition technology and servo robotic arms to assemble micro-drive systems with high accuracy and efficiency. As for our powder metallurgy division, we have developed in-house automation systems that handle automatic part retrieval, powder blowing, part placement, and other specialized tasks. These systems incorporate both 6-axis and 4-axis robotic arms, which significantly improve automation efficiency and reduce idle time between forming cycles. With only minimal manual intervention required for loading plates and operating turntables, a single operator can oversee multiple forming machines, substantially lowering labor costs. This setup also enables continuous 24-hour production, supporting both scalability and operational efficiency.

Our Testing Laboratories

We believe that high-quality products begin with rigorous testing and validation. As such, we have established three dedicated laboratories, namely, the Precision Measurement Center, the Micro Drive Integrated Testing Laboratory and the Intelligent Control Laboratory. Together, these facilities form the foundation of our comprehensive product validation system, enabling us to rigorously test and refine our solutions to meet the highest standards of precision, reliability and performance. Our testing team is composed of experienced professionals with deep technical expertise and practical insight into advanced product evaluation.

Our Precision Measurement Center is primarily responsible for dimensional inspection, product characterization, material performance evaluation and reliability testing. The center is outfitted with state-of-the-art equipment, such as the KLINGELNBERG gear measurement system, the Osaka gear double-flank tester, and the ZEISS Industrial CT. These high-precision instruments ensure that we can evaluate even the most complex micro-components with exceptional accuracy and consistency.

Our Micro Drive Integrated Testing Laboratory focuses on appearance, performance, environmental resistance and comprehensive system-level validation. Given the strict reliability standards required by automotive electronics, we have equipped this lab with a full suite of advanced environmental and mechanical testing systems. These include chambers for high and low temperature cycling, salt spray, water and dust ingress, drop tests, pull tests, thermal shock, rapid temperature change, mechanical impact, and three-axis vibration. Additionally, we conduct full noise and durability testing in line with GB/T 2423 and IEC 60068 standards. This lab also enables us to analyze key operational parameters, such as electrical, acoustic and mechanical performance, under prolonged use, ensuring our micro drive systems meet the toughest endurance and environmental conditions.

Our Intelligent Control Laboratory is dedicated to testing electrical performance, signal integrity, reliability and electromagnetic compatibility ("EMC"). We utilize industry-leading equipment, such as ultra-wideband high-precision oscilloscopes, electronic load testers, digital source meters, and a dedicated EMC testing facility. For automotive applications, we rely on high-end development tools like CANoe (VECTOR) for communication testing, as well as interference simulators, pulse generators, and power/signal line interruption emulators. These instruments support full verification in compliance with applicable standards. Through multi-dimensional validation, our lab ensures that every intelligent control product we deliver is robust, stable and aligned with customer performance expectations.

With these three state-of-the-art testing labs, we are able to validate our products across mechanical, environmental and electronic dimensions, ensuring that we not only meet—but often exceed—the rigorous standards of our global customers. Our testing infrastructure is a critical part of how we deliver quality, innovation and trust with every micro-drive solution.

Production Bases

The following table sets forth the key information of our production bases as of March 31, 2025.

Production Facility	Year of Commencement of Operation	Primary Products/Activities	Designed Annual Production Capacity	Total GFA
			(unit in millions)	(m^2)
Shenzhen Production Base	2017	components and drive assemblies	784.1	27,756
Dongguan Production Base	2022	components and drive assemblies	1,097.2	112,645
Suzhou Production Base[(1)]	N/A	components and drive assemblies	N/A	106,296

(1) We commenced the construction of the Zhaowei Drive Industrial Park in Suzhou in 2022, and the main construction successfully passed its final inspection and acceptance at the end of 2024. We expect to commence its operation in 2025. The project will serve as our primary R&D and production base in the Yangtze River Delta region, as well as our logistics hub and technical support center in East China, providing customers with more efficient and responsive services.

The following table sets forth the production capacity, production volume and utilization rate of our production bases during the Track Record Period for the periods indicated.

	Year ended December 31,									Three months ended March 31, 2025		
	2022			2023			2024					
	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)
	(unit in millions)		%	(unit in millions)		%	(unit in millions)		%	(unit in millions)		%
Shenzhen Production Base	1,042.1	856.5	82.2	630.6	507.2	80.4	521.4	421.5	80.8	151.3	125.2	82.7
Dongguan Production Base	77.8	65.3	83.9	382.7	296.8	77.5	694.1	565.2	81.4	154.6	128.7	83.2

(1) Designed production capacity is calculated by first determining the standard annual output time per workstation, and then adjusting it by the overall equipment effectiveness, which reflects the actual effective time considering availability, performance and quality. The designed production capacity of the Shenzhen production base gradually decreased during the Track Record Period, primarily because we gradually shifted our production capacity to the Dongguan production base.

(2) Production volume refers to actual output for the relevant year/period.

(3) The utilization rate is calculated by dividing production volume by the production capacity for the same year/period. The utilization rates fluctuated in 2023, primarily due to uneven market recovery in the post-pandemic era.

During the Track Record Period, we had not experienced any material or prolonged stoppage of production due to equipment failure, and we had not experienced any material accidents during our manufacturing process.

Production Process

We generally commence production upon order placing by customers. We follow structured and standardized production processes across all major business lines. While the specifics vary slightly depending on the product type and industry application, the core manufacturing flow is built on a combination of precision machining, automated assembly, quality inspection and performance testing.

Each production process typically begins with component preparation, which may include gear machining, housing assembly or motor installation. This is followed by sequential assembly steps, where key components, such as gearboxes, motor modules and control units, are integrated using either manual or automated methods. We incorporate multiple quality checkpoints throughout the process. These inspections range from dimensional checks and torque calibration to noise testing and electrical verification, ensuring that every product meets our stringent technical standards. For automotive and high-reliability sectors, additional procedures such as aging tests, environmental simulations (e.g., temperature, humidity, salt spray), and EMC compliance testing are implemented.

QUALITY CONTROL

Product quality is vital to our business, since any potential quality defect may cause significant risks to the end users of our customers. As such, we are committed to developing and producing high quality products in compliance with international and applicable domestic standards, regulations and directives.

We have built a comprehensive quality management system that spans the entire product lifecycle, ranging from supplier qualification and raw material procurement to product design, manufacturing, pilot testing and after-sales service. Each department follows our strict quality protocols to ensure consistency and accountability. We maintain rigorous quality control across every stage, including incoming inspection, in-process checks, first and last article inspections, routine patrol inspections, warehousing, and shipment. Our oversight extends to all key variables, including process methods, materials, equipment, operator practices, and product attributes such as dimensions, appearance, functionality, environmental compliance, material composition, color, labeling, and cleanliness. This all-encompassing approach helps us ensure that our products consistently meet the high standards expected by our customers.

To further support our quality objectives, we operate dedicated testing laboratories. See "—Our Intelligent Manufacturing—Our Testing Laboratories" for details. These facilities allow us to conduct advanced scientific testing and validation, reinforcing our commitment to product excellence.

As of March 31, 2025, we had a dedicated quality control team of 140 members. Our quality control team is responsible for formulating and implementing our quality control policies, and overseeing the planning, implementation and supervision of our internal quality initiatives. We have also created a dedicated systems advancement department, which focuses on the introduction, execution and certification of quality management systems. Through their efforts, we have successfully obtained certifications under internationally recognized standards, including ISO 9001, ISO 14001, IATF 16949 and ISO 13485. These certifications reflect our ongoing commitment to maintaining a rigorous and systematic approach to quality in everything we do.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints about product quality and our products had not been subject to any material claim, litigation or investigation. In addition, during the Track Record Period and up to the Latest Practicable Date, there were no product recalls or fatal accidents related to our products that may cause material adverse impact to our operation.

RESEARCH AND DEVELOPMENT

We believe that R&D is pivotal to our value creation, which has driven our rapid growth since our inception and will continue to lead our future development. We have made, and will continue to make, substantial investments in our R&D initiatives to continually upgrade our products and advance our technological competitive edge. In 2022, 2023, 2024 and the three months ended March 31, 2025, we recorded research and development costs of RMB117.3 million, RMB128.7 million, RMB155.1 million and RMB39.7 million, respectively, accounting for 10.2%, 10.7%, 10.2% and 10.8% of our revenue for the same period, respectively.

The engagement of R&D talents with professional expertise and industry experience is crucial to the long-term success of our business. To that end, we have assembled a strong and well-qualified R&D team with backgrounds in relevant disciplines. As of March 31, 2025, our R&D team comprised 513 members, representing 21.5% of our total employees as of the same date. Particularly, our R&D team consists of four specialized teams, each focusing on structural and motor design, robotic technology, mold design and tooling, and automation design and in-house equipment development.

Our R&D capabilities are further supported by our specialized testing laboratories, namely, the Precision Measurement Center, the Micro Drive Integrated Testing Laboratory and the Intelligent Control Laboratory. See "—Our Intelligent Manufacturing—Our Testing Laboratories" for details.

SALES AND MARKETING

Sales Arrangements

We adopt a direct sales model, as most of our products and solutions are made to order and cater to the different needs of our customers. To enhance efficiency and optimize project execution, we have implemented a project-based approach to ensure a structured and streamlined workflow, covering the entire product lifecycle, from initial product development and realization to customer validation, trial production and mass production. Under this model, a dedicated project team is assembled, comprising a sales manager, a product manager, a project manager, an engineering and manufacturing specialist, and a quality control representative. Each team member has clearly defined responsibilities and decision-making roles, ensuring accountability throughout the process. Together, they are jointly responsible for the commercial success of the project, customer satisfaction and overall business outcomes. By combining a customer-centric direct sales approach with a structured project management framework, we ensure that our products and solutions not only meet the precise requirements of our customers, but are also delivered with high efficiency, quality and reliability.

We sell the majority of our products directly to customers by delivering to the location designated by such customers, following which we recognize revenue upon acceptance. We also sell our products to certain customers under consignment arrangements, where we deliver our inventories to the consignment warehouse designated by such customers and recognize revenue and cost of sales at a later stage based on customers' confirmation of their usage.

Marketing and Branding

We believe that our early-mover advantages, ever-expanding solution offerings, premium product quality, and accumulated industry experience and know-how have established a robust foundation for our marketing and branding initiatives. Our sales and marketing strategy is designed to enhance brand visibility and drive business growth through a diverse mix of online and offline channels. Particularly, as we aim to scale up our self-branded, platform-based products, we are enhancing market recognition of our "ZHAOWEI" brand.

We have developed an agile and efficient marketing strategy that consistently focuses on creating value for our customers. Guided by clear marketing strategy and comprehensive market insights, we conduct comprehensive industry research to develop business planning, swiftly identify and capitalize on business opportunities, which fuels the steady growth of our business. Our extensive partnerships with leading customers across diverse industries exemplify our exceptional business capacity, further consolidating our strong brand reputation and industry influence. Moreover, we allocate considerable resources to expanding our presence in emerging application domains. We actively participate in a wide range of exhibitions, industry summits and forums, and organize annual product launch events as needed. Through these channels, we showcase our latest solutions and technological achievements to domestic and international customers, enhance our brand awareness and develop business relationships with potential customers. Additionally, our local sales teams conduct on-the-ground outreach efforts, organizing offline activities and customer interactions to boost brand recognition and market penetration.

Our marketing strategy is predominantly digital-first, with a strong focus on internet platforms and search engine optimization, to drive online traffic and customer engagement. We strategically utilize industry-specific digital media and keyword search advertising to enhance brand reach. Furthermore, we actively maintain a presence on social media platforms and self-publishing channels, including our official website, to keep our audience informed about company updates, product innovations and industry trends.

After-sales Services

We have a dedicated customer service team to ensure timely responses to our customers' communications, reinforcing our stringent quality control standards and strengthening customer confidence in our solutions. Our team is equipped with vast technical knowledge and experience to provide accurate and timely assistance.

Our customer service team collects, keeps records and handles inquiries, feedback and complaints. In addressing customers' complaints, we undertake to communicate and liaise with customers in a timely manner and to commence quality investigation procedures if necessary. Upon receiving a customer complaint, our customer quality management team promptly responds to the customer and forwards the complaint information to the internal handling team. The complaint handling team conducts a thorough investigation, develops temporary measures, analyzes root causes, identifies risk batches and their disposal plans and reaches an agreement with the customer. Simultaneously, the complaint handling team develops corrective and preventive measures, completes the complaint report, sends it to the customer and closes the complaint after the improvement measures are implemented.

We generally allow product exchange for quality issues. Upon receiving a request from customers for exchange, we would confirm the orders with customers and initiate product recall process. Our order management and logistics teams coordinate the exchange and return plan, submit it for approval, notify the customer to return the goods, arrange for logistics to pick up the goods and ultimately complete the return receipt. Moreover, our customer service team also conducts customer satisfaction evaluation on a regular basis by collecting and analyzing information from our customers in respective of their satisfaction towards our solutions. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any incidents related to product recall, product exchange or product liability claims that would have a material adverse impact on our business, financial condition and results of operations.

OUR CUSTOMERS

Our customers primarily consist of enterprises across a variety of industry verticals, such as automotive manufacturers, industrial companies, consumer electronic companies, medical device companies, and telecommunication companies. In 2022, 2023, 2024 and the three months ended March 31, 2025, revenue generated from our top five customers in each period during the Track Record Period accounted for 38.2%, 50.7%, 46.6% and 49.3% of our total revenue for such period, respectively, and revenue generated from our largest customer in each period during the Track Record Period accounted for 13.0%, 16.3%, 17.6% and 17.4% of our total revenue for such period, respectively. The following table sets forth certain information of our top five customers during the Track Record Period.

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Credit terms	Principal business activity	Major products purchased
	(RMB in millions)	(%)				
For the three months ended March 31, 2025						
Customer A[(1)]	63.9	17.4	2011	within 90 days after the invoice date	mobility, consumer goods, industrial technology and energy and building technology	intelligent automotive solutions
Customer B[(2)]	59.9	16.3	2018	within 30 days after the invoice date	electronics, automotives, renewable energy and rail transit	intelligent automotive solutions; consumer and healthcare technology solutions

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Credit terms	Principal business activity	Major products purchased
	(RMB in millions)	(%)				
Customer C[3]	24.3	6.6	2012	within 90 days after the invoice date	telecommunications equipment, consumer electronics, electric vehicle autonomous driving systems	intelligent automotive solutions; advanced industry and smart manufacturing solutions
Customer D[4]	20.6	5.6	2018	within 90 days after the invoice date	consumer electronics and smart manufacturing	consumer and healthcare technology solutions
Customer E[5]	12.5	3.4	2019	within 120 days after the invoice date	seats, exhaust systems, interior systems and decorative aspects of vehicles	intelligent automotive solutions
Total	181.2	49.3				
For the year ended December 31, 2024						
Customer A[1]	269.1	17.6	2011	within 90 days after the invoice date	mobility, consumer goods, industrial technology and energy and building technology	intelligent automotive solutions
Customer B[2]	147.2	9.7	2018	within 30 days after the invoice date	electronics, automotives, renewable energy and rail transit	intelligent automotive solutions; consumer and healthcare technology solutions
Customer C[3]	128.1	8.4	2012	within 90 days after the invoice date	telecommunications equipment, consumer electronics, electric vehicle autonomous driving systems	intelligent automotive solutions; advanced industry and smart manufacturing solutions

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Credit terms	Principal business activity	Major products purchased
	(RMB in millions)	(%)				
Customer F[6]	86.9	5.7	2019	within 60 days after the invoice date	consumer electronics and intelligent manufacturing	consumer and healthcare technology solutions
Customer G[7]	79.4	5.2	2024	within 60 days after the invoice date	intelligent cleaning products	consumer and healthcare technology solutions
Total	710.6	46.6				
For the year ended December 31, 2023						
Customer A[1]	197.1	16.3	2011	within 90 days after the invoice date	mobility, consumer goods, industrial technology and energy and building technology	intelligent automotive solutions
Customer F[6]	145.8	12.1	2019	within 60 days after the invoice date	consumer electronics and intelligent manufacturing	consumer and healthcare technology solutions
Customer B[2]	99.6	8.3	2018	within 30 days after the invoice date	electronics, automotives, renewable energy and rail transit	intelligent automotive solutions; consumer and healthcare technology solutions
Customer C[3]	89.2	7.4	2012	within 90 days after the invoice date	telecommunications equipment, consumer electronics, electric vehicle autonomous driving systems	advanced industry and smart manufacturing solutions
Customer H[8]	79.4	6.6	2022	within 60 days after the invoice date	semiconductor and communications product integration	intelligent automotive solutions
Total	611.1	50.7				

Customer	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Credit terms	Principal business activity	Major products purchased
	(RMB in millions)	(%)				
For the year ended December 31, 2022						
Customer A[(1)]	149.6	13.0	2011	within 90 days after the invoice date	mobility, consumer goods, industrial technology and energy and building technology	intelligent automotive solutions
Customer F[(6)]	89.3	7.8	2019	within 60 days after the invoice date	consumer electronics and intelligent manufacturing	consumer and healthcare technology solutions
Customer C[(3)]	77.5	6.7	2012	within 90 days after the invoice date	telecommunications equipment, consumer electronics, electric vehicle autonomous driving systems	advanced industry and smart manufacturing solutions
Customer I[(9)]	66.2	5.7	2019	within 60 days after the invoice date	computer equipment, telecommunication devices and various high-end electronic products	consumer and healthcare technology solutions
Customer B[(2)]	57.7	5.0	2018	within 30 days after the invoice date	electronics, automotives, renewable energy and rail transit	intelligent automotive solutions
Total	440.3	38.2				

(1) Customer A is a multinational engineering and technology company focus on mobility, industrial technology, consumer goods and energy and building technology. Customer A is a private company headquartered in Germany.

(2) Customer B is principally engaged in electronics, automotives, renewable energy and rail transit, headquartered in Shenzhen, China. Customer B is a public company listed on both the Stock Exchange and the Shenzhen Stock Exchange.

(3) Customer C is a global provider of information and communications technology infrastructure and smart devices. Customer C is a private company headquartered in Shenzhen, China.

(4) Customer D is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core, headquartered in Beijing, China. Customer D is the wholly-owned PRC subsidiary of a public company listed on the Stock Exchange.

(5) Customer E is a global automotive supplier headquartered in Nanterre, France. Customer E is principally engaged in the design and manufacturing of seats, exhaust systems, interior systems and decorative aspects of a vehicle. Customer E is a public company listed on the Euronext Paris Stock Exchange.

(6) Customer F is a high-end consumer electronics and intelligent manufacturing company specializing in high-speed digital motors, intelligent algorithms, and motion control technologies. Customer F is a private company headquartered in Suzhou, China.

(7) Customer G is an intelligent technology manufacturing company specializing in innovative design, research and development, production, sales and operation of intelligent cleaning products. Customer G is a private company headquartered in Suzhou, China.

(8) Customer H is principally engaged in semiconductor and communications product integration, headquartered in Jiaxing, China. Customer H is a public company listed on the Shanghai Stock Exchange.

(9) Customer I is a technology company specializing in the R&D, manufacturing and sales of computer equipment, telecommunication devices and various high-end electronic products, headquartered in Shenzhen, China. Customer I is a public company listed on the Shenzhen Stock Exchange.

We typically enter into framework agreements with major customers, who place orders based on actual demand under the framework agreements. Although the contract terms vary among different customers, they usually include the following key terms:

- *Quality control*. The quality of the products shall be in compliance with the specific standards designated by our customers, or in compliance with applicable national, local or industry standards.

- *Price*. The prices of the product are generally specified in each purchase order in the case where the main sales agreement is a framework agreement.

- *Payment terms*. We generally grant our major customers a credit period of 30 to 150 days.

- *Confidentiality*. We usually set confidentiality clauses with our customers and such obligation shall continue to exist for a certain period of time after the termination of the agreement.

- *Delivery and packing*. We follow the delivery and packing requirements set out in each purchase order. We may accommodate the customer's request to advance or delay delivery, provided that any reasonable costs incurred are borne by the customer.

- *Warranty*. We usually set out warranty periods depending on the products and the sales agreement. During the warranty period, our customers may request that we replace or repair defective parts and components free of charge.

All of our top five customers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers in each period during the Track Record Period.

RAW MATERIALS AND SUPPLIERS

Raw Materials and Procurement

Our raw materials primarily include standard motors, plastics, gears, shafts, brackets, mold materials, bearings, housings, electronic components, and packaging materials. We view raw material procurement as a critical part of both our quality control and cost management strategies. To ensure the stability and reliability of our supply chain, we adopt a forward-looking approach by extending our quality management system upstream to our suppliers. We actively support our suppliers through technical collaboration, helping them innovate and upgrade their products. This approach not only reduces the risk of quality issues in later production stages but also fosters long-term, stable partnerships built on mutual growth.

Given the nature of our products, we primarily follow a made-to-order procurement model, in which materials are purchased based on confirmed customer orders or order forecasts. Except for a few general-use materials, nearly all raw materials are procured specifically to match customer project needs. This model allows us to control inventory, optimize costs and respond efficiently to market demand.

To ensure consistency and transparency in our sourcing process, we have implemented procurement control procedure, which applies to the procurement of raw materials, machinery, outsourced processing services and spare parts. Our procurement department is responsible for supplier onboarding, evaluations and day-to-day management. The quality department oversees supplier assessments and incoming material inspections. Our R&D team provides technical support and participates in supplier evaluations, while the machining team is responsible for outsourcing the processing of certain molds and components. Our production and material control team are responsible for warehouse management and coordinating the receipt and dispatch of externally processed parts. We believe that this cross-functional procurement framework enables us to maintain high standards of material quality, ensure timely delivery, and uphold the overall performance and integrity of our manufacturing system.

Our Suppliers

We have enacted supply management policy and procedures to maintain effective control of our suppliers and the quality, costs and delivery process of our supplies. We adopt a rigorous supplier selection process to evaluate their business qualifications, supply quality and pricing, production and delivery capability, technical capability, equipment condition, operational and financing health, and industry reputation. We also conduct comprehensive on-site audits and sample validations for potential suppliers to ensure quality standards from the outset. Our procurement department will then purchase from eligible suppliers in accordance with our procurement plans and procedures. In addition, we regularly evaluate the performance of our suppliers to ensure their continuing compliance with our standards, taking into consideration the nature of supplies involved, multifaceted quality performance metrics, R&D and technical support capabilities and their commercial terms with us.

We generally procure raw materials from suppliers through non-exclusive supply contracts. We proactively adopt supplier management policies including maintaining two or more suppliers, securing stock in advance and having alternative suppliers to ensure the stable supply of raw materials. We maintain close and proactive communication with our suppliers, providing them with periodically forecast updates. Suppliers are required to prepare materials based on our projected demand to ensure stable, timely and reliable supply throughout our production cycle.

We typically enter into framework supply agreements with suppliers, the salient terms of which are set out below:

- *Term and renewal*. The agreement generally has a term of one year and will be automatically renewed upon expiration unless either party raises an objection.

- *Product specification*. We specify the product name, manufacturer or brand, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.

- *Payment and credit term*. Payment and credit terms are typically separately included in each order that we place with the supplier.

- *Logistics*. We are responsible for making timely payments to our suppliers, who are responsible for delivering qualifying products to our designated warehouses.

- *Quality guarantee*. Products are typically accepted in accordance with our specifications, as well as national, local and industry standards. Should any quality issues arise during the warranty period, the supplier shall be responsible for replacement.

- *Termination*. The agreement can be terminated without cause upon written consent from both parties. Either party can also terminate the agreement upon material breach by the other party.

In 2022, 2023, 2024 and the three months ended March 31, 2025, purchase from our top five suppliers in each period during the Track Record Period accounted for 12.4%, 14.2%, 13.1% and 16.4% of our total purchases for such period, respectively, and purchase from our largest supplier in each period during the Track Record Period accounted for 3.7%, 4.0%, 3.3% and 5.8% of our total purchases for such period, respectively. The following table sets forth certain information of our top five suppliers during the Track Record Period.

Supplier	Transaction amount	Percentage of total purchases	Year of commencement of business relationship	Credit terms	Principal business activity	Major products or services procured
	(RMB in millions)	(%)				
For the three months ended March 31, 2025						
Supplier A[1]	15.5	5.8	2022	within 60 days after the invoice date	R&D, production and sales of small DC motors	motors
Supplier B[2]	7.7	2.9	2022	within 30 days after the invoice date	manufacturing of small electric motors	motors
Supplier C[3]	7.7	2.9	2023	within 30 days after the invoice date	application and development of engineering plastics	plastics
Supplier D[4]	7.1	2.7	2022	within 90 days after the invoice date	development and production of micro and special motors	motors
Supplier E[5]	6.1	2.3	2023	within 30 days after the invoice date	manufacturing of specialty materials	plastics
Total	44.1	16.4				

Supplier	Transaction amount	Percentage of total purchases	Year of commencement of business relationship	Credit terms	Principal business activity	Major products or services procured
	(RMB in millions)	(%)				
For the year ended December 31, 2024						
Supplier A[(1)]	37.7	3.3	2022	within 60 days after the invoice date	R&D, production and sales of small DC motors	motors
Supplier F[(6)]	32.3	2.8	2022	within 60 days after the invoice date	R&D, production and sales of micro motors	motors
Supplier C[(3)]	31.0	2.7	2023	within 30 days after the invoice date	application and development of engineering plastics	plastics
Supplier G[(7)]	25.8	2.3	2022	within 60 days after the invoice date	R&D, manufacturing and sales of brushless motors and related products	motors
Supplier H[(8)]	22.6	2.0	2022	within 90 days after the invoice date	R&D, production and sales of precision shafts and precision machined components	machined parts
Total	149.3	13.1				
For the year ended December 31, 2023						
Supplier I[(9)]	36.6	4.0	2022	within 60 days after the invoice date	R&D, production, and sales of intelligent controllers and smart products	PCBA
Supplier A[(1)]	32.4	3.6	2022	within 60 days after the invoice date	R&D, production and sales of small DC motors	motors
Supplier F[(6)]	27.3	3.0	2022	within 60 days after the invoice date	R&D, production and sales of micro motors	motors
Supplier H[(8)]	16.7	1.8	2022	within 90 days after the invoice date	R&D, production and sales of precision shafts and precision machined components	machined parts

Supplier	Transaction amount	Percentage of total purchases	Year of commencement of business relationship	Credit terms	Principal business activity	Major products or services procured
	(RMB in millions)	(%)				
Supplier G[7]	16.1	1.8	2022	within 60 days after the invoice date	R&D, manufacturing and sales of brushless motors and related products	motors
Total	129.2	14.2				
For the year ended December 31, 2022						
Supplier I[9]	36.7	3.7	2022	within 60 days after the invoice date	R&D, production, and sales of intelligent controllers and smart products	PCBA
Supplier F[6]	26.2	2.7	2022	within 60 days after the invoice date	R&D, production and sales of micro motors	motors
Supplier D[4]	20.3	2.1	2022	within 90 days after the invoice date	development and production of micro and special motors	motors
Supplier J[10]	20.1	2.0	2022	within 60 days after the invoice date	manufacturing of electrical machinery and equipment	motors
Supplier K[11]	18.1	1.8	2022	within 30 days after the invoice date	R&D, production and sales of chemical products	plastics
Total	121.4	12.4				

(1) Supplier A is a subsidiary of a Japanese motor company in China, specializing in the R&D, production and sales of small DC motors.

(2) Supplier B is a manufacturer of micro electric motors, headquartered in Japan. Supplier B is a public company listed on the Tokyo Stock Exchange.

(3) Supplier C is a trading company specializing in the application and development of engineering plastics. Supplier C is a private company headquartered in Shanghai, China.

(4) Supplier D is primarily engaged in the development and production of micro and special motors. Supplier D is a private company headquartered in Shenzhen, China.

(5) Supplier E is primarily engaged in the manufacturing of specialty materials. Supplier E is a private company headquartered in Shanghai, China.

(6) Supplier F is primarily engaged in the R&D, production and sales of micro motors. Supplier F is a private company headquartered in Dongguan, China.

(7) Supplier G specializes in the R&D, manufacturing and sales of brushless motors and related products. Supplier G is a private company headquartered in Shenzhen, China.

(8) Supplier H is a technology company specializing in the R&D, production and sales of precision shafts and precision machined components, headquartered in Dalian, China. Supplier H is public company listed on the Shenzhen Stock Exchange.

(9) Supplier I is primarily engaged in the R&D, production, and sales of intelligent controllers and smart products, headquartered in Shenzhen, China. Supplier I is quoted on NEEQ.

(10) Supplier J is primarily engaged in the manufacturing of electrical machinery and equipment. Supplier J is a private company headquartered in Shaoguan, China.

(11) Supplier K is a multinational chemical company headquartered in Germany, focusing on chemicals, plastics, performance products, functional solutions, agricultural solutions, and oil and gas. Supplier K is a public company listed on the Frankfurt Stock Exchange, the London Stock Exchange and the Zurich Stock Exchange.

All of our top five suppliers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers in each period during the Track Record Period.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our major customers/suppliers were also our suppliers/customers. Specifically, in 2024, Customer A provided consulting services to us. Purchase from Customer A accounted for approximately 0.001% of our total purchases in 2024.

In addition, in 2022, Supplier I, Supplier D and Supplier J purchased certain components from us, such as gears. In 2023, Supplier I, Supplier A and Supplier G purchased certain components from us, such as gears and insulation tubes. In 2024, Supplier A purchased insulation tubes from us. In the three months ended March 31, 2025, Supplier A and Supplier D purchased certain components from us, such as end covers. In 2022, 2023, 2024 and the three months ended March 31, 2025, revenues from the above-mentioned suppliers accounted for approximately 0.1%, 0.001%, 0.001% and 0.1% of our total revenue for the same period in aggregate, respectively.

Negotiations of the terms of our sales to and purchases from such overlapping customers/suppliers were conducted on an individual basis, and the sales and purchases were neither inter-connected nor inter-conditional with each other. All of our sales to and purchases from such overlapping customers/suppliers were conducted in the ordinary course of business under normal commercial terms and in arm's length transactions. Our Directors confirmed that, save as disclosed herein, none of our major customers was also a supplier, and vice versa, during the Track Record Period.

LOGISTICS ARRANGEMENT

We have established a flexible and reliable logistics arrangement to ensure timely delivery of our products. For deliveries within a two-hour radius, we utilize our own insured vehicle fleet. For longer-distance deliveries, we engage qualified third-party logistics service providers based on the agreements with customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their compliance and performance to ensure smooth delivery of products to customers. These third-party logistics services are typically covered by insurance, and additional insurance for the transported products may be arranged depending on specific circumstances. As of the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially and adversely affected our business operations.

INVENTORY MANAGEMENT

Our inventories mainly include raw materials, work-in-progress, finished goods and goods in transit. As we primarily adopt a made-to-order production model and, accordingly, a procurement model, we generally are able to minimize our inventory buildup and improve capital turnover. In 2022, 2023, 2024 and the three months ended March 31, 2025, our inventory turnover days in was 73 days, 72 days, 61 days and 69 days, respectively. See "Financial Information—Discussion of Major Balance Sheet Items—Inventories" for details.

COMPETITION

China's micro transmission and micro drive industry is highly competitive. We face competition from other comprehensive market players of different sizes and business modes. Moreover, the industry competition may continue to intensify along with the evolving technologies and customer needs, as well as the changing market landscape in terms of the types and number of competitors and degree of market adoption. The principal factors driving the competition in our industry include the functionalities and performance of our products and solutions, technological and R&D capabilities, accumulated industry expertise and know-how, pricing and ability to maintain and grow relationships with customers. We believe that we are well-positioned to compete effectively based on the foregoing factors.

However, some of our competitors may have a longer operating history, greater financial, technological and other resources, or higher brand recognition than us. For details, see "Risk Factors—Risks Relating to Our Business and Industry—We may fail to maintain or improve our market position or respond successfully to changes in the competitive landscape." For information on competition in the relevant markets where we operate, see "Industry Overview."

LICENSES, PERMITS AND APPROVALS

Our PRC Legal Advisors have advised that during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits and approvals remained in full effect.

The following table sets out a list of material licenses, permits and approvals currently held by us.

License/Permit/Approval	Holder	Grant date	Expiry date
Customs Registration Certificate of the PRC for Declaration Unit (中華人民共和國海關報關單位註冊登記證書)	Our Company	November 14, 2018	long term
Customs Import/Export Goods Consignor/Consignee Filing Acknowledgement (海關進出口貨物收發貨人備案回執)	Our Company	March 27, 2008	long term
Radiation Safety Permit (輻射安全許可證)	Our Company	January 13, 2021	January 12, 2026
Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	Songgang Branch of Our Company	July 28, 2023	July 27, 2028
Customs Import/Export Goods Consignor/Consignee Filing Acknowledgement (海關進出口貨物收發貨人備案回執)	Dongguan Zhaowei	May 16, 2022	July 31, 2068
Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	Dongguan Zhaowei	April 4, 2023	April 3, 2028

License/Permit/Approval	Holder	Grant date	Expiry date
Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執) . .	Suzhou Drive Co., Ltd	March 19, 2025	March 18, 2030
Customs Import/Export Goods Consignor/Consignee Filing Acknowledgement (海關進出口貨物收發貨人備案回執) . . .	Suzhou Drive Co., Ltd	March 28, 2025	long term
Customs Import/Export Goods Consignor/Consignee Filing Acknowledgement (海關進出口貨物收發貨人備案回執) . . .	Suzhou Zhaowei Industrial Technology Co., Ltd.	May 28, 2025	long term

INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We rely on a combination of contractual restrictions, confidentiality procedures, and intellectual property registration to establish and protect our proprietary technologies. We have set up an intellectual property department to curate and implement our intellectual property strategies, coordinate related internal trainings and monitor and protect against risks relating to our intellectual properties. We also set up intellectual property review committee to evaluate our intellectual property status regularly.

As of March 31, 2025, we had registered 120 trademarks, 382 patents, including 75 patents for invention, 63 software copyrights and seven domain names in China, together with 165 pending patent applications. For details, see "Statutory and General Information—B. Further Information about Our Business—2. Our Material Intellectual Property Rights" in Appendix IV to this document.

During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, results of operations or financial condition, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

EMPLOYEES

Our success depends on our ability to attract, retain and motivate qualified personnel with background and experience in the relevant industries. As of March 31, 2025, we had 2,388 full-time employees. The following table sets forth a breakdown of our full-time employees by function as of March 31, 2025.

	As of March 31, 2025	
Function	**Number of employees**	**% of total**
Management and general administration	238	10.0%
R&D	513	21.5%
Technology	149	6.2%
Manufacturing	1,211	50.7%
Quality control	140	5.9%
Sales and marketing	137	5.7%
Total	**2,388**	**100.0%**

We recruit our employees through different channels, including online recruitment, job fairs, referrals and recruitment agencies. As part of our human resource strategy, we offer employees competitive salaries, performance-based bonuses and other incentives. We also strive to enhance our talent base and human resource management through organizing systematic training programs and improving our employee performance evaluation system.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety and grounds for termination. In addition, we generally enter into standard confidentiality with our key employees. In compliance with PRC regulations, we participate in and make contributions to social insurance, including pension, medical, maternity, work-related injury and unemployment, and housing provident fund.

We believe that we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

As of March 31, 2025, we operated our businesses through 22 owned properties and 14 leased properties in Shenzhen, Dongguan and Suzhou. Our owned properties have a total gross floor area of approximately 247,769 square meters. Our leased properties have a total gross floor area of approximately 18,306 square meters. All of our leased properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used as office premises and R&D facilities for our business operations. Our lease agreements in respect of the abovementioned 14 leased properties generally had expiration dates ranging from June 30, 2025 to November 30, 2027. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are independent third parties. We did not experience material difficulties in negotiating renewal of our leases with our lessors during the Track Record Period and up to the Latest Practicable Date. We believe that there is sufficient supply of such properties in China. As advised by our PRC Legal Advisors, during the Track Record Period, we had complied with the PRC property laws and regulations in all material respects. For potential risks relating to our usage of certain properties, see "Risk Factors—Risks Relating to Our Business and Industry—Failure to protect our leasehold interests could adversely affect our business operations" and "Risk Factors—Risks Relating to Our Business and Industry—Certain of our property interests are subject to deficiencies."

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practice in our industry. Our employee-related insurance includes the social insurance and housing provident fund as required by PRC laws and regulations.

However, in line with general market practice, we do not maintain any business interruption insurance or keyman life insurance, which are not mandatory under PRC laws. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material insurance claims. Any uninsured occurrence of business disruption, litigation or natural disaster could have a material adverse effect on our results of operations. For details, see "Risk Factors—Risks Relating to Our Business and Industry—The insurance coverage we have may not adequately protect us against all operating risks."

AWARDS AND RECOGNITION

We have established strong brand and reputation with our technological capabilities and trustworthy products and services. The following table sets forth certain significant awards and recognition we have received.

Awarding Year	Award/Recognition	Issuing Organization
2025	2024 Robotics Core Technology Innovation Award (2024年度機器人核心技術創新獎)	Shenzhen Robotics Association
2024 and 2020	National Manufacturing Champion Enterprise (國家製造業單項冠軍企業)	Ministry of Industry and Information Technology
2024	10th Red Sail Award—Leading Enterprise in New Quality Productivity for Industrial Equipment of the Year (第十屆紅帆獎年度新質生產力工業裝備領軍企業)	Shenzhen Electronic Equipment Industry Association & Shenzhen Intelligent Equipment Industry Association
2024	National Center for Enterprise Technology (國家企業技術中心)	National Development and Reform Commission
2023	National Green Factory (國家級綠色工廠)	Ministry of Industry and Information Technology
2022	2022 National Intellectual Property Advantageous Enterprise (2022年度國家知識產權優勢企業)	China National Intellectual Property Administration
2022	Key Robotics Enterprise of Guangdong Province (廣東省機器人骨幹企業)	Department of Industry and Information Technology of Guangdong Province
2022	First Prize of Guangdong Provincial Science and Technology Progress Award (廣東省科技進步一等獎)	People's Government of Guangdong Province
2022	"Huazhong CNC Cup" National Machinery Industry Product Quality Innovation Competition (Gold Award) (「華中數控」杯全國機械工業產品質量創新大賽(金獎))	China Machinery Industry Federation
2022	Shenzhen Engineering Research Center for Micro Drive Systems of Intelligent Robots (深圳市智能機器人微型驅動系統工程研究中心)	Development and Reform Commission of Shenzhen Municipality

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. As of the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceeding pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, results of operations and financial condition.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respects.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We believe that strong management on environmental, social and corporate governance ("ESG") is essential to the sustainability of our business. We have made numerous ESG endeavors to create value not only for our customers and us but also for our employees, our communities and the society. We recognize the importance of robust ESG policies and practices in fulfilling our corporate mission and goals, which in turn drives enduring value for our stakeholders.

We strictly comply with laws and regulations, including the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), as well as other applicable requirements. See "Regulatory Overview—Laws and Regulations on Production Safety, Environment Protection and Fire Safety." We are committed to advocating the principles of green, low-carbon and circular development, consistently employing environmentally friendly operational methodologies, and striving to minimize the environmental impact of our daily activities. To this end, we have implemented a standardized environmental management system. As of the Latest Practicable Date, all our production facilities had operated in compliance with the ISO 14001 environmental management system certification requirements.

We have taken measures to facilitate the environmental-friendliness of our workplace by encouraging, among other things, an energy-saving culture within our Company. We have implemented internal policies to reduce our carbon footprint through a number of measures, such as (1) switching off lights and powers for electronic devices when not used, (2) examining water supply devices regularly and turning off water taps if not in use to save water, (3) using double-sided printing of documents to the extent possible and developing a paperless office, (4) replacing retired fuel-powered vehicles with NEVs, and (5) using energy-efficient air compressors in place of older conventional models to help reduce emissions.

Under our ESG Policy, we aim to build a sustainable community with our employees, communities and other stakeholders by supporting initiatives that aim to create effective and lasting benefits. Our employees are crucial to our success, and we aim to foster a corporate culture that not only empowers innovation and achievements, but also contributes to the individual development and wellness of our employees. We invest heavily in employee training programs, including new employee onboard training, internal procedure and management training, and product and technology related training, covering the important aspects of their work. We also value the health, safety and wellness of our employees, and continue to arrange various activities to help them enjoy a better quality of life and contribute to our success. We strictly abide by applicable laws, regulations and internationally recognized practices in conducting our operations and have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures to protect our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concern and issue relating to any potential non-compliance.

We have adopted internal rules and policies governing various aspects of our business operations and management, including information system, physical assets, procurement, sales and marketing, financial reporting and human resources. For example, we have designed and implemented a series of internal control policies and procedures relating to our information system, such as encryption and authorization procedures, and data security practice guidelines for our employees. In addition, we have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethics and legal compliance. Furthermore, we have adopted a set of policies and procedures in connection with our financial reporting management, such as financial and accounting policies, budget management procedures and financial statement preparation procedures.

During the Track Record Period, our Directors did not identify any material internal control weakness or failure. We have also engaged an independent internal control consultant to evaluate our internal control system in connection with the [**REDACTED**]. The internal control consultant conducted review procedures on our internal control system in April 2025, covering entity-level controls and business process level controls. Our internal control consultant did not identify any material internal control weakness or failure in reviewing our internal control system. Our internal control consultant put forward recommendations in May 2025 based on such review. We have implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. The internal control consultant performed follow-up procedures on our remedial measures in May 2025 and did not identify any material deficiency in our internal control system. Having considered the report prepared by our internal control consultant, the Directors confirmed that all of the major recommendations provided by the internal control consultant have been followed and corrective actions were taken accordingly to address our internal control deficiencies and weaknesses. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

In addition, we have also appointed Guosen Securities (HK) Capital Company Limited as our external compliance advisor with effect from the date of the [**REDACTED**] to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Key operational risks faced by us include, among others, our ability to retain and grow our customer base and usage, our ability to respond to technological changes, competition in the relevant industries, and our ability to successfully expand to and develop market recognition in various industry sectors. See "Risk Factors" for disclosures on various risks we face. In addition, we also face numerous market risks, such as interest risk, foreign currency risk, credit risk and liquidity risk that arise in the ordinary course of our business. See "Financial Information—Quantitative and Qualitative Disclosures about Market Risks" for details.

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, and compliance with applicable laws and regulations. Our Board oversees and manages the overall risks associated with our operations. We have established an Audit Committee to review and supervise the financial reporting process and internal control system of our Group. See "Directors and Senior Management—Board Committees—Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee. We have adopted written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

OVERVIEW

As of the Latest Practicable Date, our Company was controlled by (i) Mr. Li, our executive Director and chairman of the Board, together with Zhaowei Holding, an entity controlled by him, and (ii) Ms. Xie, our executive Director and the spouse of Mr. Li, through Qingmo Partnership where she acted as the general partner (together with Mr. Li and Zhaowei Holding, collectively as the "Controlling Shareholders").

As of the Latest Practicable Date, our group of Controlling Shareholders collectively owned 62.54% voting rights of our Company, comprising (i) 18.18% of the voting rights held by Mr. Li, (ii) 35.44% of the voting rights held by Zhaowei Holding, and (iii) 8.93% of the voting rights held by Mr. Li and Ms. Xie through Qingmo Partnership.

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), our group of Controlling Shareholders will collectively own [**REDACTED**]% of voting rights of our Company, comprising (i) [**REDACTED**]% of the voting rights held by Mr. Li, (ii) [**REDACTED**]% of the voting rights held by Zhaowei Holding, and (iii) [**REDACTED**]% of the voting rights held by Mr. Li and Ms. Xie through Qingmo Partnership. Accordingly, our Controlling Shareholders will remain as our Controlling Shareholders upon completion of the [**REDACTED**].

COMPETITION

Our Controlling Shareholders confirm that as of the Latest Practicable Date, he/she/it or any of his/her/its close associates did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**], taking into account the following factors:

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the [**REDACTED**], our Board will consist of eight Directors, comprising four executive Directors, three independent non-executive Directors and one employee representative Director. For more information, see "Directors and Senior Management."

Our Directors believe that our Board and senior management are able to manage our business and function independently from our group of Controlling Shareholders based on the following reasons:

(i) except for Mr. Li and Ms. Xie, the other six Directors are independent of our Controlling Shareholders, comprising two executive Directors, three independent non-executive Directors, and one employee representative Director, all of whom possess sufficient knowledge, experience and competence in respect of management and corporate governance affairs. Accordingly, they are able to discharge their duties independently from our Controlling Shareholders. Each Director is aware of his fiduciary duties as a Director of our Company which requires, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest;

(ii) in the event that there is a potential conflict of interest arising out of any contract or arrangement or any other proposal in which any of the Controlling Shareholders or any of his/her/its close associates have a material interest, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such proposal, and shall not be counted in the quorum;

(iii) our Board will comprise eight Directors upon [**REDACTED**], and three of them will be independent non-executive Directors, which represent over one-third of the members of the Board. Our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of the Board are made after due consideration of independent and impartial opinions. We believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board;

(iv) we have established clear reporting systems among the management team of our Company and between our management team and the Board, and our management team reports to the executive Directors, who are responsible for reporting to the Board. The Board supervises and monitors the performance of our Company's management team generally through receiving reports from our executive Directors, attending meetings and other ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors of our operational and financial information;

(v) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shenzhen Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting; and

(vi) our Company has established internal control mechanisms to manage conflict of interests, including, among others, the policies and procedures to identify connected transactions and material interests of our Directors, senior management and Shareholders to ensure that our Shareholders, Directors or senior management with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. See "—Corporate Governance Measures."

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

Our Group is operationally independent of our Controlling Shareholders. We have established our own organizational structure, and each department is assigned to specific areas of responsibilities. Our Group holds or enjoys the benefits of material relevant licenses and intellectual properties necessary to carry on our business. We have our own facilities, equipment and employees to operate our business independent from our Controlling Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

We have a financial department which is independent of our Controlling Shareholders and such financial department is responsible for the Group's finance, accounting, reporting, credit and internal control. We can make financial decisions independently without interference from our Controlling Shareholders and their associates. We maintain bank accounts with banks independently and do not share any bank accounts with our Controlling Shareholders and their associates. We also have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. We believe that we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their associates.

There was no loan, advance or guarantee provided by our Controlling Shareholders or their associates during the Track Record Period and as of the Latest Practicable Date. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We will adopt the following corporate governance measures to manage potential conflicts of interest:

(i) as part of our preparation for the [**REDACTED**], we have adopted our Articles of Association in compliance with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise stipulated;

  (a) a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting; and

  (b) when the Shareholders' general meeting deliberates on connected transactions, connected Shareholders who hold significant interests in the relevant connected transactions or arrangements shall not participate in voting, and the number of voting shares they represent shall not be counted in the effective voting; the announcement of the Shareholders' general meeting resolution shall fully disclose the voting status of the non-connected Shareholders condition;

(ii) we are committed to ensure that our Board shall have a sufficiently balanced composition of executive Directors and independent non-executive Directors that can facilitate the exercise of independent judgment. We believe that the independent non-executive Directors have the necessary expertise to form and exercise independent judgment in the event of any conflict of interest between our Company and our Controlling Shareholders. Further, the independent non-executive Directors will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost. See "Directors and Senior Management—Board of Directors—Independent Non-executive Directors";

(iii) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements;

(iv) we have appointed Guosen Securities (HK) Capital Company Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and corporate governance;

(v) our Company has formulated and adopted policies and mechanisms in relation to (i) internal controls and decision-making procedures for related party transactions and connected transactions, (ii) the prevention of appropriation of funds by Controlling Shareholders, actual controllers and other related parties, (iii) provision of external guarantee, and (iv) internal audit;

(vi) if our Group and our Controlling Shareholders or any of their associates intend to engage in any connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules; and

(vii) as required by the Listing Rules, our independent non-executive Directors shall review all connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us that those available to or from independent third parties and on terms that are fair and reasonable and in the interest of our Shareholders as a whole.

OVERVIEW

Upon the [**REDACTED**], the Board of Directors will consist of eight Directors, including four executive Directors, one employee representative Director and three independent non-executive Directors. The Board is responsible for, and has general authority over, the management and operations of our Company.

Our senior management consists of four members who are responsible for the day-to-day operations of our Company. All of the Directors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

The following table sets forth the key information about our Directors and senior management as of the Latest Practicable Date.

Directors and Senior Management

The following table sets forth certain information regarding the Directors and members of senior management:

Name	Age	Position	Date of joining our Company	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Executive Directors						
Li Haizhou (李海周)	54	Chairman of the Board and executive Director	April 19, 2001	April 19, 2001	Responsible for the Group's strategic direction and market development business	Spouse of Ms. Xie Yanling
Xie Yanling (謝燕玲)	49	Vice chairwoman of the Board and executive Director	April 19, 2001	August 16, 2016	Responsible for the Group's internal audit supervision and related matters	Spouse of Mr. Li Haizhou
Ye Shubing (葉曙兵)	54	Executive Director and general manager	August 2, 2004	August 16, 2016	Responsible for the Group's daily management and operations, and implementation of the Board's relevant production and operation decisions	N/A
Li Ping (李平)	56	Executive Director and deputy general manager	July 4, 2002	December 26, 2017	Responsible for the Group's research and development management and related works	N/A

Name	Age	Position	Date of joining our Company	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Employee Representative Director						
Lu Zhiqiang (陸志強)	43	Employee representative Director and the head of Parts Centre (零件中心)	March 1, 2010	May 19, 2025	Responsible for the business management of the Group's Parts Centre	N/A
Independent non-executive Directors						
Guo Xinmei (郭新梅)	53	Independent non-executive Director	May 8, 2024	May 8, 2024	Responsible for supervising and providing independent advice on the operations and management of our Group	N/A
Zhou Changjiang (周長江)	50	Independent non-executive Director	February 25, 2021	February 25, 2021	Responsible for supervising and providing independent advice on the operations and management of our Group	N/A
Lin Sen (林森)	49	Independent non-executive Director	May 19, 2025	May 19, 2025	Responsible for supervising and providing independent advice on the operations and management of our Group	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a member of senior management	Responsibility	Relationship with other Directors and senior management
Senior Management						
Ye Shubing (葉曙兵)	54	Executive Director and general manager	August 2, 2004	August 2, 2004	Responsible for the Group's daily management and operations, and implementation of the Board's relevant production and operation decisions	N/A
Li Ping (李平)	56	Executive Director and deputy general manager	July 4, 2002	August 16, 2016	Responsible for the Group's research and development management and related works	N/A
Zuo Mei (左梅)	52	Chief financial officer	February 4, 2017	December 26, 2017	Responsible for the Group's strategic decisions, fund management and budget oversight	N/A
Niu Dongfeng (牛東峰)	33	Joint company secretary and the secretary of the Board	June 12, 2024	August 26, 2024	Responsible for the Group's information disclosure management, internal control, legal and investor relations	N/A

BOARD OF DIRECTORS

Executive Directors

Li Haizhou (李海周), aged 54, has been an executive Director of our Company since April 2001. He has been the chairman of the Board since August 2016. Mr. Li is primarily responsible for the Group's strategic direction and market development business.

Mr. Li served as the director of Zhao Wei Enterprise (H.K.) Company Limited (兆威企業(香港)有限公司) from February 2013 to August 2017, director of Huizhou Zhaowei Machinery & Electronics Co., Ltd.* (惠州市兆威機電有限公司), from August 2014 to December 2018. He served as the general partner of Gongqingcheng Juzhaode Investment Management Partnership Enterprise (Limited Partnership)* (共青城聚兆德投資管理合夥企業(有限合夥), one of our Shareholders, from August 2016 to December 2017.

Mr. Li worked as the executive director of Zhaowei Holding from March 2015 to April 2022 and has been a general manager of Zhaowei Holding since March 2015, the director of ZhaoWei Machinery & Electronics (HongKong) Co., Limited (兆威機電(香港)有限公司), one of our subsidiaries, since October 2015, executive director of Dongguan Zhaowei since October 2018, executive director of Suzhou Drive Co., Ltd.* (蘇州兆威驅動有限公司), one of our subsidiaries, since May 2021, supervisor of Suzhou Zhaowei Venture Capital Co., Ltd.* (蘇州兆威創業投資有限公司), one of our subsidiaries, since May 2021 and supervisor of Wuhan Digital Design and Manufacturing Innovation Co., Ltd.* (武漢數字化設計與製造創新中心有限公司) since July 2018.

Mr. Li was selected as a Technological Innovation and Entrepreneurship Talent* (科技創新創業人才) in the Innovation Talent Promotion Scheme* (創新人才推進計劃) organized by the Ministry of Science and Technology of the PRC in October 2018. He was selected as one of the New Leading Talents in Technological Innovation* (科技創新領軍人才) in the Fourth Batch of National "Ten Thousand People's Scheme" Selected Personnel* (第四批國家"萬人計劃"入選人員) by the Leadership Group of the National Special Support Plan for High-level Talents* (國家高層次人才特殊支持計劃領導小組) in February 2019. He received a Special Prize for Scientific and Technological Progress* (特等科技進步獎) for his innovations related to micro transmission technology in the Chinese Mechanical Industry Science and Technology Award Scheme* (中國機械工業科學技術獎) co-organized by the Chinese Mechanical Industry Union* (中國機械工業聯合會) and the Chinese Mechanical Engineering Society (中國機械工程學會) in October 2019. Mr. Li received a Gold Award* (金獎) for his mobile phone camera lift module design in the Good Design (好設計) award scheme organized by the Innovation Design Alliance of China (中國創新設計產業戰略聯盟) in December 2019. Mr. Li was recognized as a China Machinery and Electric Industry Annual Innovation Figure* (2021中國機電工業年度創新人物) by the China Machinery and Electric Industry Magazine* (中國機電工業雜誌社) in January 2022. In addition, he was awarded a Tier-One Prize* (一等獎) for his innovations related to small module powder metallurgy gear in the Guangdong Province Science and Technology Progress Award Scheme* (廣東省科技進步獎) organized by the People's Government of Guangdong Province in March 2022.

Mr. Li is pursuing a master of business administration degree from Cheung Kong Graduate School of Business (長江商學院) of the PRC.

Xie Yanling (謝燕玲), aged 49, has been a Director and the vice chairwoman of the Board of our Company since August 2016 and December 2017, respectively. Ms. Xie worked as the chief financial officer of our Company from April 2001 to February 2017. She has been re-designated as an executive Director in April 2025. Ms. Xie is primarily responsible for the Group's internal audit supervision and related matters.

Ms. Xie served as the director of Zhao Wei Enterprise (H.K.) Company Limited (兆威企業(香港)有限公司) from February 2013 to August 2017.

Ms. Xie has been serving as the director of ZhaoWei Machinery & Electronics (HongKong) Co., Limited (兆威機電(香港)有限公司), one of our subsidiaries, since October 2015, and the general partner of Qingmo Partnership since August 2016. She has also been serving as the executive director of Suzhou Zhaowei Venture Capital Co., Ltd.* (蘇州兆威創業投資有限公司), one of our subsidiaries, since May 2021 and the executive director of Zhaowei Holding since April 2022.

Ms. Xie graduated from Guilin University of Aerospace Technology (桂林航天工業學院) (formerly known as Guilin Aerospace Technology School of Higher Professional Education* (桂林航天工業高等專科學校)) of the PRC with a college diploma in computer application in June 1998, and from Cheung Kong Graduate School of Business (長江商學院) of the PRC in September 2021 with a master's degree in executive master of business administration.

Ye Shubing (葉曙兵), aged 54, has been a Director and general manager of our Company since August 2016 and January 2010, respectively. He served as a deputy general manager of our Company from August 2004 to December 2009. He has been re-designated as an executive Director in April 2025. Mr. Ye is primarily responsible for the Group's daily management and operations, and implementation of the Board's relevant production and operation decisions.

Mr. Ye has been serving as a general manager of Dongguan Zhaowei since October 2018.

Prior to joining the Group, Mr. Ye successively worked as an assistant engineer in Guangzhou Fishing Vessel Company* (廣州漁輪船舶公司) and as a division chief in Dongguan Mabuchi Industrial Co., Ltd. (東莞市萬寶至實業有限公司).

Mr. Ye graduated from Zhanjiang Fisheries College* (湛江水產學院) of the PRC in July 1992 with a bachelor's degree in thermal power machinery and equipment. Mr. Ye has been elected as a deputy to the seventh session of the Shenzhen Municipal People's Congress (深圳市第七屆人民代表大會) since May 2021.

Mr. Ye was recognized as a High-Level Industrial Talent (Business Management Field) (高層次產業類人才(經營管理領域)) by the Human Resources Administration of Bao'an District, Shenzhen Municipality* (深圳市寶安區人力資源局) of the PRC in August 2019. Mr. Ye received a Special Prize for Scientific and Technological Progress* (特等科技進步獎) for his innovations related to micro transmission technology in the Chinese Mechanical Industry Science and Technology Award Scheme* (中國機械工業科學技術獎) co-organized by the Chinese Mechanical Industry Union* (中國機械工業聯合會) and the Chinese Mechanical Engineering Society (中國機械工程學會) in October 2019. Mr. Ye received a Gold Award* (金獎) for his mobile phone camera lift module design in the Good Design (好設計) award scheme organized by the Innovation Design Alliance of China (中國創新設計產業戰略聯盟) in December 2019. He was awarded a Tier-One Prize* (一等獎) for his innovations related to small module powder metallurgy gear in the Guangdong Province Science and Technology Progress Award Scheme* (廣東省科技進步獎) organized by the People's Government of Guangdong Province in March 2022. He is an associate senior engineer (副高級工程師) specializing in automation certified by the Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) of the PRC since June 2023.

Li Ping (李平), aged 56, has been a Director and deputy general manager of our Company since December 2017 and August 2016, respectively. Mr. Li joined our Company in July 2002 and worked in different positions of our Group. He has been re-designated as an executive Director in April 2025. Mr. Li is primarily responsible for the Group's research and development management and related works.

Mr. Li has been serving as a general manager of Suzhou Drive Co., Ltd.* (蘇州兆威驅動有限公司), one of our subsidiaries, since May 2021, and a director of Lingke Huizhi Technology Co., Ltd.* (領科匯智科技有限公司) since July 2022.

Prior to joining the Group, Mr. Li successively worked as an engineer in Qingfeng Machinery Factory* (青峰機械廠), as an engineer in Shiyong Electric Appliance Factory* (實用電器廠), as an engineer in Chunhechang Electric Appliance (Shenzhen) Co., Ltd.* (春合昌電器(深圳)有限公司) and as an engineer in Shenzhen Bao'an District Fuyong Junda Manufacturing Factory* (深圳市寶安區福永駿達製造廠).

Mr. Li graduated from Anhui Polytechnic University (安徽工程大學) (formerly known as Anhui Mechanical and Electrical College* (安徽機電學院)) of the PRC in July 1992 with a bachelor's degree in thermal processing technology and equipment.

Mr. Li was recognized as a local-level talent (地方級領軍人才) by the Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) of the PRC in July 2019. Mr. Li received a Special Prize for Scientific and Technological Progress* (特等科技進步獎) for his innovations related to micro transmission technology in the Chinese Mechanical Industry Science and Technology Award Scheme* (中國機械工業科學技術獎) co-organized by the Chinese Mechanical Industry Union* (中國機械工業聯合會) and the Chinese Mechanical Engineering Society (中國機械工程學會) in October 2019. Mr. Li received a Gold Award* (金獎) for his mobile phone camera lift module design in the Good Design (好設計) award scheme organized by the Innovation Design Alliance of China (中國創新設計產業戰略聯盟) in December 2019. He was awarded a Tier-One Prize* (一等獎) for his innovations related to small module powder metallurgy gear in the Guangdong Province Science and Technology Progress Award Scheme* (廣東省科技進步獎) organized by the People's Government of Guangdong Province in March 2022. He is an associate senior engineer (副高級工程師) specializing in mechanical engineering certified by the Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) of the PRC since July 2022. Mr. Li was appointed as an expert in the Expert Database of the Chinese Association of Automation* (中國自動化學會專家庫) in December 2023.

Employee Representative Director

Lu Zhiqiang (陸志強), aged 43, has been an employee representative Director of our Company since May 2025. He served as a mold design engineer of our Company from March 2010 to June 2014, and later as a manager of the engineering department of our Company from June 2014 to December 2024. He has been the head of Parts Centre since December 2024. Mr. Lu is primarily responsible for the business management of the Group's Parts Centre.

Prior to joining the Group, Mr. Lu served as a structural engineer of PROS Product Factory* (富路素製品廠) from June 2003 to October 2007, and the head of the design department of Rimai Mould Dongguan Co., Ltd.* (日邁模具東莞有限公司) from October 2007 to March 2010.

Mr. Lu graduated from Hubei Polytechnic University (湖北理工學院) (formerly known as Huangshi School of Higher Professional Education* (黃石高等專科學校)) of the PRC in June 2003 with a college diploma in mold design and manufacturing, and from Huazhong University of Science and Technology (華中科技大學) of the PRC in January 2014 with a bachelor's degree in mechanical design, manufacturing and automation through an online course. He is also an associate senior engineer (副高級工程師) specializing in mechanical engineering certified by the Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) of the PRC since August 2024. Mr. Lu was also rewarded as "2019 Bao'an Great Craftsman (2019年寶安大工匠)" by Shenzhen Bao'an District Federation of Trade Unions (深圳市寶安區總工會), Shenzhen Bao'an District Bureau of Industry and Information Technology (深圳市寶安區工業和信息化局), Shenzhen Bao'an District Bureau of Science and Technology Innovation (深圳市寶安區科技創新局), Shenzhen Bao'an District Human Resources Bureau (深圳市寶安區人力資源局), and Shenzhen Bao'an District Talent Work Bureau (深圳市寶安區人才工作局). He also accredited as "National Labor Model (全國勞動模範)" by Central Committee of the Communist Party of China (中國共產黨中央委員會) and the State Council of the People's Republic of China (中華人民共和國國務院) in April 2025.

Independent Non-executive Directors

Guo Xinmei (郭新梅), aged 53, has been an independent non-executive Director of our Company since May 2024. Ms. Guo is primarily responsible for supervising and providing independent advice on the operations and management of our Group.

Ms. Guo served as an accountant and director of the settlement department of Agricultural Bank of China Limited (中國農業銀行) in Dangyang City, Hubei Province from September 1993 to July 2001, a financial manager of Shenzhen ESUN Display Co., Ltd. (深圳市易尚展示器材有限公司) from August 2001 to September 2003, a financial director of Shenzhen Yamei Import and Export Trading Co., Ltd.* (深圳市亞美進出口貿易有限公司) from September 2003 to February 2008, an accounting manager of ViewSCM Corporation Ltd.* (深圳新合程供應鏈股份有限公司) from March 2008 to March 2009, a financial director of Ever Joy Group Limited (悦豐集團有限公司) from April 2009 to May 2012 and a financial director of Shenzhen Danbond Technology Co., Ltd. (深圳丹邦科技股份有限公司) from June 2012 to May 2015.

Ms. Guo previously served as an independent director of Moso Power Supply Technology Co., Ltd. (茂碩電源科技股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 002660) from April 2017 to February 2021, an independent director of Shenzhen CDL Precision Technology Co., Ltd. (深圳市智動力精密技術股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 300686) from February 2019 to July 2022, an independent director of NUODE New Materials Co., Ltd. (諾德新材料股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 600110) from September 2018 to May 2022 and an independent director of Huizhou Huiderui Lithium Battery Technology Co., Ltd. (惠州市惠德瑞鋰電科技股份有限公司) (a company listed on Beijing Stock Exchange, stock code: 833523) from November 2017 to November 2023.

Ms. Guo has been serving as a director, chief financial officer and secretary of the board of Genrui Biotech Inc. (深圳市錦瑞生物科技股份有限公司) since May 2015, and an independent director of Shenzhen Fluence Technology PLC. (深圳市超頻三科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300647) since November 2023.

Ms. Guo graduated from Hubei Open University (湖北開放大學) (formerly known as Hubei Radio and Television University (湖北省廣播電視大學)) of the PRC in July 1993 with a college diploma in rural finance, and from Shanghai University of Finance and Economics (上海財經大學) of the PRC in January 2009 with a master's degree in business administration. Ms. Guo obtained the qualification as a senior accountant of the PRC in September 2013.

Zhou Changjiang (周長江), aged 50, has been an independent non-executive Director of our Company since February 2021. Dr. Zhou is primarily responsible for supervising and providing independent advice on the operations and management of our Group.

Dr. Zhou served as an engineer at Guang-mei-shan Railway Co., Ltd (廣梅汕鐵路有限責任公司), and a visiting scholar at Queensland University of Technology from January 2015 to December 2015.

Dr. Zhou has been serving as a professor since December 2017 and a doctoral supervisor of Hunan University (湖南大學). Dr. Zhou also held several positions in Hunan University (湖南大學) previously, including a lecturer from 2004 to 2007, a dean assistant from 2008 to 2013, an associate professor from June 2008 to October 2017 and a postdoctoral fellow from August 2014 to June 2017.

Dr. Zhou graduated from Central South University (中南大學) (previously known as Changsha Railway Institute (长沙铁道学院)) of the PRC in June 1998 with a bachelor's degree in mechanical manufacturing and automation and in June 2004 with a master's degree in mechanical design and theory. Dr. Zhou graduated from Hunan University (湖南大學) of the PRC in June 2013 with a doctorate's degree in mechanical engineering.

Lin Sen (林森), aged 49, has been an independent non-executive Director of our Company in May 2025. Mr. Lin is primarily responsible for supervising and providing independent advice on the operations and management of our Group.

Mr. Lin has over 20 years of extensive experience in accounting, auditing, corporate finance and financial management. Mr. Lin worked as an auditor at Ernst & Young. Mr. Lin worked at PricewaterhouseCoopers International Limited from February 2001 to November 2006. Mr. Lin served as the chief financial officer of Palm Commerce Information Technology (China) Co., Ltd.* (掌信彩通信息科技(中國)有限公司). From June 2017 to April 2019, Mr. Lin served as the chief financial officer of 7Road Holdings Limited (第七大道控股有限公司) (stock code: 797), a company listed on the Stock Exchange. From July 2017 to September 2022, Mr. Lin served as an independent non-executive Director of Crypto Flow Technology Limited (加幂科技有限公司) (formerly known as Loto Interactive Limited) (stock code: 8198), a company listed on the Stock Exchange. From March 2021 to August 2022, Mr. Lin served as the chief financial officer of Shenzhen Thunderstone Technology Co., Ltd. (深圳雷炎科技有限公司). From December 2021 to December 2024, Mr. Lin served as an independent director of Shenzhen Jiang & Associates Creative Design Co., Ltd. (深圳市傑恩創意設計股份有限公司) (stock code: 300668), a company listed on the Shenzhen Stock Exchange. From September 2022 to December 2023, Mr. Lin served as the chief capital officer of AsiaLinq Investments Pte. Ltd.

Mr. Lin currently serves as an independent director of each of (i) Metalpha Technology Holding Limited (NASDAQ: MATH), a company listed on NASDAQ, since December 2021, (ii) Pintec Technology Holdings Limited (NASDAQ: PT), a company listed on NASDAQ, since January 2023, as well as (iii) Bright Future Technology Holdings Limited (輝煌明天科技控股有限公司) (stock code: 01351), a company listed on the Stock Exchange, since December 2023. He currently serves as the financial director of Sinohope Hong Kong Limited (新火科技香港公司), a wholly-owned subsidiary of Sinohope Technology Holdings Limited (新火科技控股有限公司) (stock code: 1611), a company listed on the Stock Exchange, since December 2023.

Mr. Lin obtained a bachelor's degree in international business administration from Central University of Finance and Economics (中央財經大學) in 1998 and a master's degree of business administration from China Europe International Business School (中歐國際工商學院) in 2011. Mr. Lin has recently obtained a master's degree of business administration from National University of Singapore (新加坡國立大學) in January 2025. Mr. Lin is also a Certified Public Accountant in the PRC since October 2002.

SENIOR MANAGEMENT

Ye Shubing (葉曙兵), see "—Board of Directors—Executive Directors" for his biographical details.

Li Ping (李平), see "—Board of Directors—Executive Directors" for his biographical details.

Zuo Mei (左梅), aged 52, has been the chief financial officer of our Company since December 2017. She worked as a financial controller of our Company from February 2017 to December 2017. She is primarily responsible for strategic decisions, fund management and budget oversight of our Group.

Prior to joining our Group, Ms. Zuo served as the chief accountant, Youth League Committee Secretary and Party Office Director of Chongqing Metal Materials Co., Ltd.* (重慶金屬材料股份有限公司) from July 1992 to February 2002. Ms. Zuo served as a financial manager of Shenzhen Haikuotiankong Industrial Co., Ltd.* (深圳市海闊天空實業有限公司) from February 2002 to September 2002. She also held several positions in Shenzhen Maxonic Automation Control Co., Ltd. (深圳萬訊自控股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 300112), including as a financial supervisor and deputy financial manager from September 2002 to December 2008, as a financial manager from December 2008 to October 2010, as an audit manager from October 2010 to June 2013, and as a senior financial manager from June 2013 to February 2017.

Ms. Zuo graduated from Chongqing University (重慶大學) (formerly known as Chongqing Institute of Architectural Engineering (重慶建築工程學院)) of the PRC in July 1992 with a college diploma in architectural financial accounting, and from Zhongnan University of Economics and Law (中南財經政法大學) in 2012 with a master's degree in business administration. Ms. Zuo obtained the qualification as an intermediate accountant of the PRC in May 2000. Ms. Zuo also holds the board secretary qualification conferred by the Shenzhen Stock Exchange (深圳證券交易所) since May 2011. Ms. Zuo was appointed as a member of the Professional Committee of Financial Controller of Shenzhen Public Companies Association* (深圳上市公司協會財務總監專業委員會) since October 2023.

Niu Dongfeng (牛東峰), aged 33, has been the secretary of the Board of our Company since August 2024 and has been appointed as one of our joint company secretaries since April 2025. He served as a chairman assistant of our Company from June 2024 to August 2024. He is primarily responsible for information disclosure management, internal control, legal and investor relations of our Group.

Prior to joining our Group, Mr. Niu served as a senior manager of the investment banking division of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (a company listed on the Stock Exchange, stock code: 6099 and Shenzhen Stock Exchange, stock code: 600999) from December 2015 to April 2022, and a vice president of the investment banking division of Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司) from April 2022 to June 2024.

Mr. Niu graduated from Nankai University (南開大學) of the PRC in June 2013 with a bachelor's degree in economics and management, and in June 2015 with a master's degree in finance. He is a non-practising member of the Chinese Institute of Certified Public Accountants. He obtained the qualification certificate for the secretary of the board of directors of a public company in June 2024.

MANAGEMENT PRESENCE

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have sufficient management presence in Hong Kong for the purposes of Rules 8.12 and 19A.15 of the Listing Rules. Accordingly, we have applied for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules. See "Waivers from Strict Compliance with the Listing Rules and Exemption from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Management Presence in Hong Kong."

OTHER INFORMATION

Save as disclosed in this section and in "Statutory and General Information—C. Further Information About Our Directors and Substantial Shareholders" in Appendix IV to this document:

(1) each of our Directors and members of senior management does not hold and has not held any other positions in our Company and any other members of our Group as at the Latest Practicable Date;

(2) each of our Directors and members of senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as at the Latest Practicable Date;

(3) none of our Directors and members of the senior management is related to other Directors and members of the senior management;

(4) each of our Directors did not have any interest in our Shares within the meaning of Part XV of the SFO;

(5) to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date;

(6) each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 17, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules; and

(7) each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of our Company or its

subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

JOINT COMPANY SECRETARIES

Niu Dongfeng (牛東峰), aged 33, is the secretary of the Board of our Company, and has been appointed as one of our joint company secretaries with effect from the [**REDACTED**]. For biographical details of Mr. Niu, see "—Board of Directors—Senior Management."

Cheng Choi Ha (鄭彩霞), has been appointed as one of our joint company secretaries in April 2025, with effect from the [**REDACTED**].

Ms. Cheng has over 15 years of experience in the corporate secretarial services field and providing professional corporate services to Hong Kong listed companies, as well as multinational, private and offshore companies. She is a senior manager of the Company Secretarial Services of Tricor Services Limited, a member of Vistra group, which is a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Cheng obtained her bachelor's degree in business administration from Hong Kong Baptist University in December 2003. She is a Chartered Secretary, a Chartered Governance Professional, an Associate of The Hong Kong Chartered Governance Institute and an Associate of The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

The Company has established four committees under the Board, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Ms. Guo Xinmei, Dr. Zhou Changjiang and Mr. Lin Sen, with Ms. Guo Xinmei currently serving as the chairperson. Each has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure, risk management and internal control system of our Group and has terms of reference in compliance with the relevant PRC laws and regulations, Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of three Directors, namely Dr. Zhou Changjiang, Ms. Guo Xinmei and Mr. Ye Shubing, with Dr. Zhou Changjiang currently serving as the chairperson. The Remuneration and Appraisal Committee is mainly responsible for evaluating the remuneration policies for Directors and senior management of our Group and making recommendations thereon to the Board of Directors and has terms of reference in compliance with relevant laws and regulations of the PRC and paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Nomination Committee

The Nomination Committee consists of three Directors, namely Ms. Guo Xinmei, Dr. Zhou Changjiang and Mr. Li Haizhou, with Ms. Guo Xinmei currently serving as the chairperson. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board of Directors qualified candidates to serve as the Directors and senior management and monitoring the procedures for evaluating the performance of the Board of Directors and has terms of reference in compliance with the relevant laws and regulations of the PRC and paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Strategy and ESG Committee

We have established the Strategy and ESG Committee, which consists of five Directors, namely Mr. Li Haizhou, Ms. Xie Yanling, Mr. Ye Shubing, Mr. Li Ping and Dr. Zhou Changjiang, with Mr. Li Haizhou being the chairperson of the Strategy and ESG Committee according to the relevant laws and regulations of the PRC. The main duties of the Strategy and ESG Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company.

DIVERSITY POLICY OF THE BOARD OF DIRECTORS

The Board of Directors [has adopted] a board diversity policy (the "Board Diversity Policy") in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance and accounting and material science. They obtained degrees in diversified majors including business administration, thermal power machinery and equipment, thermal processing technology and equipment, rural finance and mechanical engineering.

In addition, our Board has a wide range of age, ranging from 43 years old to 56 years old. Two of our Directors are also female Directors. Our Board is of the view that our Board satisfies the Board Diversity Policy. Our Board will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.

The Nomination Committee is responsible for reviewing the diversity of our Board. After the [**REDACTED**], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

NON-COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, they are not interested in any business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our business and requires disclosure under Rules 8.10(2) and 19A.14 of the Listing Rules.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation and remuneration of the Directors and members of the senior management of our Company are determined by the Shareholders' meetings and our Board as appropriate. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the [**REDACTED**], will receive recommendation from the Remuneration and Appraisal Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and performance of our Group. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Our Company offers executive Directors and senior management members, who are our employees, compensation in the form of fees, salaries, allowances, performance related bonuses, share-based payment expenses, pension scheme contribution and other benefits. Our independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration paid to the Directors for the three years ended December 31, 2022, 2023, 2024 and three months ended March 31, 2025 were RMB4.34 million, RMB4.76 million, RMB7.90 million and RMB1.80 million, respectively.

The aggregate amounts of remuneration (including salaries, allowances, performance related bonuses, share-based payment expenses, pension scheme contribution and other benefits) paid to the five highest paid individuals, including 4, 4, 4 and 4 Directors, for the three years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2025, were RMB4.91 million, RMB5.20 million, RMB9.29 million and RMB2.00 million, respectively.

It is estimated that remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) equivalent to approximately RMB6.15 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2025, based on the arrangements in force as of the date of the document.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period. Further information on the remuneration of our Directors and the five highest paid individuals during the Track Record Period is set out in the Accountants' Report in Appendix I to this document. See "Statutory and General Information—A. Further Information About Our Group—4. 2024 Share Incentive Scheme" in Appendix IV to this document for more information on the share incentive plans applicable to our Directors and/or senior management.

COMPLIANCE ADVISOR

Our Company appointed Guosen Securities (HK) Capital Company Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances pursuant to Rule 3A.23 of the Listing Rules:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where our Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and

(iv) responding to inquiries made by the Stock Exchange to the Company pursuant to Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 3A.24 of the Listing Rules, the compliance advisor shall inform us on a timely basis of any amendment or supplement to the Listing Rules issued by the Stock Exchange from time to time and any new or amended laws and regulations in Hong Kong applicable to our Company. The compliance advisor shall also provide advice to us as to compliance with the Listing Rules and applicable laws and regulations.

The terms of the appointment of the compliance advisor will commence on the [**REDACTED**] Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] Date.

* The English names of these entities in the PRC represent the best effort made by the Directors to translate the Chinese names as these entities have not been registered with any official English names.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the following persons will have, or be deemed, or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

					Immediately after the [REDACTED] (assuming that the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED])	
Name of substantial Shareholder	**Nature of interest**	**Description of Shares**	**Number of Shares interested in under the SFO**	**Approximately % of the issued Shares of our Company as of the Latest Practicable Date**	**Approximate % of the A Shares of our Company**	**Approximate % of the issued Shares of our Company**
Mr. Li	Beneficial interest	A Shares	43,657,600	18.18%	[REDACTED]	[REDACTED]
	Interest in controlled corporations(2)(5)	A Shares	106,560,000	44.36%	[REDACTED]	[REDACTED]
	Interest of spouse(3)	A Shares	106,560,000	44.36%	[REDACTED]	[REDACTED]
Ms. Xie	Interest in controlled corporations(2)(4)	A Shares	106,560,000	44.36%	[REDACTED]	[REDACTED]
	Interest of spouse(3)	A Shares	150,217,600	62.54%	[REDACTED]	[REDACTED]
Zhaowei Holding	Beneficial interest(2)	A Shares	85,120,000	35.44%	[REDACTED]	[REDACTED]
Qingmo Partnership	Beneficial interest(4)(5)	A Shares	21,440,000	8.93%	[REDACTED]	[REDACTED]

(1) All interests stated are long positions.

(2) Zhaowei Holding is owned as to 55% and 45% by Mr. Li and Ms. Xie, respectively. Therefore, Mr. Li and Ms. Xie are deemed to be interested in all the Shares held by Zhaowei Holding for the purpose of the SFO.

(3) Ms. Xie is the spouse of Mr. Li. Accordingly, they are deemed to be interested in the same number of Shares of each other for the purpose of the SFO.

(4) Ms. Xie is the general partner of Qingmo Partnership and holds 50% of the interests therein. Therefore, Ms. Xie is deemed to be interested in the interests held by Qingmo Partnership.

(5) Mr. Li is the limited partner of Qingmo Partnership and holds 50% of the interests therein. Therefore, Mr. Li is deemed to be interested in the interests held by Qingmo Partnership.

Save as disclosed herein and in "Statutory and General Information—C. Further Information About Our Directors and Substantial Shareholders—1. Disclosure of Interests" in Appendix IV to this document, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE PLEDGES BY MR. LI

In order to obtain financing for his personal needs, Mr. Li has from time to time pledged the A Shares he owned to certain PRC financial institutions as collateral. As of March 31, 2025, Mr. Li has pledged 2,300,000 A Shares, representing approximately 0.96% of the total issued share capital of our Company as security in favour of certain PRC financial institutions regulated by the NFRA and/or the CSRC (collectively, the "PRC Regulated Financial Institutions") which will continue to subsist after [**REDACTED**].

The loan of Mr. Li secured by share pledges in respect of the A Shares he holds are subject to margin call, close-out or loan-to-value ratio requirements that would be triggered by a material variation in value of our A Shares. Nevertheless, Mr. Li can opt to repay a portion of the relevant outstanding loans and/or provide additional margin funds in the event such margin call or loan-to-value ratio requirement is triggered to avoid having to pledge additional Shares in respect of such loan or credit facilities. Mr. Li will only pledge additional Shares to the extent permissible under the Listing Rules and further announcement(s) will be made by the Company as and when appropriate and required under the Listing Rules.

To the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit records against Mr. Li in respect of any breach of repayment obligations under its indebtedness.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB240,203,500, comprising 240,203,500 A Shares of nominal value RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares	240,203,500	100.00%
Total	240,203,500	100.00%

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares in issued	[240,203,500]	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00%

Immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares in issued	[240,203,500]	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00%

Note: See "History, Development and Corporate Structure—Shareholding and Corporate Structure upon Completion of the [**REDACTED**]" for details of the identities of our Shareholders upon [**REDACTED**].

The above table assumes that the [**REDACTED**] has become unconditional and the H Shares are issued pursuant to the [**REDACTED**].

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in RMB. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the listing of H Shares on the Stock Exchange. Such approval was obtained at the general meeting of our Company held on May 19, 2025 upon, among other things, the following major terms:

(i) Size of the [REDACTED]

The proposed number of H Shares to be [**REDACTED**] under the [**REDACTED**] shall not exceed [**REDACTED**] of the total issued share capital of our Company as enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**] and assuming that no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). The number of H Shares to be [**REDACTED**] pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially pursuant to the [**REDACTED**].

(ii) Method of [REDACTED]

The method of [**REDACTED**] shall be by way of a [**REDACTED**] for [**REDACTED**] in [**REDACTED**] to institutional and professional [**REDACTED**].

(iii) Target investors

The H Shares shall be [**REDACTED**] to overseas professional organizations, institutions individual investors and other eligible investors.

(iv) [**REDACTED**] basis

The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders, the acceptance of [**REDACTED**] risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) Valid period

The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on May 19, 2025.

There is no other approved [**REDACTED**] plan for any other shares except for the [**REDACTED**].

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

For details of circumstance under which our Shareholders' general meeting is required, see "Summary of Articles of Association—Shareholders and Shareholders' Meetings" in Appendix III to this document.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto included in the Accountants' Report set out in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with the IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Forward-looking Statements" and "Risk Factors" in this document.

OVERVIEW

We are a leading provider of integrated micro transmission and drive system solutions, ranking No. 1 in China and No. 4 globally as measured by revenue, according to the F&S Report. We are dedicated to driving continuous innovation through our unique tri-integrated innovation strategy, which synergizes transmission systems, micro motor systems and electronic control systems into a unified innovation framework. We primarily provide integrated micro transmission and drive system solutions tailored to the specific needs of high-growth verticals, ranging from intelligent automotive and embodied robotics to consumer technology, healthcare technology and advanced industrial manufacturing, where we have built deep technical expertise and long-standing customer partnerships.

We experienced significant growth during the Track Record Period. We generate revenue primarily from the provision of integrated micro transmission and drive system solutions. Our revenue increased from RMB1,152.5 million in 2022 to RMB1,205.9 million in 2023, and further to RMB1,524.6 million in 2024. Our revenue further increased from RMB312.4 million in the three months ended March 31, 2024 to RMB367.5 million in the three months ended March 31, 2025. Furthermore, our net profit was RMB150.5 million, RMB179.9 million, RMB225.4 million, RMB55.4 million and RMB55.1 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, representing a net profit margin of 13.1%, 14.9%, 14.8%, 17.7% and 15.0% for the same periods, respectively. Our adjusted net profit (non-IFRS measure) increased from RMB152.8 million in 2022 to RMB170.6 million in 2023 and further to RMB230.7 million in 2024. Our adjusted net profit (non-IFRS measure) further increased from RMB55.4 million in the three months ended March 31, 2024 to RMB59.1 million in the three months ended March 31, 2025.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the integrated micro transmission and drive industry. These factors include macroeconomic trends, industry development, downstream demands, competitive landscape and government policies. Specifically, the development of China's integrated micro drive solutions industry has been driven by surging demand for upgraded intelligent automotive configurations, continued growth of the XR device market, technology innovations, expansion of physical AI applications and policy support.

In addition to these general factors, our results of operations are affected by the following company-specific factors:

Our Ability to Constantly Offer Products and Solutions that Address Customer Demands

We specialize in the research, development and production of precision drive systems, providing customers with intelligent drive solution design, as well as customized services for component manufacturing and assembly. We leverage the synergistic integration of our transmission, micro motor and electronic control systems to create a comprehensive competitive edge across the entire value chain, from core components to intelligent integrated solutions. To date, we have developed products and solutions featuring precision, miniaturization and ultra-thin design for several major industry verticals, including intelligent automotive, consumer and healthcare technology, advanced industry and smart manufacturing, and embodied robotics. Given the relatively sophisticated nature of our products and solutions, which involve dedicated technology, know-how and manufacturing techniques, and the peculiar business needs of our customers, our ability to constantly and efficiently offer satisfactory products and solutions is fundamental to our results of operations and market competitiveness. Specifically, the perceived benefits of our products and solutions are crucial to customers' willingness to procure from us and our ability to price effectively.

Our ability to offer satisfactory products and solutions in turn depends on, among others, (1) our ability to optimize and upgrade our products and solutions to effectively serve existing demands from customers, and innovate with new products and solutions that align with industry trends, technology developments, and changes in the preferences and requirements of our customers, some of which may be from new verticals that we have limited prior experience with; (2) our ability to precisely and timely identify, understand and cater to our customers' business needs; (3) the effectiveness and agility of our product development process; and (4) our manufacturing capabilities to ensure the successful delivery of our products and solutions with desired functionality and quality. In addition, as we proactively expand our customer base and diversify our sector coverage, the demand of our products and solutions is also increasingly influenced by changes in the industries and markets that our customers operate in. We expect to continue to offer attractive products and solutions to drive our revenue growth.

Our Ability to Reinforce Our Customer Relationship and Develop Our Customer Base

Our products and solutions are made to order and cater to the different needs of our customers. Therefore, our results of operations have been and are expected to continue to be affected by our ability to solidify and deepen our relationship with our customers. We have undertaken a customer-centric direct sales approach, coupled with a project-based approach from initial product development to full-scale manufacturing, to fit with customer demands and optimize our delivery and execution. We expect to further such approaches, which enable us to closely work with our customers, address their demands in a satisfactory and agile manner and, ultimately, anchor their collaborations with us to drive our growth. Our relationship with customers depends on a wide array of factors, including the attractiveness of our products and solutions based on their benefits and costs to customers, the availability and relative advantages of alternative products from our competitors, and the specific demand of our customers, over which we have limited control. We must continually reinforce our customer relationship in view of such factors, so that we can ensure their procurement from us, maintain our market share and competitive advantages and price our products effectively.

Moreover, our results of operations and sustainable growth are also influenced by the breadth and depth of our customer base. Our customers currently consist of enterprises across a variety of industry verticals, such as automotive manufacturers, industrial companies, consumer electronic companies, medical device companies and telecommunication companies, while we derived a significant portion of our revenue from certain key customers from each of these verticals during the Track Record Period. For instance, in 2022, 2023, 2024 and the three months ended March 31, 2025, revenue generated from our top five customers in each period during the Track Record Period accounted for 38.2%, 50.7%, 46.6% and 49.3% of our total revenue for such period, respectively. Therefore, our ability to maintain favorable and stable relationship with such customers is important to our financial performance. We expect to further expand our customer base along with the proliferation of each business line, which could diversify our revenue streams and improve our resilience.

Effectiveness of Our Research and Development Efforts

We believe that research and development empowers our innovations and is pivotal to our long-term development. Under our tri-integrated innovation strategy, we leverage the synergistic integration of our transmission, micro motor and electronic control systems to create a comprehensive competitive edge across the entire value chain, from core components to intelligent integrated solutions. Given that our integrated micro transmission and drive systems are tailored for a wide range of industry verticals and specialized application scenarios, a significant portion of our products must be designed and manufactured based on specific requirements, with relatively low levels of standardization. We have accumulated advanced product design and precision development capabilities and developed a series of key manufacturing technologies that enable us to produce products for diverse industry verticals with high precision and premium quality. These efforts have contributed to the success of our products and solutions and our competitive advantages, and, in turn, our historical performance. We have steadily invested and will commit to investing in our research and development efforts to upgrade our products and solutions and advance our technological competitive edge. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our research and development costs amounted to RMB117.3 million, RMB128.7 million, RMB155.1 million, RMB30.5 million and RMB39.7 million, respectively, accounting for 10.2%, 10.7%, 10.2%, 9.8% and 10.8% of our total revenue for the same periods, respectively. Specifically, we have made significant investment into our research and development personnel, to drive our innovations and lead our technological advancements. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, the employee benefit expenses of our research and development personnel accounted for 69.8%, 70.1%, 69.2%, 71.1% and 77.3% of our total research and development costs, respectively. Going forward, we expect to continue to invest in our research and development efforts in a prudent and efficient manner that closely aligns with our business objectives and enables us to capture industry trends.

Our Ability to Manage Costs and Expenses and Maintain Operational Efficiency

Our ability to control our cost of sales is crucial to our financial performance, in particular our profitability. Specifically, cost of sales accounted for 70.9%, 71.1%, 68.8%, 68.0% and 67.8% of our total revenue for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, thereby representing the most significant proportion of our total costs and expenses. We believe that we have achieved effective cost management during the Track Record Period, as demonstrated by our stable gross profit margin. Our cost management in turn depends on our ability to control each of the major cost components, including (1) costs of materials of our products; (2) direct labor costs; and (3) manufacturing overhead costs. In particular, cost of materials represented the most significant portion of our total costs, accounting for 71.7%, 70.0%, 70.8%, 70.4% and 70.7% of our total cost of sales for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Given the nature of our products, we primarily follow a made-to-order procurement model, in which materials are purchased based on confirmed customer orders or order forecasts. As a result, our cost of materials depends in part on the particular needs of customers for the products and solutions ordered, and our ability to maintain a robust, resilient and efficient supply chain and harness our relationship with suppliers, and is also affected changes in the supply chain, such as the price fluctuations and availability of the raw materials. In addition, to the extent that there are any material fluctuations of our labor costs and manufacturing overhead costs, such as due to changes in the supply and demand of the labor market, the improvements of manufacturing techniques and upgrades of production lines and purchase and implementation of new manufacturing equipment, our cost of sales may also be affected.

Our profit margin is also affected by our operating expenses, which primarily comprised selling and marketing expenses, administrative expenses and research and development costs during the Track Record Period. We formulate, implement and constantly monitor the execution of financial budgets that enable us to accomplish effective control of our operating expenses in parallel with the growth of our business scale. As we continue to expand our business, we expect to continually maintain our operating expenses at reasonable levels corresponding to our growth, and, in the long term, realize greater economies of scale that further optimizes our cost structure and improves our profitability.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period and in the period covered by the interim comparative financial information.

The historical financial information has been prepared under the historical cost convention except for equity investments designated at FVTOCI, debt investments at FVTOCI, financial assets at FVTPL and financial liabilities at FVTPL which have been measured at fair value at the end of each period during the Track Record Period and in the period covered by the interim comparative financial information.

MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements related to accounting items. The estimates and assumptions we use and the judgements we make in applying our accounting policies have a significant impact on our financial position and operational results. Results may differ from these estimates under different assumptions and conditions.

Our management continually evaluates such estimates, assumptions and judgements based on historical experience and other assumptions which our management believes to be reasonable under the circumstances.

We set forth below accounting policies that we believe involve the most significant estimates, assumptions and judgements used in the preparation of our financial statements. Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales of products

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products for export sales and acceptance of the products for domestic sales.

A portion of the sales of products is on consignment arrangements where the products are delivered to the customers' locations for their use. The control of the products is transferred when the products are used by the customers.

Some customers signed contract for the molds manufactured by us specifically to satisfy the promise to deliver products to the customers at stand-alone selling prices. Revenue from the sales of molds is recognised at point in time when the molds are accepted and confirmed by the customer or when the bulk orders to manufacture the specified products are made by the customer.

Fair Value Measurement

We measure certain financial instruments at fair value at the end of each year/period during the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2—based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

- Level 3—based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial information during the Track Record Period on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year/period during the Track Record Period.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.5%
Machine equipment	9.70% to 19.40%
Electronic equipment	32.33%
Transportation equipment	24.25%
Other equipment	19.40%
Renovation and leasehold improvement	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each year/period during the Track Record Period.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investments and Other Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVTOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient of not adjusting the effect of a significant financing component, we initially measure a financial asset at its fair value plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" above.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Our business model for managing financial assets refers to how we manage our financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that we commit to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTOCI (debt instruments)

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, we can elect to classify irrevocably our equity investments as equity investments designated at FVTOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from our consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- we have transferred our rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) we have transferred substantially all the risks and rewards of the asset, or (b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When we have transferred our rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, we continue to recognize the transferred asset to the extent of our continuing involvement. In that case, we also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that we could be required to repay.

Judgements

Classification of financial assets

The classification of financial assets at initial recognition depends on our business model for managing the financial assets. In determining the business model, we consider how the performance of the business model and the financial assets held within that business model are evaluated and reported to our key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, the way those risks are managed. In determining whether cash flows are going to be realized by collecting the financial assets' contractual cash flows, it is necessary for us to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Estimation Uncertainty

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in Note 41 to the Accountants' Report in Appendix I in this document. The valuation requires us to determine the comparable public companies (peers) and select the price multiple, make estimates about the discount for lack of marketability, and/or adjust quoted prices in active markets. In addition, we make estimates about the discount for illiquidity and size differences. We classify the fair value of these investments as level 3. For details, see Note 17 to the Accountants' Report in Appendix I in this document.

Provision for expected credit losses on trade and notes receivables

We use a provision matrix to calculate expected credit losses ("ECLs") for trade and notes receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each period during the Track Record Period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on our trade and notes receivables is disclosed in Note 21 to the Accountants' Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table set forth a summary of our consolidated statements of profit or loss and other comprehensive expense/income for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(Unaudited)			
Revenue	1,152,459	100.0	1,205,945	100.0	1,524,599	100.0	312,366	100.0	367,530	100.0
Cost of sales	(817,349)	(70.9)	(856,854)	(71.1)	(1,049,031)	(68.8)	(212,267)	(68.0)	(249,214)	(67.8)
Gross profit	**335,110**	**29.1**	**349,091**	**28.9**	**475,568**	**31.2**	**100,099**	**32.0**	**118,316**	**32.2**
Other income and gains	67,742	5.9	100,192	8.3	94,356	6.2	23,984	7.7	24,617	6.7
Selling and marketing expenses	(45,141)	(3.9)	(42,058)	(3.5)	(60,275)	(4.0)	(12,711)	(4.1)	(14,486)	(3.9)
Administrative expenses	(73,102)	(6.3)	(75,210)	(6.2)	(93,623)	(6.1)	(19,934)	(6.4)	(25,391)	(6.9)
Research and development costs	(117,342)	(10.2)	(128,714)	(10.7)	(155,136)	(10.2)	(30,497)	(9.8)	(39,665)	(10.8)
Impairment losses on financial assets, net	(3,961)	(0.3)	(6,304)	(0.5)	(6,334)	(0.4)	3,714	1.2	202	0.1
Other expenses	(1,523)	(0.1)	(2,171)	(0.2)	(2,038)	(0.1)	(325)	(0.1)	(437)	(0.1)
Finance costs	(3,132)	(0.3)	(3,334)	(0.3)	(2,411)	(0.2)	(542)	(0.2)	(1,101)	(0.3)
Share of profits and losses of an associate	99	0.0	683	0.1	(5,391)	(0.4)	(2,097)	(0.7)	(1,011)	(0.3)
Profit before tax	**158,750**	**13.8**	**192,175**	**15.9**	**244,716**	**16.1**	**61,691**	**19.7**	**61,044**	**16.6**
Income tax expense	(8,254)	(0.7)	(12,252)	(1.0)	(19,297)	(1.3)	(6,320)	(2.0)	(5,940)	(1.6)
Profit for the year/period	**150,496**	**13.1**	**179,923**	**14.9**	**225,419**	**14.8**	**55,371**	**17.7**	**55,104**	**15.0**
Other comprehensive income										
Exchanges differences on translation of foreign operations	896	0.1	112	0.0	(25)	(0.0)	24	0.0	121	0.0
Equity investments designated at FVTOCI: Changes in fair value	3,907	0.3	(1,008)	(0.1)	(639)	(0.0)	(615)	(0.2)	(527)	(0.1)
Other comprehensive income/(loss) for the year/period, net of tax	4,803	0.4	(896)	(0.1)	(664)	(0.0)	(591)	(0.2)	(406)	(0.1)
Total comprehensive income for the year/period	**155,299**	**13.5**	**179,027**	**14.8**	**224,755**	**14.7**	**54,780**	**17.5**	**54,698**	**14.9**

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the period adjusted for share-based payment expenses. Share-based payment expenses are non-cash expenses arising from granting share options and restricted A Shares to employees. The following table sets out a reconciliation from adjusted net profit (non-IFRS measure) to profit for the period which is presented in accordance with IFRS Accounting Standards.

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Profit for the year/period	**150,496**	**179,923**	**225,419**	**55,371**	**55,104**
Add:					
Share-based payment expenses	2,319	(9,309)	5,264	—	3,948
Adjusted net profit	**152,815**	**170,614**	**230,683**	**55,371**	**59,052**

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily generated revenue from the sales of integrated drive products and solutions in multiple sectors, including (1) intelligent automotive solutions; (2) consumer and healthcare technology solutions; (3) advanced industry and smart manufacturing solutions; and (4) embodied robotics solutions. We recorded total revenue of RMB1,152.5 million, RMB1,205.9 million, RMB1,524.6 million, RMB312.4 million and RMB367.5 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. The following table sets forth our total revenue by business line for the periods indicated, both in absolute amount and as a percentage of our total revenue.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(Unaudited)			
Intelligent automotive solutions	492,576	42.8	679,143	56.3	895,109	58.7	180,605	57.8	240,239	65.4
Consumer and healthcare technology solutions	471,849	40.9	389,804	32.3	487,711	32.0	98,803	31.6	95,205	25.9
Advanced industry and smart manufacturing solutions	180,155	15.6	126,298	10.5	126,326	8.3	30,069	9.6	27,255	7.4
Embodied robotics solutions	2,534	0.2	3,131	0.3	6,014	0.4	844	0.3	3,297	0.9
Others[(1)]	5,345	0.5	7,569	0.6	9,439	0.6	2,045	0.7	1,534	0.4
Total	**1,152,459**	**100.0**	**1,205,945**	**100.0**	**1,524,599**	**100.0**	**312,366**	**100.0**	**367,530**	**100.0**

(1) Others primarily include solutions sold to enterprise customers operating in other technology sectors.

The following table sets forth information about the sales volume of our products sold and average selling price for each of the business lines for the periods indicated. Due to the nature of our solutions, we have a highly broad variety of products with different product specifications, complexity and prices and, therefore, our ASP could vary significantly across product types, customers, business lines and periods.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(Sales volume in thousand units, ASP in RMB)									
Intelligent automotive solutions	489,506	1.0	483,367	1.4	599,119	1.5	132,415	1.4	165,676	1.5
Consumer and healthcare technology solutions	94,016	5.0	73,474	5.3	70,669	6.9	12,914	7.7	9,704	9.8
Advanced industry and smart manufacturing solutions	36,607	4.9	23,136	5.5	22,132	5.7	6,084	4.9	3,036	9.0
Embodied robotics solutions	147	17.2	146	21.5	225	26.7	38	22.3	55	60.5
Others	106	50.5	208	36.4	150	62.8	36	56.3	35	44.1
Total	**620,382**	**1.9**	**580,331**	**2.1**	**692,296**	**2.2**	**151,486**	**2.1**	**178,505**	**2.1**

During the Track Record Period, we primarily entered into sales contracts with customers located in the PRC, and, to a lesser extent, in other countries such as India, Czech Republic, France, Mexico and Germany. Revenue from the PRC amounted to RMB1,006.1 million, RMB1,048.8 million, RMB1,312.2 million, RMB262.0 million and RMB325.9 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, representing 87.3%, 87.0%, 86.1%, 83.9% and 88.7% of our total revenue for the same periods, respectively. Revenue from other countries and regions amounted to RMB146.3 million, RMB157.2 million, RMB212.4 million, RMB50.3 million and RMB41.6 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, representing 12.7%, 13.0%, 13.9%, 16.1% and 11.3% of our total revenue for the same periods, respectively.

Cost of Sales

Our cost of sales consisted of (1) costs of materials of our products, such as standard motors, plastics, gears, shafts, brackets, mold materials, bearings, housings, electronic components, and packaging materials; (2) direct labor costs of our manufacturing personnel; and (3) manufacturing overhead costs, such as depreciation and amortization and indirect labor costs. We recorded cost of sales of RMB817.3 million, RMB856.9 million, RMB1,049.0 million, RMB212.3 million and RMB249.2 million for 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as a percentage of the total cost of sales, for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(Unaudited)			
Cost of materials	585,504	71.6	599,432	70.0	743,120	70.8	149,494	70.4	176,235	70.7
Direct labor costs	67,514	8.3	64,802	7.5	78,416	7.5	17,112	8.1	21,328	8.6
Manufacturing overhead costs	164,331	20.1	192,620	22.5	227,495	21.7	45,661	21.5	51,651	20.7
Total	**817,349**	**100.0**	**856,854**	**100.0**	**1,049,031**	**100.0**	**212,267**	**100.0**	**249,214**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit was RMB335.1 million, RMB349.1 million, RMB475.6 million, RMB100.1 million and RMB118.3 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, representing a gross profit margin of 29.1%, 28.9%, 31.2%, 32.0% and 32.2% for the same periods, respectively.

The following table sets forth our gross profit and gross profit margin by use cases for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Gross profit (RMB)	Gross profit margin (%)	Gross profit (RMB)	Gross profit margin (%)	Gross profit (RMB)	Gross profit margin (%)	Gross profit (RMB)	Gross profit margin (%)	Gross profit (RMB)	Gross profit margin (%)
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Intelligent automotive solutions	160,282	32.5	208,499	30.7	290,979	32.5	55,859	30.9	80,260	33.4
Consumer and healthcare technology solutions	118,274	25.1	99,758	25.6	141,863	29.1	34,690	35.1	28,168	29.6
Advanced industry and smart manufacturing solutions	54,600	30.3	36,412	28.8	35,979	28.5	8,769	29.2	8,030	29.5
Embodied robotics solutions	358	14.1	820	26.2	1,837	30.5	136	16.1	1,142	34.6
Others	1,596	29.9	3,602	47.6	4,910	52.0	645	31.5	716	46.7
Total	**335,110**	**29.1**	**349,091**	**28.9**	**475,568**	**31.2**	**100,099**	**32.0**	**118,316**	**32.2**

Other Income and Gains

Our other income primarily consisted of (1) government grants, which primarily represented incentives and awards granted for our research and development initiatives and manufacturing upgrades that were recognized in profit or loss during the relevant periods; (2) additional deduction of VAT and other tax reliefs; (3) bank interest income; (4) other interest income from debt investment at FVTOCI, which mainly represented our negotiable certificate of deposit; (5) investment income from and fair value gains on financial assets at FVTPL, mainly in connection with our wealth management products; and (6) foreign exchange gains, net, which mainly arose from our cash and cash equivalents, trade receivables and trade payables denominated in U.S. Dollars.

Our other income and gains amounted to RMB67.7 million, RMB100.2 million, RMB94.4 million, RMB24.0 million and RMB24.6 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. The following table sets forth a breakdown of our other income and gains for the periods indicated.

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Other income					
Government grants	12,230	17,181	12,569	1,394	3,514
Additional deduction of VAT and other tax reliefs	1,257	5,678	8,367	1,509	6,073
Bank interest income	14,629	6,524	9,439	2,050	1,974
Other interest income from debt investment at FVTOCI	21,984	31,585	25,306	6,902	6,570
Investment income from financial assets at FVTPL	10,004	21,061	17,427	2,497	4,040
Dividend income from equity investment at FVTOCI	—	50	—	—	—
Others	1,167	766	304	592	335
Total other income	**61,271**	**82,845**	**73,412**	**14,944**	**22,506**
Gains					
Foreign exchange gains, net	2,821	566	1,048	—	705
Fair value gains on financial assets at FVTPL	3,650	15,317	19,896	9,040	1,406
Gain on disposal of items of right-of-use, net	—	1,464	—	—	—
Total gains	**6,471**	**17,347**	**20,944**	**9,040**	**2,111**
Total other income and gains	**67,742**	**100,192**	**94,356**	**23,984**	**24,617**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, bonuses and other benefits for our sales and marketing personnel, including share-based payment expenses; (2) traveling and business development expenses incurred by our sales and marketing personnel; and (3) advertising and market promotion expenses.

We incurred selling and marketing expenses of RMB45.1 million, RMB42.1 million, RMB60.3 million, RMB12.7 million and RMB14.5 million for 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively. The following table sets forth a breakdown of our selling and marketing expenses by nature, both in absolute amount and as a percentage of our total selling and marketing expenses, for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(Unaudited)			
Employee benefit expenses	29,415	65.2	28,353	67.4	39,510	65.5	8,303	65.3	9,974	68.9
Traveling and business development expenses	8,277	18.3	7,054	16.8	7,817	13.0	1,765	13.9	1,604	11.1
Advertising and market promotion expenses	3,953	8.8	3,238	7.7	6,966	11.6	1,298	10.2	1,301	9.0
Depreciation and amortization	566	1.2	812	1.9	689	1.1	148	1.2	140	1.0
Others[1]	2,930	6.5	2,601	6.2	5,293	8.8	1,197	9.4	1,467	10.0
Total	**45,141**	**100.0**	**42,058**	**100.0**	**60,275**	**100.0**	**12,711**	**100.0**	**14,486**	**100.0**

(1) Others primarily include marketing consulting service fees, rentals, office expenses, testing fees, utility costs and other miscellaneous expenses.

Administrative Expenses

Our administrative expenses primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, bonuses and and other benefits for our administrative personnel, including share-based payment expenses; (2) depreciation and amortization; (3) taxes and surcharges; (4) consulting and other professional fees, such as fees for engaging third-party consultants for professional advice on areas of improvements of our business, and audit fees; (5) traveling and business activities expenses incurred by our administrative personnel; and (6) office expenses. We incurred administrative expenses of RMB73.1 million, RMB75.2 million, RMB93.6 million, RMB19.9 million and RMB25.4 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. The following table sets forth a breakdown of our administrative expenses by nature, both in absolute amount and as a percentage of our total administrative expenses, for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(Unaudited)			
Employee benefit expenses	39,187	53.6	37,677	50.1	48,490	51.8	9,437	47.3	12,254	48.3
Depreciation and amortization	9,029	12.4	14,127	18.8	15,937	17.0	3,961	19.9	6,733	26.5
Taxes and surcharges	10,035	13.7	9,738	12.9	12,094	12.9	2,568	12.9	3,009	11.9
Consulting and other professional service fees	6,422	8.8	4,734	6.3	6,686	7.1	1,885	9.5	1,398	5.5
Traveling and business activities expenses	1,899	2.6	2,145	2.9	3,589	3.8	866	4.3	825	3.2
Office expenses	1,992	2.7	1,630	2.2	1,339	1.4	325	1.6	240	0.9
Others[(1)]	4,538	6.2	5,159	6.8	5,488	6.0	892	4.5	932	3.7
Total	**73,102**	**100.0**	**75,210**	**100.0**	**93,623**	**100.0**	**19,934**	**100.0**	**25,391**	**100.0**

(1) Others primarily include repairment expenses, insurance fees, bank transaction service fees, transportation expenses, utility costs and other miscellaneous expenses.

Research and Development Costs

Our research and development costs primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, bonuses and other benefits for our research and development personnel, including share-based payment expenses; (2) research materials costs involved in our research and development activities, which also include the costs of prototypes and molds; (3) depreciation and amortization; and (4) research processing expenses, representing outsourced service fees for manufacturing and processing products in our R&D process. We incurred research and development costs of RMB117.3 million, RMB128.7 million, RMB155.1 million, RMB30.5 million and RMB39.7 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. The following table sets forth a breakdown of our research and development costs by nature, both in absolute amount and as a percentage of our total research and development costs, for the periods indicated.

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(Unaudited)			
Employee benefit expenses	81,956	69.8	90,216	70.1	107,416	69.2	21,689	71.1	30,645	77.3
Research materials costs	17,724	15.1	21,004	16.3	21,589	13.9	3,853	12.6	3,328	8.4
Depreciation and amortization	6,934	5.9	8,392	6.5	11,281	7.3	1,776	5.8	2,887	7.3
Research processing expenses	2,006	1.7	2,720	2.1	4,126	2.7	675	2.2	648	1.6
Others[(1)]	8,722	7.5	6,382	5.0	10,724	6.9	2,504	8.3	2,157	5.4
Total	**117,342**	**100.0**	**128,714**	**100.0**	**155,136**	**100.0**	**30,497**	**100.0**	**39,665**	**100.0**

(1) Others primarily include patent fees, testing fees, traveling expenses, utility costs and other miscellaneous expenses.

Impairment Losses on Financial Assets, Net

We recorded impairment losses on financial assets during the Track Record Period, primarily in connection with our trade and notes receivables. We incurred impairment losses on financial assets of RMB4.0 million, RMB6.3 million and RMB6.3 million for 2022, 2023 and 2024, respectively, and we recorded a reversal of impairment losses on financial assets at RMB3.7 million and RMB0.2 million for the three months ended March 31, 2024 and 2025, respectively.

Finance Costs

Finance costs consisted of interest expenses on our borrowings and lease liabilities. We incurred finance costs of RMB3.1 million, RMB3.3 million, RMB2.4 million, RMB0.5 million and RMB1.1 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively.

Income Tax Expense

We recorded income tax expense of RMB8.3 million, RMB12.3 million, RMB19.3 million, RMB6.3 million and RMB5.9 million for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, representing an effective tax rate of 5.2%, 6.4%, 7.9%, 10.2% and 9.8% for the same periods, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. The following description sets forth a summary of our major income tax exposures in relevant jurisdictions.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period.

PRC

The provision for corporate enterprise income tax in the PRC is based on the statutory rate of 25% of the taxable profits determined in accordance with the EIT Law, which was approved and became effective on January 1, 2008, except for certain subsidiaries of our Group in the PRC which are granted tax concession and are taxed at preferential tax rates.

Our Company was qualified as an HNTE to enjoy a preferential income tax rate of 15% from 2022 to 2024. Dongguan Zhaowei was qualified as an HNTE to enjoy a preferential income tax rate of 15% from 2023 to 2025. These qualifications are subject to review by the relevant tax authority in the PRC for every three years. The renewal of above qualifications of the Company for 2025 to 2027 is in process and expected to be obtained in November 2025.

Pursuant to Caishui [2022] No. 13 "Announcement on Further implementing the income Tax Preferential Policies for Small Meagre-profit Enterprises" (關於進一步實施小微企業所得稅優惠政策的公告), Caishui [2023] No. 6 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), and Caishui [2023] No. 12 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), certain of our subsidiaries were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of portion of taxable income generally not exceeding RMB3.0 million during the Track Record Period. In addition, from 2022 to 2024, certain small and low-profit subsidiaries enjoyed a 75% discount on taxable income between RMB1.0 million and RMB3.0 million, and total taxable income were taxed at a preferential tax rate of 20%. Moreover, our Company and our subsidiaries were entitled to additional deduction of qualified research and development expenses from the taxable income at an additional deduction percentage of 100% from January 1, 2022 to December 31, 2027.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

Revenue

Revenue increased by 17.6% from RMB312.4 million for three months ended March 31, 2024 to RMB367.5 million for three months ended March 31, 2025, primarily due to the increase in revenue from our intelligent automotive solutions for the reasons discussed below.

- ***Intelligent automotive solutions***. Our revenue from intelligent automotive solutions increased by 33.0% from RMB180.6 million for the three months ended March 31, 2024 to RMB240.2 million for the three months ended March 31, 2025, primarily driven by the growing demand from certain major customers operating in the automotive sector, as we were able to satisfy their increasing business and manufacturing needs with our solutions.

- ***Consumer and healthcare technology solutions***. Our revenue from consumer and healthcare technology solutions remained relatively stable at RMB98.8 million and RMB95.2 million for the three months ended March 31, 2024 and 2025, respectively.

- ***Advanced industry and smart manufacturing solutions***. Our revenue from advanced industry and smart manufacturing solutions was relatively stable at RMB30.1 million and RMB27.3 million for the three months ended March 31, 2024 and 2025, respectively.

- ***Embodied robotics solutions***. Our revenue from embodied robotics solutions increased significantly from RMB0.8 million for the three months ended March 31, 2024 to RMB3.3 million for the three months ended March 31, 2025, primarily due to our extended reach to new customers operating in the embodied robotics sector, which had a growing demand of our solutions, driven in part by the rapid development of the embodied robotics industry.

Cost of sales

Cost of sales increased by 17.4% from RMB212.3 million for three months ended March 31, 2024 to RMB249.2 million for three months ended March 31, 2025, primarily due to (1) an increase in cost of materials of RMB26.7 million, (2) an increase in direct labor costs of RMB4.2 million, and (3) an increase in manufacturing overhead costs of RMB6.0 million, generally in line with the growth of our sales revenue over the same periods.

Gross profit

Our gross profit increased by 18.2% from RMB100.1 million for three months ended March 31, 2024 to RMB118.3 million for three months ended March 31, 2025, primarily driven by the increase in gross profit from our intelligent automotive solutions, generally in line with the increase in revenue for the reasons discussed above. Our gross profit margin remained relatively stable at 32.0% and 32.2% for the three months ended March 31, 2024 and 2025, respectively.

Specifically, (1) the gross profit margin of our intelligent automotive solutions increased from 30.9% for the three months ended March 31, 2024 to 33.4% for the three months ended March 31, 2025, primarily due to the nature of different products delivered to relevant customers during the respective quarter; and (2) the gross profit margin of our consumer and healthcare technology solutions decreased from 35.1% for the three months ended March 31, 2024 to 29.6% for the three months ended March 31, 2025, as we recorded a relatively high gross profit margin for the three months ended March 31, 2024, due to our revenue recognition under a major customer's orders with relatively high profit margin (see "—Year Ended December 31, 2024 Compared to Year Ended December 31, 2023").

Other income and gains

Other income and gains remained relatively stable at RMB24.0 million and RMB24.6 million for three months ended March 31, 2024 and 2025, respectively.

Selling and marketing expenses

Selling and marketing expenses increased by 14.0% from RMB12.7 million for three months ended March 31, 2024 to RMB14.5 million for three months ended March 31, 2025, primarily due to the increase in employee benefit expenses from RMB8.3 million for three months ended March 31, 2024 to RMB10.0 million for three months ended March 31, 2025, mainly attributable to the increase in the performance-based compensation to our sales and marketing personnel, as well as an increase in share-based payment expenses.

Administrative expenses

Administrative expenses increased by 27.6% from RMB19.9 million for three months ended March 31, 2024 to RMB25.4 million for three months ended March 31, 2025, primarily due to (1) an increase in employee benefit expenses from RMB9.4 million for three months ended March 31, 2024 to RMB12.3 million for three months ended March 31, 2025, primarily due to an increase in share-based payment expenses; and (2) an increase in depreciation and amortization from RMB4.0 million for three months ended March 31, 2024 to RMB6.7 million for three months ended March 31, 2025, as certain of our construction in progress in connection with our Suzhou production base was transferred to buildings upon construction completion in late 2024 and we began to recognize relevant depreciation expenses under administrative expenses before the production base is put into use.

Research and development costs

Research and development costs increased by 30.2% from RMB30.5 million for three months ended March 31, 2024 to RMB39.7 million for three months ended March 31, 2025, primarily due to (1) an increase in employee benefit expenses from RMB21.7 million for three months ended March 31, 2024 to RMB30.6 million for three months ended March 31, 2025, mainly as a result of the overall increase in the headcount and compensation level of our research and development personnel, including an increase in share-based payment expenses; and (2) an increase in depreciation and amortization from RMB1.8 million for three months ended March 31, 2024 to RMB2.9 million for three months ended March 31, 2025, primarily due to the addition of underlying machines and equipment for research and development purposes.

Share of profits and losses of an associate

Share of losses of an associate narrowed from RMB2.1 million for three months ended March 31, 2024 to RMB1.0 million for three months ended March 31, 2025, primarily due to the narrowing loss of Linked Intelligent Technology Co., Ltd., our associate. For details, see "—Discussion of Major Balance Sheet Items—Investment in An Associate."

Income tax expense

Income tax expense decreased by 6.3% from RMB6.3 million for three months ended March 31, 2024 to RMB5.9 million for three months ended March 31, 2025, primarily due to certain additional deduction of qualified research and development expenses.

Profit for the period

As a result of the foregoing, our profit for the period was relatively stable at RMB55.4 million and RMB55.1 million for three months ended March 31, 2024 and 2025, respectively, representing a net profit margin of 17.7% and 15.0% for the same periods, respectively. Our adjusted net profit (non-IFRS measure) increased from RMB55.4 million for the three months ended March 31, 2024 to RMB59.1 million for the three months ended March 31, 2025, due to the adjustment of share-based payment expenses.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Revenue increased by 26.4% from RMB1,205.9 million for 2023 to RMB1,524.6 million for 2024, primarily due to the increases in revenue from intelligent automotive solutions and consumer and healthcare technology solutions.

- ***Intelligent automotive solutions***. Our revenue from intelligent automotive solutions increased by 31.8% from RMB679.1 million for 2023 to RMB895.1 million for 2024, primarily driven by the increase in demand from certain major customers operating in the automotive sector, in particular certain existing customers that had relatively long collaborative relationship with us, as we were able to continually satisfy their business and manufacturing needs with our solutions. This was in turn driven in part by the growth of the downstream automotive sector over the same period.

- ***Consumer and healthcare technology solutions***. Our revenue from consumer and healthcare technology solutions increased by 25.1% RMB389.8 million for 2023 to RMB487.7 million for 2024, primarily the increase in demand from certain major customers operating in the consumer electronics sector, including both existing customers that had relatively long collaborative relationship with us, as well as certain new major customer that we had anchored due to the close fit of our solutions with their business and manufacturing needs.

- ***Advanced industry and smart manufacturing solutions***. Our revenue from advanced industry and smart manufacturing solutions was relatively stable at RMB126.3 million and RMB126.3 million for 2023 and 2024, respectively.

- ***Embodied robotics solutions***. Our revenue from embodied robotics solutions increased by 92.1% from RMB3.1 million for 2023 to RMB6.0 million for 2024, primarily due to the growing demand from new customers, driven in part by the rapid development of the downstream embodied robotics industry.

Cost of sales

Cost of sales increased by 22.4% from RMB856.9 million for 2023 to RMB1,049.0 million for 2024, primarily due to (1) an increase in cost of materials of RMB143.7 million, (2) an increase in direct labor costs of RMB13.6 million, and (3) an increase in manufacturing overhead costs of RMB34.9 million, generally in line with the growth of our sales revenue over the same periods.

Gross profit

Our gross profit increased by 36.2% from RMB349.1 million for 2023 to RMB475.6 million for 2024, primarily due to the increases in gross profit from intelligent automotive solutions and consumer and healthcare technology solutions, generally in line with the increases in revenue for the reasons discussed above.

Our gross profit margin increased from 28.9% for 2023 to 31.2% for 2024, primarily due to the increases in gross profit margin of our intelligent automotive solutions and consumer and healthcare technology solutions. Specifically, (1) the gross profit margin of our intelligent automotive solutions was 32.5% for 2024, compared with 30.7% for 2023, as we adjusted our pricing moderately for the orders from certain major customers in 2023, in light of the significant amount of their procurement from us, and our profit margin resumed to normal level in 2024; and (2) the gross profit margin of our consumer and healthcare technology solutions increased from 25.6% for 2023 to 29.1% for 2024, as we continued to recognize revenue during 2024 for providing customized solutions under a major customer's orders with relatively high profit margin, due to our ability to meet the specific requirements of such customer.

Other income and gains

Other income and gains decreased by 5.8% from RMB100.2 million for 2023 to RMB94.4 million for 2024, primarily due to (1) a decrease in government grants from RMB17.2 million for 2023 to RMB12.6 million for 2024, generally in line with the recognition schedule of the government grants into our profit and loss; and (2) a decrease in other interest income from debt investment at FVTOCI from RMB31.6 million for 2023 to RMB25.3 million for 2024, primarily due to the relatively low interest rate environment in China for 2024, partially offset by an increase in bank interest income from RMB6.5 million for 2023 to RMB9.4 million for 2024, driven by the increase in the balance of our cash and cash equivalents.

Selling and marketing expenses

Selling and marketing expenses increased by 43.3% from RMB42.1 million for 2023 to RMB60.3 million for 2024, primarily due to (1) the increase in employee benefit expenses from RMB28.4 million for 2023 to RMB39.5 million for 2024, mainly as a result of the increase in performance-based compensation as we met our financial performance objectives in 2024; and (2) the increase in advertising and market promotion expenses from RMB3.2 million for 2023 to RMB7.0 million for 2024, as we increased our advertising and marketing investments to promote our new products.

Administrative expenses

Administrative expenses increased by 24.5% from RMB75.2 million for 2023 to RMB93.6 million for 2024, primarily due to (1) an increase in employee benefit expenses from RMB37.7 million for 2023 to RMB48.5 million for 2024, mainly as a result of (i) the increase in performance-based compensation as we met our financial performance objectives in 2024, and (ii) the share-based payment expenses for 2024, compared with a reversal of share-based payment expenses for 2023, as the performance conditions of the relevant share awards were not met for 2023; (2) an increase in taxes and surcharges from RMB9.7 million for 2023 to RMB12.1 million for 2024, generally in line with our growing business scale; (3) an increase in consulting and other professional service fees from RMB4.7 million for 2023 to RMB6.7 million for 2024, as we engaged certain third-party consultants for professional advice on areas of improvements of our business.

Research and development costs

Research and development costs increased by 20.5% from RMB128.7 million for 2023 to RMB155.1 million for 2024, primarily due to (1) an increase in employee benefit expenses from RMB90.2 million for 2023 to RMB107.4 million for 2024, mainly as a result of the overall increase in the compensation level and headcount of our research and development personnel; (2) an increase in depreciation and amortization from RMB8.4 million for 2023 to RMB11.3 million for 2024, primarily due to the addition of underlying machines and equipment for research and development purposes; and (3) an increase in research processing expenses from RMB2.7 million for 2023 to RMB4.1 million for 2024, in line with the needs of our new product development.

Share of profits and losses of an associate

Share of profits and losses of an associate changed from share of profits of RMB0.7 million for 2023 to share of losses of RMB5.4 million for 2024, primarily due to the fluctuations of the financial performance of Linked Intelligent, our associate. For details, see "—Discussion of Major Balance Sheet Items—Investment in An Associate."

Income tax expense

Income tax expense increased by 56.9% from RMB12.3 million for 2023 to RMB19.3 million for 2024, primarily due to the increase in our taxable income.

Profit for the year

As a result of the foregoing, our profit for the period increased by 25.3% from RMB179.9 million for 2023 to RMB225.4 million for 2024, representing a stable net profit margin of 14.9% and 14.8% for the same periods, respectively. Correspondingly, our adjusted net profit (non-IFRS measure) increased from RMB170.6 million for 2023 to RMB230.7 million for 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Revenue increased by 4.6% from RMB1,152.5 million for 2022 to RMB1,205.9 million for 2023, primarily due to the increase in revenue from our intelligent automotive solutions, partially offset by the decreases in revenues from consumer and healthcare technology solutions and advanced industry and smart manufacturing solutions.

- ***Intelligent automotive solutions***. Our revenue from intelligent automotive solutions increased by 37.9% from RMB492.6 million for 2022 to RMB679.1 million for 2023, primarily driven by the increase in demand from certain major customers operating in the automotive sector, in particular certain existing customers that had relatively long collaborative relationship with us, as we were able to continually satisfy their business and manufacturing needs with our solutions. This was in turn driven in part by the growth of the downstream automotive sector over the same period.

- ***Consumer and healthcare technology solutions***. Our revenue from consumer and healthcare technology solutions decreased by 17.4% from RMB471.8 million for 2022 to RMB389.8 million for 2023, primarily due to the relatively low demand from our customers operating in the consumer technology sector in 2023, as they adjusted their procurement plans in light of the uncertainties of downstream consumer demand.

- ***Advanced industry and smart manufacturing solutions***. Our revenue from advanced industry and smart manufacturing solutions decreased by 29.9% from RMB180.2 million for 2022 to RMB126.3 million for 2023, primarily due to the fluctuations of demand from certain customers operating in the telecommunications sector.

- ***Embodied robotics solutions***. Our revenue from embodied robotics solutions increased by 23.6% from RMB2.5 million for 2022 and RMB3.1 million for 2023, as we gradually expanded our business to the embodied robotics sector and developed relevant solutions.

Cost of sales

Cost of sales increased by 4.8% from RMB817.3 million for 2022 to RMB856.9 million for 2023, primarily due to (1) an increase in cost of materials of RMB13.9 million, and (2) an increase in manufacturing overhead costs of RMB28.3 million, generally in line with the growth of our revenue over the same periods.

Gross profit

Our gross profit increased by 4.2% from RMB335.1 million for 2022 to RMB349.1 million for 2023, primarily due to the increase in gross profit from intelligent automotive solutions, partially offset by the decreases in gross profit from consumer and healthcare technology solutions and advanced industry solutions, generally in line with the changes in revenue for the reasons discussed above. Gross profit margin remained relatively stable at 29.1% and 28.9% for 2022 and 2023, respectively.

Other income and gains

Other income and gains increased by 47.9% from RMB67.7 million for 2022 to RMB100.2 million for 2023, primarily due to (1) an increase in investment income from financial assets at FVTPL from RMB10.0 million for 2022 to RMB21.1 million for 2023 and an increase in fair value gains on financial assets at FVTPL from RMB3.7 million for 2022 to RMB15.3 million for 2023, primarily due to the overall increase in the balance of our wealth management products; (2) an increase in government grants from RMB12.2 million for 2022 to RMB17.2 million for 2023, generally in line with the recognition schedule of the government grants into our profit and loss; (3) an increase in other interest income from debt investment at FVTOCI from RMB22.0 million for 2022 to RMB31.6 million for 2023, primarily due to the overall increase in the balance of our negotiable certificate of deposit; and (4) an increase in additional deduction of VAT and other tax reliefs from RMB1.3 million nil for 2022 to RMB5.7 million for 2023 for certain value-added tax, partially offset by a decrease in bank interest income from RMB14.6 million for 2022 to RMB6.5 million for 2023, mainly due to decrease in the balance of cash and cash equivalents and time deposits in 2023.

Selling and marketing expenses

Selling and marketing expenses decreased by 6.7% from RMB45.1 million for 2022 to RMB42.1 million for 2023, primarily due to (1) a decrease in traveling and business development costs from RMB8.3 million for 2022 to RMB7.1 million for 2023, as we exerted stronger control over relevant expenditures in 2023; and (2) a decrease in employee benefit expenses from RMB29.4 million for 2022 to RMB28.4 million for 2023, mainly as a result of the decrease in performance-based compensation for 2023.

Administrative expenses

Administrative expenses increased by 2.9% from RMB73.1 million for 2022 to RMB75.2 million for 2023, primarily due to an increase in depreciation and amortization from RMB9.0 million for 2022 to RMB14.1 million for 2023, as a result of the increase in buildings and other equipment for administrative purposes in connection with our Dongguan production base.

Research and development costs

Research and development costs increased by 9.7% from RMB117.3 million for 2022 to RMB128.7 million for 2023, primarily due to (1) an increase in employee benefit expenses from RMB82.0 million for 2022 to RMB90.2 million for 2023, mainly as a result of the increase in the headcount and compensation level of our research and development personnel; and (2) an increase in research materials costs from RMB17.7 million for 2022 to RMB21.0 million for 2023, driven by the needs of our research and development initiatives.

Impairment losses on financial assets, net

Impairment losses on financial assets, net increased by 59.2% from RMB4.0 million for 2022 to RMB6.3 million for 2023, primarily due to the increase in impairment of trade and notes receivables, generally in line with the increase in our trade and notes receivables over the same periods.

Income tax expense

Income tax expense increased by 48.2% from RMB8.3 million for 2022 to RMB12.3 million for 2023, primarily due to (1) the increase in our taxable income; and (2) an additional tax expense deduction for scientific and technological innovation of RMB2.2 million that we received in 2022.

Profit for the year

As a result of the foregoing, our profit for the period increased by 19.5% from RMB150.5 million for 2022 to RMB179.9 million for 2023, along with an increase in net profit margin from 13.1% for 2022 to 14.9% for 2023. Correspondingly, our adjusted net profit (non-IFRS measure) increased from RMB152.8 million for 2022 to RMB170.6 million for 2023.

DISCUSSION OF MAJOR BALANCE SHEET ITEMS

The following table sets forth summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	747,405	937,918	1,023,773	1,031,610
Intangible assets	13,361	12,715	12,571	11,846
Right-of-use assets	52,915	40,726	47,309	45,956
Investments in an associate	67,321	68,003	62,613	61,668
Equity investments designated at FVTOCI	17,767	17,659	17,020	36,493
Financial assets at FVTPL	252,085	97,705	1,500	1,500
Deferred tax assets	26,268	14,718	198	67
Other non-current assets	8,509	11,526	17,530	17,775
Total non-current assets	1,185,631	1,200,970	1,182,514	1,026,915
Total current assets	2,372,842	2,603,074	2,939,396	3,006,631
Total current liabilities	528,258	636,791	802,768	839,925
Net current assets	1,844,584	1,966,283	2,136,628	2,166,706
Total assets less current liabilities	3,030,215	3,167,253	3,319,142	3,373,621
Non-current liabilities				
Lease liabilities	7,288	284	7,189	6,048
Deferred tax liabilities	41,762	40,024	32,649	23,111
Deferred income	34,074	39,263	53,093	51,237
Total non-current liabilities	83,124	79,571	92,931	80,396
Net assets	**2,947,091**	**3,087,682**	**3,226,211**	**3,293,225**
Equity				
Share capital	171,302	171,008	240,204	240,204
Treasury shares	(14,911)	(7,783)	(26,959)	(26,959)
Reserves	2,790,700	2,924,457	3,012,966	3,079,980
Total equity	**2,947,091**	**3,087,682**	**3,226,211**	**3,293,225**

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated.

	As of December 31,			As of March 31,	As of April 30,
	2022	2023	2024	2025	2025
	(RMB in thousands)				
					(Unaudited)
Current assets					
Inventories	172,638	164,468	184,124	195,680	210,751
Trade and notes receivables	383,515	433,725	577,495	505,615	516,245
Prepayments, other receivables and other assets	23,296	32,080	40,737	42,972	43,994
Financial assets at FVTPL	472,951	849,957	902,726	901,801	897,708
Debt investments at FVTOCI	599,354	911,225	928,701	1,001,269	997,622
Restricted bank deposits	2,438	39,864	62	62	62
Time deposits	573,636	80,021	80,734	—	—
Cash and cash equivalents	145,014	91,734	224,817	359,232	349,483
Total current assets	**2,372,842**	**2,603,074**	**2,939,396**	**3,006,631**	**3,015,865**
Current liabilities					
Trade and notes payables	346,345	408,678	434,335	415,883	428,405
Contract liabilities	20,774	21,409	19,257	20,374	18,760
Other payables and accruals	110,128	159,329	178,543	127,228	119,931
Financial liabilities at FVTPL	—	—	21,536	28,553	39,754
Interest-bearing bank borrowings	39,739	40,981	140,980	234,501	210,722
Lease liabilities	9,881	3,841	4,434	4,483	4,330
Tax payable	1,391	2,553	3,683	8,903	5,548
Total current liabilities	**528,258**	**636,791**	**802,768**	**839,925**	**827,450**
Net current assets	**1,844,584**	**1,966,283**	**2,136,628**	**2,166,706**	**2,188,415**

Net current assets increased from RMB1,844.6 million as of December 31, 2022 to RMB1,966.3 million as of December 31, 2023, primarily due to the increases in certain current asset items, mainly including (1) the current portion of our financial assets at FVTPL, mainly representing wealth management products; and (2) debt investments at FVTOCI, mainly representing negotiable certificate of deposits, partially offset by the decrease in time deposits, as we reallocated our existing funds and new cash inflows to different types of products to enhance our cash management. Net current assets further increased to RMB2,136.6 million as of December 31, 2024, primarily due to the increases in certain current asset items, mainly including (1) our cash and cash equivalents, trade and notes receivables and inventories, generally in line with our sales growth and business expansion over the same period; and (2) financial assets at FVTPL as we increased our investments in certain wealth management products, partially offset by an increase in the current portion of interest-bearing bank borrowings. Our net current assets remained relatively stable at RMB2,166.7 million and RMB2,188.4 million as of March 31, 2025 and April 30, 2025, respectively.

Property, Plant and Equipment

Our property and equipment during the Track Record Period primarily consisted of (1) buildings, primarily in connection with our Shenzhen production base and Dongguan production base, as well as Suzhou production base by the end of 2024; (2) construction in progress, primarily in connection with the Zhaowei Drive Industrial Park at our Suzhou production base as of the end of each year, as well as certain machine equipment that we installed from time to time in the ordinary course of our operations; (3) machine equipment; (4) electronic equipment; (5) other equipment, such as tools, furniture and mold; and (6) renovation and leasehold improvement. The following table sets forth the components of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Buildings	440,083	428,067	689,804	681,022
Machine equipment	198,471	214,117	272,153	275,992
Transportation equipment	1,612	1,240	2,018	1,840
Electronic equipment	6,897	5,280	3,621	3,316
Other equipment	17,580	20,936	23,264	25,631
Renovation and leasehold improvement	11,104	14,633	14,900	14,965
Construction in progress	71,658	253,645	18,013	28,844
Total	**747,405**	**937,918**	**1,023,773**	**1,031,610**

Property, plant and equipment increased from RMB747.4 million as of December 31, 2022 to RMB937.9 million as of December 31, 2023, primarily due to (1) an addition to construction in progress of RMB223.8 million in 2023, in connection with the construction of Zhaowei Drive Industrial Park at our Suzhou production base; and (2) additions to machine equipment of RMB22.8 million and other equipment of RMB9.5 million in 2023, as we procured new equipment to meet the growing needs of our production and operational activities, partially offset by the depreciation of property, plant and equipment during 2023. In addition, construction in progress of RMB41.8 million was transferred into machine equipment and buildings in 2023.

Property, plant and equipment further increased to RMB1,023.8 million as of December 31, 2024, primarily (1) additions to machine equipment of RMB78.9 million and other equipment of RMB9.6 million in 2024, as we procured new equipment to meet the growing needs of our production and operational activities; and (2) an addition to construction in progress of RMB71.7 million in 2024, in connection with the further construction of our Suzhou production base, partially offset by the depreciation of property, plant and equipment. In addition, construction in progress of RMB307.3 million was transferred into machine equipment and buildings in 2024, generally in line with the construction progress of Zhaowei Drive Industrial Park at our Suzhou production base.

Property, plant and equipment then increased to RMB1,031.6 million as of March 31, 2025, primarily due to (1) an addition to construction in progress of RMB19.3 million in the three months ended March 31, 2025, primarily due to procurement for our Suzhou production base; and (2) additions to machine equipment of RMB7.0 million and other equipment of RMB4.2 million in the three months ended March 31, 2025, as we procured new equipment to meet the growing needs of our production and operational activities. In addition, construction in progress of RMB8.5 million was transferred into machine equipment during the three months ended March 31, 2025.

Intangible Assets

Our intangible assets during the Track Record Period primarily consisted of computer software. Intangible assets decreased from RMB13.4 million as of December 31, 2022 to RMB12.7 million as of December 31, 2023, and further to RMB12.6 million as of December 31, 2024, primarily due to amortization, partially offset by procurement of certain software to meet our operational needs. Intangible assets then decreased to RMB11.8 million as of March 31, 2025, primarily due to amortization.

Right-of-use Assets

Our right-of-use assets during the Track Record Period primarily consisted of our interests in (1) leasehold land, representing certain land use rights underlying our Dongguan production base and Suzhou production base; and (2) leased properties in several cities including Shenzhen, Dongguan and Shanghai, which were used as dormitories, offices or facilities, as well as certain leased offices in Germany and the United States. Right-of-use assets decreased from RMB52.9 million as of December 31, 2022 to RMB40.7 million as of December 31, 2023, primarily due to (1) a disposal of certain leased properties of RMB8.1 million in 2023; and (2) the depreciation of right-of-use assets. Right-of-use assets further increased to RMB47.3 million as of December 31, 2024, primarily due to an addition to leased properties of RMB12.4 million in 2024, primarily due to the new or renewed leases of properties used for dormitories, offices or facilities to meet our business needs, partially offset by the depreciation of right-of-use assets. Right-of-use assets then decreased to RMB46.0 million as of March 31, 2025, primarily due to the depreciation of right-of-use assets.

Investment in An Associate

Our investment in an associate during the Track Record Period primarily represented our investment in Linked Intelligent. As of March 31, 2025, we held 14.47% of the equity interests in Linked Intelligent. We had significant influence over Linked Intelligent, pursuant to which we accounted for our relevant interests as investment in an associate and recorded our proportionate share of its net assets (less impairment loss of goodwill, if any) on our consolidated statement of financial position under the equity method of accounting.

Our investment in an associate remained relatively stable at RMB67.3 million and RMB68.0 million as of December 31, 2022 and 2023, respectively. Investment in an associate then decreased to RMB62.6 million as of December 31, 2024, primarily due to our share of losses of Linked Intelligent of RMB5.4 million for 2024. Our investment in an associate then decreased to RMB61.7 million as of March 31, 2025, primarily due to our share of losses of Linked Intelligent of RMB1.0 million for the three months ended March 31, 2025.

For details of our investment in an associate, including our interests in and share of net assets and results of the associate, see Note 18 to the Accountants' Report in Appendix I to this document. For details of our internal procedures and policies for investments, see "—Financial Assets at FVTPL—Our investment policies."

Equity Investments Designated at FVTOCI

Our equity investments designated at FVTOCI throughout the Track Record Period primarily represented our equity investments in the unlisted shares of Wuhan Digital Design and Manufacturing Innovation Co., Ltd. Our equity investments designated at FVTOCI as of December 31, 2023 and 2024 and March 31, 2025 also included our investment in Shenzhen Guochuang Embodied Intelligent Robot Co., Ltd. Our equity investments designated at FVTOCI as of March 31, 2025 also included our investment in Tujian Technology (Beijing) Co., Ltd. We accounted for our equity interests in these entities as equity investments designated at FVTOCI as we consider these equity investments as strategic in nature.

Equity investments designated at FVTOCI decreased from RMB17.8 million as of December 31, 2022 to RMB17.7 million as of December 31, 2023, primarily due to the fair value loss of Wuhan Innovation of RMB1.0 million, partially offset by our new investments in Shenzhen Guochuang of RMB0.9 million. Our equity investments designated at FVTOCI further decreased to RMB17.0 million as of December 31, 2024, primarily due to the fair value loss of Wuhan Innovation of RMB0.7 million. Our equity investments designated at FVTOCI increased to RMB36.5 million as of March 31, 2025, primarily due to our new investment into Tujian Technology of RMB20.0 million in early 2025.

We recorded fair value gain of equity investments designated at FVTOCI of RMB3.9 million for 2022, and fair value loss of equity investments designated at FVTOCI of RMB1.0 million, RMB0.6 million and RMB0.5 million for 2023, 2024 and the three months ended March 31, 2025, respectively, primarily representing the fair value changes of Wuhan Innovation.

The fair value measurements of our equity investments designated at FVTOCI involve using significant unobservable inputs under level 3 of the fair value hierarchy. For details of the fair value measurement, see Note 41 to the Accountants' Report in Appendix I to this document. For details of our equity investments designated at FVTOCI, see Note 17 to the Accountants' Report in Appendix I to this document. For details of our internal procedures and policies for investments, see "—Financial Assets at FVTPL—Our investment policies."

Financial Assets at FVTPL

Our financial assets at FVTPL during the Track Record Period primarily represented our investments in wealth management products issued by several certified financial institutions in the PRC. We accounted for our investments in these products as financial assets at FVTPL, as their contractual cash flows are not SPPI.

Financial assets at FVTPL increased from RMB725.0 million as of December 31, 2022 to RMB947.7 million as of December 31, 2023, and then decreased to RMB904.2 million as of December 31, 2024 and RMB903.3 million as of March 31, 2025, the fluctuations of which were primarily due to the purchase and redemption of wealth management products as part of our cash management of our existing funds and new cash inflows from our operations. Moreover, we recorded financial liabilities at FVTPL of nil, nil, RMB21.5 million and RMB28.6 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively, which arises from the liability position of certain underlying wealth management products. We expect that all such financial liabilities at FVTPL related to our wealth management products will be settled in June 2025.

For details of our financial assets at FVTPL, see Note 23 to the Accountants' Report in Appendix I to this document.

Our investment policies

We have formulated investment management policies ("Investment Management Policies") to regulate the investing activities across our Group, effectively execute our investment strategies and preserve and improve the return on our capital. Our shareholders' meeting and our Board of Directors are generally responsible for the decision-making process of our investments. The approval procedures of our investing activities shall strictly comply with applicable laws and regulations, and shall abide by the authority and meeting procedures of our shareholders' meeting and our Board of Directors. Specifically, our Investment Management Policies provide for the circumstances under which our Shareholders or our Board of Directors shall be responsible for approving certain investments, such as based on the value of the underlying transaction(s) as a percentage of our total/net assets, revenue or net profit. Our finance department is responsible for the financial management of our investments.

Specifically, pursuant to our Investment Management Policies, we have formulated operation guidelines of wealth management products (the "Operation Guidelines"). According to the Operation Guidelines, we shall establish a working group with the relevant financial institutions that offer wealth management products. Our finance personnel shall collect information related to the wealth management products within such working group and then perform a preliminary screening of the products. Our finance director shall review the preliminary screening results, which are then submitted to the vice chairman of our Board for approval before arranging the purchase. Upon receiving the arrangement, our finance personnel shall submit purchase request within our system, with information such as the product name, term, purchase amount, and performance benchmark, and upload relevant product documents. Upon receiving approval, our finance personnel shall submit an application to transfer relevant funds to our designated bank account. Upon the expiration of such products, our finance personnel shall apply for redemption, submit information including actual return to our system, and timely redeem and transfer relevant funds back to our designated bank account. Our investment in such wealth management products after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules.

Debt Investments at FVTOCI

Our debt investments in FVTOCI during the Track Record Period primarily represented our investments in negotiable certificate of deposit, and to a lesser extent, bank acceptance notes. Our negotiable certificate of deposit during the Track Record Period was denominated in Renminbi and issued by banks in China, with expected yield rates from 1.65% to 3.85%. Our bank acceptance notes are issued by reputable banks in the PRC. These negotiable certificate of deposit and bank acceptance notes bills are classified as financial assets at FVTOCI as they are held within a business model with the objective of both collecting contractual cash flows and selling. The fair value of these financial assets approximates their carrying value due to the short maturity.

Debt investments at FVTOCI increased from RMB599.4 million as of December 31, 2022 to RMB911.2 million as of December 31, 2023, and further to RMB928.7 million as of December 31, 2024 and RMB1,001.3 million as of March 31, 2025, primarily due to the increase in our investments in negotiable certificate of deposit as part of our cash management.

For details of our debt investments at FVTOCI, see Note 24 to the Accountants' Report in Appendix I to this document. For details of our internal procedures and policies for investments, see "—Financial Assets at FVTPL—Our investment policies."

Deferred Tax Assets

Our deferred tax assets during the Track Record Period primarily arose from the temporary differences between the tax basis of deferred income representing government grants, impairment of trade and other receivables and impairment of inventories and their book value, as well as certain tax losses. Deferred tax assets decreased from RMB26.3 million as of December 31, 2022 to RMB14.7 million as of December 31, 2023, primarily due to the decrease in tax losses. Deferred tax assets further decreased to RMB0.2 million as of December 31, 2024, primarily due to the offset by deferred tax liabilities. Deferred tax assets then decreased to RMB67,000 as of March 31, 2025.

Other Non-current Assets

Our other non-current assets during the Track Record Period primarily consisted of prepayments for property, plant and equipment. Other non-current assets increased from RMB8.5 million as of December 31, 2022 to RMB11.5 million as of December 31, 2023, and further to RMB17.5 million as of December 31, 2024, primarily due to our increased procurement of equipment to enhance our manufacturing capacity. Other non-current assets then remained relatively stable at RMB17.8 million as of March 31, 2025.

Inventories

Our inventories consisted of (1) raw materials, representing the various kinds of supplies that we procure for manufacturing our products, (2) work in progress, (3) finished goods, (4) goods in transit, and (5) outsourced processing materials. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials	80,536	67,868	82,863	83,131
Work in progress	19,274	20,460	25,005	31,046
Finished goods	55,778	43,024	50,787	50,835
Goods in transit	16,095	31,842	23,796	28,983
Outsourced processing materials	955	1,274	1,673	1,685
Total	**172,638**	**164,468**	**184,124**	**195,680**

Inventories decreased from RMB172.6 million as of December 31, 2022 to RMB164.5 million as of December 31, 2023, primarily due to the decrease in raw materials in 2023 as we strengthened our raw material management. Inventories further increased to RMB184.1 million as of December 31, 2024, primarily due to (1) the increase in raw materials in 2024, representing our increased procurement; and (2) the increase in work in progress in 2024, both due to the need of our production activities driven by the increased market demand of our products. Inventories then increased slightly to RMB195.7 million as of March 31, 2025, primarily due to (1) the increase in work in progress, due to the need of our production activities driven by the increased market demand of our products, and (2) the increase in goods in transit in the ordinary course of our sales and delivery operations.

The following table sets forth the number of our inventory turnover days for the periods indicated.

	Year ended December 31,			Three months ended March 31,
	2022	2023	2024	2025
Inventory turnover days[(1)]	73	72	61	69

(1) Inventory turnover days were calculated based on the average of opening and closing inventory balance (net of impairment allowances) for the relevant period divided by the cost of sales for the same period, and multiplied by the number of days for that period (365 days for a given year and 91 days for a three-month period).

Our inventory turnover days were relatively stable at 73 days and 72 days for 2022 and 2023, respectively. Our inventory turnover days decreased to 61 days for 2024, primarily due to our expedited inventory consumption driven by increased sales. Our inventory turnover days then increased to 69 days for three months ended March 31, 2025, primarily due to the increases in work in progress and goods in transit for the reasons discussed above.

As of April 30, 2025, approximately RMB100.5 million, or 46.7%, of the gross amount of our inventories as of March 31, 2025 had been consumed or sold.

Trade and Notes Receivables

The following table sets forth a breakdown of our trade and notes receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Notes receivables	14,883	13,636	30,995	44,393
Trade receivables	388,154	445,957	579,686	493,915
Subtotal	**403,037**	**459,593**	**610,681**	**538,308**
Less: impairment of notes receivables	—	(144)	(874)	(232)
Less: impairment of trade receivables	(19,522)	(25,724)	(32,312)	(32,461)
Trade and notes receivables, net	**383,515**	**433,725**	**577,495**	**505,615**

We mainly settle with our customers on credit. For large and medium-sized customers with large scale and good reputation, we generally grant a credit period of 30 to 150 days. For mold sales, we usually require part of the payment in advance after signing the mold contract, and collect the remaining amount after the product is finally confirmed by the customer or having received a large number of orders.

Trade and notes receivables increased from RMB383.5 million as of December 31, 2022 to RMB433.7 million as of December 31, 2023, and further to RMB577.5 million as of December 31, 2024, generally in line with our sales growth during the same periods. Trade and notes receivables then decreased to RMB505.6 million as of March 31, 2025, as we collected certain amount due as of the prior year end, and we also generally had a lower level of sales in the first quarter due to the business practices of our industry and our customers.

The following table sets forth an aging analysis of our trade and notes receivables, based on revenue recognition date and net of loss allowance, as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 1 year	383,233	432,946	577,369	503,885
Over 1 year	282	779	126	1,730
Total	**383,515**	**433,725**	**577,495**	**505,615**

We perform an impairment analysis at the end of each of period during the Track Record Period using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available during the Track Record Period about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. We have provided full impairment for the defaulted receivables. For details of the impairment provision of our trade receivables and the credit risk exposure of our trade receivables, see Note 21 to the Accountants' Report in Appendix I to this document.

The following table sets forth the number of our trade receivables turnover days for the periods indicated.

	Year ended December 31,			Three months ended March 31,
	2022	2023	2024	2025
Trade receivables turnover days(1)	111	124	121	134

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade and notes receivables, net of allowance for credit losses, for the relevant period, divided by the revenue for the same period, and multiplied by the number of days for that period (365 days for a given year and 91 days for a three-month period).

Our trade receivables turnover days increased from 111 days in 2022 to 124 days in 2023, primarily due to the increased sales of our intelligent automobile solutions, as the relevant customers typically have a longer payment period in line with their industry practice. Our trade receivables turnover days were relatively stable at 124 days and 121 days for 2023 and 2024, respectively. Our trade receivables turnover days then increased to 134 days in three months ended March 31, 2025, primarily due to the increased sales of our intelligent automobile solutions.

As of April 30, 2025, approximately RMB150.9 million, or 30.6%, of our trade receivables as of March 31, 2025 had been settled.

Prepayments, Other Receivables and Other Assets

Our prepayment, other receivables and other assets primarily consisted of value-added tax recoverable, prepayments and other receivables. Value-added tax recoverable was primarily in connection with the procurement for undertaking the further construction of the Zhaowei Drive Industrial Park at our Suzhou production base. Prepayments primarily represent our prepayments for various types of raw materials and supplies. Other receivables primarily represent the guarantee deposits and other miscellaneous receivables incurred in the ordinary course of our business operations. The following table sets forth the breakdown of our prepayment, deposits and other receivables by nature as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Prepayments	8,252	6,112	10,861	11,905
Value-added tax recoverable	12,467	19,036	25,039	26,508
Prepaid income tax	4	4,085	—	890
Other receivables	4,510	4,737	5,742	4,865
Subtotal	**25,233**	**33,970**	**41,642**	**44,168**
Less: impairment of other receivables	(1,937)	(1,890)	(905)	(1,196)
Total	**23,296**	**32,080**	**40,737**	**42,972**

Prepayments, other receivables and other assets increased from RMB23.3 million as of December 31, 2022 to RMB32.1 million as of December 31, 2023, primarily due to the increase in value-added tax recoverable, in line with our procurement for the further construction of our Suzhou production base. Prepayments, other receivables and other assets further increased to RMB40.7 million as of December 31, 2024, primarily due to (1) the increase in prepayments, as we increased our procurement for raw materials and other supplies to meet the needs of our manufacturing activities and business operations; and (2) the increase in value-added tax recoverable, in line with our procurement for the further construction of our Suzhou production base. Prepayments, other receivables and other assets increased moderately to RMB43.0 million as of March 31, 2025.

Restricted Bank Deposits

We recorded restricted bank deposits during the Track Record Period primarily in connection with our guarantee deposits with banks to secure our notes payables. Restricted bank deposits increased from RMB2.4 million as of December 31, 2022 to RMB39.9 million as of December 31, 2023, and then decreased to RMB62,000 as of December 31, 2024, due to the fluctuations of the balances of relevant underlying notes payables as of such dates, in line with the ordinary fluctuations of our capital needs. Restricted bank deposits then remained relatively stable at RMB62,000 as of March 31, 2025.

Deferred Income

Our deferred income during the Track Record Period primarily consisted of government grants. Deferred income increased from RMB34.1 million as of December 31, 2022 to RMB39.3 million as of December 31, 2023, and further to RMB53.1 million as of December 31, 2024, primarily due to certain new government grants received, partially offset by the amounts released to profit or loss. Deferred income then decreased to RMB51.2 million as of March 31, 2025, as the amounts were released to profit or loss.

Deferred Tax Liabilities

Our deferred tax liabilities during the Track Record Period primarily arose from the temporary differences between the tax basis of depreciation, right-of-use assets and accrued interest income. Deferred tax liabilities remained relatively stable at RMB41.8 million and RMB40.0 million as of December 31, 2022 and 2023, respectively. Deferred tax liabilities further decreased to RMB32.6 million as of December 31, 2024 and to RMB23.1 million as of March 31, 2025, primarily due to the offset by deferred tax assets.

Trade and Notes Payables

The following table sets forth a breakdown of our trade and notes payables as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables	191,613	200,611	251,757	231,726
Notes payables	154,732	208,067	182,578	184,157
Total	**346,345**	**408,678**	**434,335**	**415,883**

Trade and notes payables increased from RMB346.3 million as of December 31, 2022 to RMB408.7 million as of December 31, 2023, and further to RMB434.3 million as of December 31, 2024, primarily due to our increased procurement of raw materials and other supplies to meet the needs of our manufacturing activities, in line with the increased demand of our solutions. Trade and notes payables then decreased to RMB415.9 million as of March 31, 2025, primarily due to our repayment of certain trade payables.

Our trade payables are normally settled on 180-day term. The following table sets forth an aging analysis of our trade payables, based on the invoice dates, as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 1 year	345,367	405,976	433,607	414,988
1 to 2 years	789	1,874	37	250
2 to 3 years	186	639	73	30
Over 3 years	3	189	618	615
Total	**346,345**	**408,678**	**434,335**	**415,883**

The following table sets forth the number of our trade payables turnover days for the periods indicated.

	Year ended December 31,			Three months ended March 31,
	2022	2023	2024	2025
Trade payable turnover days[(1)]	125	161	147	155

(1) Trade payables turnover days were calculated based on the average of opening and closing balance of trade and notes payables for the relevant period, divided by the cost of sales for the same period, multiplied by the number of days for that period (365 days for a given year and 91 days for a three-month period).

Our trade payable turnover days increased from 125 days for 2022 to 161 days for 2023, as we were able to secure longer credit terms with certain suppliers due to the greater scale of our procurement. Our trade payable turnover days then decreased to 147 days for 2024, as we expanded our procurement from certain new suppliers for product development, which imposed a relatively short settlement period due to the shorter cooperation history and smaller amount of procurement. Our trade payable days then increased to 155 days in the three months ended March 31, 2025, as we improved the management of our settlement with suppliers.

As of April 30, 2025, approximately RMB105.9 million, or 30.6%, of our trade payables as of March 31, 2025 had been settled.

Contract Liabilities

We recognize contract liabilities when a payment from customers is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Our contract liabilities remained relatively stable at RMB20.8 million, RMB21.4 million, RMB19.3 million and RMB20.4 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

Other Payables and Accruals

Our other payables and accruals during the Track Record Period primarily consisted of (1) payroll payable, representing accrued salaries and other benefits for our employees; (2) employee share scheme repurchase obligation, which arose from our obligation to redeem certain restricted A Shares granted to employees who had paid for relevant consideration in cash pursuant to our 2021 restricted share scheme and 2024 Share Incentive Scheme, as we were obligated to redeem such awards granted if certain performance conditions are not met; (3) other taxes payable, mainly including VAT payable, individual income tax withheld and stamp duty; and (4) other payables, which primarily represented payables for our construction project and accrued expenses. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	(RMB in thousands)			
Payroll payable	44,285	52,042	69,004	37,403
Employee share scheme repurchase obligation	14,911	7,783	26,959	26,959
Payable for endorsed notes receivable that are not derecognized	—	300	1,556	3,229
Dividend payables	429	294	—	—
Other taxes payable	4,171	7,733	9,274	13,192
Other payables	46,332	91,177	71,750	46,445
Total	**110,128**	**159,329**	**178,543**	**127,228**

Other payables and accruals increased from RMB110.1 million as of December 31, 2022 to RMB159.3 million as of December 31, 2023, primarily due to (1) the increase in other payables, mainly due to the increase in payables for our construction project of our Suzhou production base; (2) the increase in payroll payable due to the overall increase of our employee headcount; and (3) the increase in other taxes payable for certain VAT, partially offset by the decrease in employee share scheme repurchase obligation, as we fulfilled relevant repurchase obligations. Other payables and accruals further increased to RMB178.5 million as of December 31, 2024, primarily due to (1) the increase in payroll payable due to the overall increase of our employee headcount and compensation level, including certain performance-based compensation for 2024; and (2) the increase in employee share scheme repurchase obligation, mainly due to the grant of new awards. Other payables and accruals then decreased to RMB127.2 million as of March 31, 2025, primarily due to (1) the decrease in payroll payable as we paid for certain accrued salaries and bonuses in early 2025; and (2) the decrease in other payables due to repayment, partially offset by an increase in other taxes payable for certain VAT.

Tax Payable

Our tax payable during the Track Record Period primarily consisted of enterprise income tax payable. Tax payable increased from RMB1.4 million as of December 31, 2022 to RMB2.6 million as of December 31, 2023, and further to RMB3.7 million as of December 31, 2024 and RMB8.9 million as of March 31, 2025, generally in line with our increased taxable income and income tax expenses.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and payment for the purchase of property, plant and equipment for production. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through our existing cash, cash generated from our operations, and, to a much lesser extent, through bank borrowings. Going forward, we believe that our liquidity requirements will be satisfied with cash generated from our operations, net [**REDACTED**] from the [**REDACTED**], and other debt and equity financing from time to time according to our needs. Taking into account the financial resources available to us, including cash and cash equivalents and operating cash inflows, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Operating cash flows before movement of working capital	193,281	188,536	279,213	61,487	76,190
Changes in working capital	30,996	8,915	(153,510)	(18,332)	(67,961)
Cash generated from operations	224,277	197,451	125,703	43,155	8,229
Interest received	6,150	4,062	4,553	1,279	1,406
Income tax paid	(6,070)	(5,533)	(6,574)	—	(2,540)
Net cash from operating activities	224,357	195,980	123,682	44,434	7,095
Net cash (used in)/from investing activities	(533,362)	(181,309)	(69,781)	75,445	(6,827)
Net cash from/(used in) financing activities	27,048	(64,116)	77,330	180	133,796
Net (decrease)/increase in cash and cash equivalents	(281,957)	(49,445)	131,231	120,059	134,064
Cash and cash equivalents at beginning of the period	421,849	145,014	91,734	91,734	224,817
Effects of foreign exchange rate changes	5,122	(3,835)	1,852	(201)	351
Cash and cash equivalents at end of the period	145,014	91,734	224,817	211,592	359,232

Net cash used in operating activities

Net cash used in operating activities was RMB7.1 million in the three months ended March 31, 2025, primarily due to our profit before tax of RMB61.0 million, income tax paid of RMB2.5 million and interest received of RMB1.4 million as adjusted by (1) certain non-cash and non-operating items, primarily including other interest income from debt investments at FVTOCI of RMB6.6 million, depreciation of property, plant and equipment of RMB22.6 million, investment income from financial assets at FVTPL of RMB4.0 million, and share-based payment expenses of RMB3.9 million, and (2) changes in working capital that positively affected our cash flows, primarily including a decrease in trade and notes receivables of RMB72.4 million; partially offset by changes in working capital that negatively affected our cash flows, primarily including (i) a decrease in other payables and accruals of RMB67.5 million, mainly due to the settlement of certain payroll payable and other payables; (ii) a decrease in trade and notes payables of RMB23.1 million; and (iii) an increase in bank acceptance notes of RMB33.6 million.

Net cash used in operating activities was RMB123.7 million in 2024, primarily due to our profit before tax of RMB244.7 million, income tax paid of RMB6.6 million and interest received of RMB4.6 million as adjusted by (1) certain non-cash and non-operating items, primarily including bank interest income of RMB9.4 million, depreciation of property, plant and equipment of RMB74.9 million, depreciation of right-of-use assets of RMB5.2 million, share of losses of an associate (i.e., Linked Intelligent) of RMB5.4 million, impairment of trade and notes receivables, net of RMB7.3 million, investment income from financial assets at FVTPL of RMB17.4 million, fair value gains on financial assets at FVTPL, net of RMB19.9 million, and share-based payment expenses of RMB5.3 million, and (2) changes in working capital that positively affected our cash flows, primarily including an increase in trade and notes payables of RMB25.8 million and an increase in deferred income of RMB13.8 million representing certain new government grants; partially offset by changes in working capital that negatively affected our cash flows, primarily including (i) an increase in trade and notes receivables of RMB151.1 million; (ii) an increase in inventories of RMB23.2 million; and (iii) an increase in prepayments, other receivables and other assets of RMB10.8 million, mainly due to our prepayments for various types of raw materials and supplies.

Net cash used in operating activities was RMB196.0 million in 2023, primarily due to our profit before tax of RMB192.2 million, income tax paid of RMB5.5 million and interest received of RMB4.1 million, as adjusted by (1) certain non-cash and non-operating items, primarily including bank interest income of RMB6.5 million, depreciation of property, plant and equipment of RMB65.7 million, depreciation of right-of-use assets of RMB4.1 million, impairment of trade and notes receivables, net of RMB6.4 million, fair value gains on financial assets at FVTPL, net of RMB15.3 million, and a reversal of share-based payment expenses of RMB9.3 million, and (2) changes in working capital that positively affected our cash flows, primarily including an increase in trade and notes payables of RMB74.4 million and a decrease in inventories of RMB7.8 million; partially offset by changes in working capital that negatively affected our cash flows, primarily including an increase in trade and notes receivables of RMB56.6 million and a decrease in other payables and accruals of RMB22.5 million.

Net cash used in operating activities was RMB224.4 million in 2022, primarily due to our profit before tax of RMB158.8 million, interest received of RMB6.2 million and income tax paid of RMB6.1 million, as adjusted by (1) certain non-cash and non-operating items, primarily including bank interest income of RMB14.6 million, depreciation of property, plant and equipment of RMB53.1 million, depreciation of right-of-use assets of RMB12.0 million, write-down of inventories to net realizable value, net of RMB7.5 million, impairment of trade and notes receivables, net of RMB3.8 million and investment income from financial assets at FVTPL, net of RMB10.0 million, and (2) changes in working capital that positively affected our cash flows, primarily including an increase in trade and notes payables of RMB117.8 million, and an increase in prepayments, other receivables and other assets of RMB34.0 million; partially offset by changes in working capital that negatively affected our cash flows, primarily including (i) an increase in trade and notes receivables of RMB77.8 million; (ii) an increase in inventories of RMB28.0 million; and (iii) a decrease in other payables and accruals of RMB11.6 million.

Net cash used in investing activities

Net cash flows used in investing activities was RMB6.8 million in the three months ended March 31, 2025, primarily due to purchases of property, plant and equipment of RMB41.2 million, as well as the impacts of various investment items and proceeds therefrom, including (1) purchases of debt investments at FVTOCI of RMB110.0 million, partially offset by proceeds from the same of RMB77.6 million, in connection with negotiable certificate of deposits; (2) proceeds from time deposits of RMB81.0 million; and (3) purchases of financial assets at FVTPL of RMB428.0 million, partially offset by proceeds from sales of the same of RMB434.0 million, in connection with certain wealth management products.

Net cash flows used in investing activities was RMB69.8 million in 2024, primarily due to purchases of property, plant and equipment of RMB166.0 million, as well as the impacts of various investment items and proceeds and investment income therefrom, including (1) purchases of debt investments at FVTOCI of RMB311.4 million, partially offset by proceeds from the same of RMB279.3 million in connection with negotiable certificate of deposits; (2) purchases of time deposits of RMB30.0 million, partially offset by proceeds from the same of RMB81.2 million; and (3) purchases of financial assets at FVTPL of RMB1,071.7 million, partially offset by proceeds from sales of the same of RMB1,152.3 million, mainly in connection with certain wealth management products.

Net cash flows used in investing activities was RMB181.3 million in 2023, primarily due to purchases of property, plant and equipment of RMB204.6 million, as well as the impacts of various investment items and proceeds and investment income therefrom, including (1) purchases of debt investments at FVTOCI of RMB444.3 million, partially offset by proceeds from the same of RMB581.8 million, mainly in connection with negotiable certificate of deposits; (2) purchases of time deposits of RMB130.0 million, partially offset by proceeds from the same of RMB201.4 million; and (3) purchases of financial assets at FVTPL of RMB1,087.4 million, partially offset by proceeds from sales of the same of RMB904.5 million, mainly in connection with certain wealth management products.

Net cash flows used in investing activities was RMB533.4 million in 2022, primarily due to purchases of property, plant and equipment of RMB246.6 million, and purchase of equity in Linked Intelligent of RMB67.2 million, as well as the impacts of various investment items and proceeds and investment income therefrom, including (1) purchases of debt investments at FVTOCI of RMB365.4 million, partially offset by proceeds from the same of RMB399.7 million, mainly in connection with negotiable certificate of deposits; (2) purchases of time deposits of RMB604.0 million, partially offset by proceeds from the same of RMB469.1 million; and (3) purchases of financial assets at FVTPL of RMB902.1 million, partially offset by proceeds from sales of the same of RMB794.1 million, mainly in connection with certain wealth management products.

Net cash from/(used in) financing activities

Net cash flows from financing activities was RMB133.8 million in the three months ended March 31, 2025, primarily due to new bank borrowings of RMB134.1 million.

Net cash flows from financing activities was RMB77.3 million in 2024, primarily due to new bank borrowings of RMB192.9 million and proceeds from issue of restricted shares of RMB27.0 million, partially offset by dividends paid of RMB93.5 million and repayment of bank borrowings of RMB35.0 million.

Net cash flows used in financing activities was RMB64.1 million in 2023, primarily due to (1) receipt of deposits of RMB1.1 million; (2) repayment of bank borrowings of RMB29.0 million; and (3) dividends paid of RMB28.9 million, partially offset by new bank borrowings of RMB50.4 million.

Net cash flows from financing activities was RMB27.0 million in 2022, primarily due to new bank borrowings of RMB52.8 million and receipt of deposits of RMB25.8 million, partially offset by dividends paid of RMB34.1 million and lease payments of RMB12.4 million.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period were primarily related to purchases of property, plant and equipment, and, to a much lesser extent, additions of other intangible assets (i.e., software). The following table sets forth our capital expenditures during the Track Record Period.

	Year ended December 31,			Three months ended March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Purchases of property, plant and equipment	246,562	204,634	165,957	41,192
Additions of other intangible assets	5,346	1,464	2,687	—
Addition of right-of-use assets	8,659	—	—	—
Total	**260,567**	**206,098**	**168,644**	**41,192**

We funded our capital expenditure requirements during the Track Record Period mainly from a combination of cash generated from our operating activities, proceeds from our equity financing and borrowings. We plan to fund our planned capital expenditure with a combination of cash generated from our operating activities and net [**REDACTED**] from the [**REDACTED**], and other debt and equity financing from time to time according to our needs. See "Future Plans and Use of [**REDACTED**]" for the portion of capital expenditures to be funded by the [**REDACTED**] from the [**REDACTED**].

Capital Commitments

Our capital commitments primarily related to the procurement of property, plant and equipment. The following sets forth a summary of our capital commitments as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Contracted but not provided for in the consolidated financial statements				
– Items of property, plant and equipment	324,814	144,146	116,950	97,506

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted of lease liabilities and interest-bearing bank borrowings. The following table sets forth the balances of our indebtedness items as of the dates indicated.

	As of December 31,			As of March 31,	As of April 30,
	2022	2023	2024	2025	2025
	(RMB in thousands)				
					(Unaudited)
Current					
Interest-bearing bank borrowings	39,739	40,981	140,980	234,501	210,772
Lease liabilities	9,881	3,841	4,434	4,483	4,330
	49,620	44,822	145,414	238,984	215,102
Non-current					
Lease liabilities	7,288	284	7,189	6,048	6,137
	7,288	284	7,189	6,048	6,137
Total	**56,908**	**45,106**	**152,603**	**245,032**	**221,239**

Interest-bearing Bank Borrowings

Our interest-bearing bank borrowings primarily consisted of bank loans, discounted notes receivable and discounted letter of credit. Our discounted notes receivable arose from certain notes receivables accepted by PRC banks, for which we retained substantial risks and rewards (including default risks), and continued to recognize the full carrying amounts of the discounted notes and the associated borrowings. See Note 40 to the Accountants' Report to the document for details of the transfer of relevant financial assets.

We recorded interest-bearing bank borrowings of RMB39.7 million, RMB41.0 million, RMB141.0 million and RMB234.5 million, as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. The following table sets forth the breakdown of our borrowings as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Bank loans – unsecured	29,027	35,027	9,006	9,011
Discounted notes receivable – unsecured	10,712	5,954	82,171	175,687
Discounted letter of credit – unsecured	—	—	49,803	49,803
Total	**39,739**	**40,981**	**140,980**	**234,501**

During the Track Record Period, the effective interest rates of our bank loans and discounted notes receivable ranged from 1% to 3%, 0.9% to 2.55%, 0.65% to 2.27%, and 0.65% to 2.27% per annum as of December 31, 2022, 2023, 2024 and March 31, 2025, respectively. For details of our borrowings, see Note 26 to the Accountants' Report in Appendix I to this document. Our discounted letter of credit as of December 31, 2024 and March 31, 2025 had an effective interest rate of 0.92% per annum.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings in the future.

Lease Liabilities

Our lease liabilities were primarily related to our leased properties. We recorded lease liabilities of RMB17.2 million, RMB4.1 million, RMB11.6 million and RMB10.5 million as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

Statement of Indebtedness

Saved as disclosed above, as of April 30, 2025, we had no bank loans, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities. Our Directors confirm that there had not been any material change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities or guarantees.

[**REDACTED**]

We did not record [**REDACTED**] during the Track Record Period. We expect to incur a total of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] between HK$[**REDACTED**] and HK$[**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) sponsor fees and [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (2) non-[**REDACTED**] expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), which consist of (a) fees and expenses of legal advisors and accountants of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (b) other fees and expenses of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million). Approximately RMB[**REDACTED**] million of our [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] million is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/for the three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
Gross profit margin	29.1%	28.9%	31.2%	32.0%	32.2%
Net profit margin	13.1%	14.9%	14.8%	17.7%	15.0%
Current ratio (times)(1)	4.5	4.1	3.7	N/A	3.6
Quick ratio (times)(2)	4.2	3.8	3.4	N/A	3.3
Gearing ratio(3)	1.9%	1.5%	4.7%	N/A	7.4%

(1) Current assets divided by current liabilities as of year/period end.

(2) Current assets less inventories divided by current liabilities as of year/period end.

(3) Total interest-bearing bank borrowings and lease liabilities divided by total equity as of year/period end.

Analysis of Key Financial Ratios

Gross profit margin and net profit margin

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin and net profit margin during the Track Record Period.

Current ratio and quick ratio

Our current ratio decreased from 4.5 as of December 31, 2022 to 4.1 as of December 31, 2023, and our quick ratio decreased from 4.2 as of December 31, 2023 to 3.8 as of December 31, 2024, primarily due to (1) the increase in trade and notes payables; and (2) the increase in the current portion of other payables and accruals, partially offset by the increases in certain current asset items, in particular financial assets at FVTPL and debt investments at FVTOCI. Our current ratio further decreased to 3.7 as of December 31, 2024, and our quick ratio further decreased to 3.4 as of December 31, 2024, primarily due to (1) the increase in the current portion of interest-bearing borrowings; and (2) the increase in trade and notes payable, partially offset by the increases in certain current asset items, in particular the increases in cash and cash equivalents, trade and notes receivables and financial assets at FVTPL. Our current ratio and quick ratio remained relatively stable at 3.6 and 3.3 as of March 31, 2025, respectively. See "—Discussion of Major Balance Sheet Items" for a discussion of the factors affecting our current assets and current liabilities during the Track Record Period.

Gearing ratio

Our gearing ratio decreased from 1.9% as of December 31, 2022 to 1.5% as of December 31, 2023, primarily due to the increase in our reserves from RMB2,790.7 million as of December 31, 2022 to RMB2,924.5 million as of December 31, 2023, driven by our profitability over the same periods. Our gearing ratio increased to 4.7% as of December 31, 2024 and further to 7.4% as of March 31, 2025, primarily due to the increase in interest-bearing bank borrowings to fund the construction of the Zhaowei Drive Industrial Park at our Suzhou production base.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms of transactions similar to terms with other entities that are not related parties. During the Track Record Period, we entered into a number of related party transactions concerning Linked Intelligent and its subsidiary, which involves miscellaneous purchases and sales of products. For details of our related party transactions, see Note 38 to the Accountants' Report in Appendix I to this document. Our Directors are of the view that each of the related party transactions was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties and does not distort our Track Record Period results or make our historical results not reflective of future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Our principal financial instruments comprise interest-bearing bank borrowings, financial assets at FVTPL and cash and cash equivalents. The main purpose of these financial instruments is to finance for our operations. We also have various other financial assets and liabilities which arise directly from our operations.

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Our Board of Directors reviews and agrees on policies for managing each of these risks, as summarized below.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our interest-bearing bank and other borrowings with floating interest rates. Our policy is to manage its interest cost using variable rate debts. Our Directors believe that the cash flow risk exposure arising from floating-rate bank borrowings is not significant. We continuously monitor interest rate levels and, in the event that market expectations for interest rate hikes are clear or interest rates are expected to rise, we will leverage our credit rating and differentiated financing advantages to replace floating-rate debt facing interest rate hike risks with other financing instruments.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between Renminbi and other currencies in which we conduct business may affect our financial condition and results of operations. For details of our foreign currency risk exposure, including a sensitivity analysis to changes in foreign exchange rates, see Note 42 to the Accountants' Report to this document.

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents, pledged deposits, financial assets included in prepayments, other receivables and other assets, and financial assets included in other non-current assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For financial assets included in prepayments, other receivables and other assets, our management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. We believe that there is no material credit risk inherent in our outstanding balance of other receivables.

We applied the simplified approach for impairment for our trade receivables as of the end of each year/period during the Track Record Period. For details of the provision matrix used, see Note 21 to the Accountants' Report to this document. For details of the credit quality and maximum exposure to credit risk, including the year/period-end staging classification of relevant financial assets during the Track Record Period, see Note 42 to the Accountants' Report to this document.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade and notes receivables) and projected cash flows from operations. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. For details of the maturity profile of our financial liabilities as at the end of each year/period during the Track Record Period, see Note 42 to the Accountants' Report to this document.

DIVIDEND POLICY

In 2022, 2023, 2024 and the three months ended March 31, 2025, our Company paid cash dividends of RMB34.1 million, RMB28.9 million, RMB93.5 million and nil, respectively. See Note 11 to the Accountants' Report included in Appendix I to this document for details. At our shareholders' general meeting in May 2025, the declaration of cash dividends of RMB68.5 million was approved, which represented the final dividend for the year ended December 31, 2024, and has been paid in full except for the portion of dividends on certain restricted A Shares under the 2024 Share Incentive Scheme.

PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends by cash and/or by stock in the future after taking into account our profitability, cash flow conditions, corporate development and capital needs. We may declare cash dividends provided that our distributable profits of the relevant fiscal year are positive, and that we do not have significant investment plans or cash expenditures in the next 12 months, assuming that such annual dividend is made, our capital requirements for ordinary business can still be met in the light of such investments or cash expenditures. We shall distribute cash dividends in an aggregate amount of not less than 30% of the average annual distributable profits over each consecutive three-year period. Furthermore, provided that the specific conditions for cash dividends are met, we shall distribute annual cash dividends of not less than 20% of the distributable profits generated in the relevant fiscal year. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

DISTRIBUTABLE RESERVES

As of March 31, 2025, our Company's retained profits amounted to RMB945.9 million, which represented our distributable reserves as of the same date.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since March 31, 2025 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since March 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA, and is to illustrate the effect of the [**REDACTED**] on our consolidated net tangible assets as of March 31, 2025 as if it had taken place on that date.

Our unaudited [**REDACTED**] adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the [**REDACTED**] been completed as of March 31, 2025 or any future date. It is prepared based on our consolidated net tangible assets as of March 31, 2025 as set out in the Accountants' Report in Appendix I to this document, and adjusted as described below.

	Consolidated net tangible assets of our Group attributable to owners of the parent as at March 31, 2025	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the parent as at March 31, 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets per Share as at March 31, 2025	
		RMB in thousands		RMB	HK$
	(Note 1)	(Note 2)		(Note 3 & 4)	(Note 5)
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED] . .	3,281,379	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED] . .	3,281,379	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED] . .	3,281,379	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

1. The consolidated net tangible assets of our Group attributable to owners of the parent as at March 31, 2025 were equal to the audited net assets attributable to owners of our Company as at March 31, 2025 of approximately RMB3,293,225,000 less intangible assets of approximately RMB11,846,000 as at March 31, 2025 set out in the Accountants' Report in Appendix I to this document.

2. The estimated net [**REDACTED**] from the [**REDACTED**] are based on [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**], after deduction of the [**REDACTED**] fees and other related expenses payable by our Group and do not take into account any Shares which may be [**REDACTED**] upon exercise of the [**REDACTED**].

3. The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of our Company is calculated based on [**REDACTED**] Shares (including 238,940,800 Shares (excluding 1,262,700 A Shares as treasury shares) and [**REDACTED**] H Shares) are in issue assuming the [**REDACTED**] has been completed on March 31, 2025 but takes no account of any Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**] or any Shares which may be issued or repurchased by our Company for the vesting of restricted A Shares under the 2024 Share Incentive Scheme.

4. For the purpose of this unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets, the estimated net [**REDACTED**] from the [**REDACTED**] are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.9150 and the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of our Company per Share is converted from Renminbi into Hong Kong dollars at the same exchange rate. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa. at that rate.

5. No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to March 31, 2025.

6. If our Company paid the final dividend for the year ended December 31, 2024 at RMB0.29 for a total of 240,203,500 Shares, the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share would be HK$[**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] and HK$[**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], respectively.

FUTURE PLANS

See "Business—Growth Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the net [**REDACTED**] of the [**REDACTED**], after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**], will be approximately HK$[**REDACTED**] million, assuming the [**REDACTED**] is fixed at HK$[**REDACTED**] per H Share (being the mid-point of the indicative range of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), and that the [**REDACTED**] is not exercised.

We currently intend to use the net [**REDACTED**] of the [**REDACTED**] for the purposes and in the amounts as set out below:

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, for global technology R&D and expansion of our product and solution portfolio. We will expand our R&D team around the world, attracting and retaining R&D talents with excellent academic backgrounds and extensive industry experience by offering competitive compensation packages. Specifically:

  (1) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to further develop our self-branded, platform-based products. For example, for our dexterous hand products, we will deepen our investment across multiple technical dimensions, such material selection, motor miniaturization, mechanical design, algorithmic capabilities, and sensing technologies. We plan to customize parameters of our dexterous hand products, such as torque thresholds, motion trajectories and response speeds, to meet diverse commercial requirements, from precision surgical robots requiring micron-level control to logistics robots needing rapid payload adjustments. In addition, leveraging our tri-integrated innovation framework and our accumulated technological and industry knowhow, we plan to develop additional standardized, platform-based products to further drive our growth;

  (2) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to further strengthen our R&D initiatives under our tri-integrated innovation framework, with a focus on the continued development and optimization of our integrated micro transmission and drive system solutions. In particular, we aim to enhance product design and manufacturing processes, improve product performance and energy efficiency, and develop new solutions tailored to potential customers' application scenarios and unmet needs; and

  (3) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to advance the integration of AI and digital intelligence across our operations to solidify and enhance our competitive advantage. We will continue to expand our AI innovation division, recruiting talent from renowned institutions and leading tech firms. We will invest in in-house infrastructure and explore strategic collaborations with mature AI solution providers. We will also establish a centralized AI knowledge base to codify our accumulative industry knowhow and engineering insights. In addition, we intend to automate a substantial portion of product design and component optimization tasks through AI technology, accelerating new product development;

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, to expand our global production capacity worldwide and enhance production efficiency. We aim to improve our responsiveness to international customers and optimizing global supply chain efficiency. By localizing manufacturing closer to overseas demand centers, we also expect to benefit from reduced logistics costs, shortened delivery cycles and enhanced service capabilities. Specifically, we plan to establish overseas production bases in Southeast Asia, Europe or other strategically advantageous locations to better serve our international customers and optimizing global supply chain efficiency. We expect to incur costs primarily relating to construction and renovation of our overseas facilities, procurement of production equipment, and recruitment and training of local production personnel;

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, to selectively pursue strategic alliances, investments and acquisitions globally, with a view to enhancing our international competitiveness in integrated micro transmission and drive systems and high-growth application scenarios, such as humanoid robotics. Specifically, we will systematically assess high-potential targets across the value chain, including component manufacturers, robotic system integrators, and companies engaged in key application scenarios, such as industrial automation, commercial robotics, extreme-environment operations and domestic service robotics. In identifying suitable targets, we will consider factors such as quality and market potential of their products, historical operational and financial performance, team expertise, and the potential for strategic and operational synergies with our business. As of the Latest Practicable Date, we had not identified any potential target company for investment or acquisition;

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, to expand our global service and sales network and strengthen global marketing efforts. The proceeds will be used to fund targeted initiatives aimed at enhancing overseas customer engagement, sales and marketing efforts. These initiatives include establishing additional overseas offices, strengthening global marketing campaigns and brand recognition, developing international sales and customer service networks, conducting global customer visits, exploring global partnership opportunities, participating in major international industry exhibitions, and organizing localized marketing events to drive regional market penetration; and

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, for working capital and general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed below or above the mid-point of the indicative [**REDACTED**]. Any additional [**REDACTED**] received from the exercise of the [**REDACTED**] will also be allocated to the above purposes on a pro rata basis. In the event that the [**REDACTED**] is exercised in full, we will receive net [**REDACTED**] of HK$[**REDACTED**] million (after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**]).

To the extent that the net [**REDACTED**] are not immediately applied to the above purposes or if we are unable to put into effect any part of our development plan as intended, we intend to deposit the net [**REDACTED**] into short-term demand deposits with licensed banks or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

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The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

"***[To insert the firm's letterhead]***"

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN ZHAOWEI MACHINERY & ELECTRONICS CO., LTD, CHINA MERCHANTS SECURITIES (HK) CO., LIMITED AND DEUTSCHE SECURITIES ASIA LIMITED

Introduction

We report on the historical financial information of Shenzhen Zhaowei Machinery & Electronics Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-75, which comprises the consolidated statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023, 2024 and the three months ended 31 March 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023, 2024 and 31 March 2025, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-75 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the [**REDACTED**] of the Company on the [**REDACTED**].

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023, 2024 and 31 March 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the three months ended 31 March 2024 and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Three months ended 31 March	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	1,152,459	1,205,945	1,524,599	312,366	367,530
Cost of sales		(817,349)	(856,854)	(1,049,031)	(212,267)	(249,214)
Gross profit		335,110	349,091	475,568	100,099	118,316
Other income and gains	5	67,742	100,192	94,356	23,984	24,617
Selling and marketing expenses		(45,141)	(42,058)	(60,275)	(12,711)	(14,486)
Administrative expenses		(73,102)	(75,210)	(93,623)	(19,934)	(25,391)
Research and development costs		(117,342)	(128,714)	(155,136)	(30,497)	(39,665)
Impairment losses on financial assets, net	6	(3,961)	(6,304)	(6,334)	3,714	202
Other expenses		(1,523)	(2,171)	(2,038)	(325)	(437)
Finance costs	7	(3,132)	(3,334)	(2,411)	(542)	(1,101)
Share of profits/(losses) of an associate	6	99	683	(5,391)	(2,097)	(1,011)
PROFIT BEFORE TAX	6	158,750	192,175	244,716	61,691	61,044
Income tax expense	10	(8,254)	(12,252)	(19,297)	(6,320)	(5,940)
PROFIT FOR THE YEAR/PERIOD		150,496	179,923	225,419	55,371	55,104
Attributable to:						
Owners of the parent		150,496	179,923	225,419	55,371	55,104
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12					
Basic (RMB)						
– for profit for the year/period		0.63	0.75	0.94	0.23	0.23
Diluted (RMB)						
– for profit for the year/period		0.63	0.75	0.94	0.23	0.23

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
PROFIT FOR THE YEAR/PERIOD		150,496	179,923	225,419	55,371	55,104
OTHER COMPREHENSIVE INCOME						
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		896	112	(25)	24	121
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		896	112	(25)	24	121
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:						
Equity investments designated at fair value through other comprehensive income:						
Changes in fair value, net of tax		3,907	(1,008)	(639)	(615)	(527)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		3,907	(1,008)	(639)	(615)	(527)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX		4,803	(896)	(664)	(591)	(406)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		155,299	179,027	224,755	54,780	54,698
Attributable to:						
Owners of the parent		155,299	179,027	224,755	54,780	54,698

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December			31 March
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	747,405	937,918	1,023,773	1,031,610
Intangible assets	*14*	13,361	12,715	12,571	11,846
Right-of-use assets	*15*	52,915	40,726	47,309	45,956
Investment in an associate	*18*	67,321	68,003	62,613	61,668
Equity investments designated at fair value through other comprehensive income	*17*	17,767	17,659	17,020	36,493
Financial assets at fair value through profit or loss	*23*	252,085	97,705	1,500	1,500
Deferred tax assets	*32*	26,268	14,718	198	67
Other non-current assets	*19*	8,509	11,526	17,530	17,775
Total non-current assets		1,185,631	1,200,970	1,182,514	1,206,915
CURRENT ASSETS					
Inventories	*20*	172,638	164,468	184,124	195,680
Trade and notes receivables	*21*	383,515	433,725	577,495	505,615
Prepayments, other receivables and other assets	*22*	23,296	32,080	40,737	42,972
Financial assets at fair value through profit or loss	*23*	472,951	849,957	902,726	901,801
Debt investments at fair value through other comprehensive income	*24*	599,354	911,225	928,701	1,001,269
Restricted bank deposits	*25*	2,438	39,864	62	62
Time deposits	*25*	573,636	80,021	80,734	–
Cash and cash equivalents	*25*	145,014	91,734	224,817	359,232
Total current assets		2,372,842	2,603,074	2,939,396	3,006,631
CURRENT LIABILITIES					
Trade and notes payables	*27*	346,345	408,678	434,335	415,883
Contract liabilities	*30*	20,774	21,409	19,257	20,374
Other payables and accruals	*28*	110,128	159,329	178,543	127,228
Financial liabilities at fair value through profit or loss	*29*	–	–	21,536	28,553
Interest-bearing bank borrowings	*26*	39,739	40,981	140,980	234,501
Lease liabilities	*15*	9,881	3,841	4,434	4,483
Tax payables		1,391	2,553	3,683	8,903
Total current liabilities		528,258	636,791	802,768	839,925
NET CURRENT ASSETS		1,844,584	1,966,283	2,136,628	2,166,706
TOTAL ASSETS LESS CURRENT LIABILITIES		3,030,215	3,167,253	3,319,142	3,373,621
NON-CURRENT LIABILITIES					
Lease liabilities	*15*	7,288	284	7,189	6,048
Deferred tax liabilities	*32*	41,762	40,024	32,649	23,111
Deferred income	*31*	34,074	39,263	53,093	51,237
Total non-current liabilities		83,124	79,571	92,931	80,396
Net assets		2,947,091	3,087,682	3,226,211	3,293,225
EQUITY					
Equity attributable to owners of the parent					
Share capital	*33*	171,302	171,008	240,204	240,204
Treasury shares	*33*	(14,911)	(7,783)	(26,959)	(26,959)
Reserves	*34*	2,790,700	2,924,457	3,012,966	3,079,980
		2,947,091	3,087,682	3,226,211	3,293,225
Non-controlling interests		–	–	–	–
Total equity		2,947,091	3,087,682	3,226,211	3,293,225

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent								
	Share capital	Capital reserve	Share option reserve	Treasury shares	Fair value reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained earnings	Total equity
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000	RMB'000
At 1 January 2022	171,435	1,903,089	10,530	(16,510)	8,859	445	68,347	680,813	2,827,008
Profit for the year	–	–	–	–	–	–	–	150,496	150,496
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	3,907	–	–	–	3,907
Exchange differences related to foreign operations	–	–	–	–	–	896	–	–	896
Total comprehensive income for the year	–	–	–	–	3,907	896	–	150,496	155,299
Issuance of restricted shares (note 33)	149	4,537	–	(4,686)	–	–	–	–	–
Repurchase of restricted shares forfeited during the year (note 33)	(282)	(6,049)	–	6,105	–	–	–	226	–
Share-based payment expenses (note 35)	–	–	(1,110)	–	–	–	–	–	(1,110)
Transfer to retained earnings	–	–	–	–	–	–	13,672	(13,672)	–
Dividends declared	–	–	–	180	–	–	–	(34,286)	(34,106)
At 31 December 2022	171,302	1,901,577*	9,420*	(14,911)	12,766*	1,341*	82,019*	783,577*	2,947,091

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	**Capital reserve**	**Share option reserve**	**Treasury shares**	**Fair value reserve**	**Exchange fluctuation reserve**	**Statutory surplus reserve**	**Retained earnings**	**Total equity**
	RMB'000 (note 33)	**RMB'000** (note 34)	**RMB'000** (note 34)	**RMB'000** (note 33)	**RMB'000** (note 34)	**RMB'000** (note 34)	**RMB'000** (note 34)	**RMB'000**	**RMB'000**
At 1 January 2023	171,302	1,901,577	9,420	(14,911)	12,766	1,341	82,019	783,577	2,947,091
Profit for the year	–	–	–	–	–	–	–	179,923	179,923
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(1,008)	–	–	–	(1,008)
Exchange differences related to foreign operations	–	–	–	–	–	112	–	–	112
Total comprehensive income for the year	–	–	–	–	(1,008)	112	–	179,923	179,027
Repurchase of restricted shares forfeited during the year (note 33)	(294)	(6,969)	–	7,021	–	–	–	242	–
Share-based payment expenses (note 35)	–	–	(9,420)	–	–	–	–	–	(9,420)
Transfer to retained earnings	–	–	–	–	–	–	3,485	(3,485)	–
Dividends declared	–	–	–	107	–	–	–	(29,123)	(29,016)
At 31 December 2023	171,008	1,894,608*	–*	(7,783)	11,758*	1,453*	85,504*	931,134*	3,087,682

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital	**Capital reserve**	**Share option reserve**	**Treasury shares**	**Fair value reserve**	**Exchange fluctuation reserve**	**Statutory surplus reserve**	**Retained earnings**	**Total equity**
	RMB'000 (note 33)	**RMB'000** (note 34)	**RMB'000** (note 34)	**RMB'000** (note 33)	**RMB'000** (note 34)	**RMB'000** (note 34)	**RMB'000** (note 34)	**RMB'000**	**RMB'000**
At 1 January 2024	171,008	1,894,608	–	(7,783)	11,758	1,453	85,504	931,134	3,087,682
Profit for the year	–	–	–	–	–	–	–	225,419	225,419
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(639)	–	–	–	(639)
Exchange differences related to foreign operations	–	–	–	–	–	(25)	–	–	(25)
Total comprehensive income for the year	–	–	–	–	(639)	(25)	–	225,419	224,755
Issuance of restricted shares (note 33)	1,263	25,696	–	(26,959)	–	–	–	–	–
Repurchase of restricted shares forfeited during the year (note 33)	(470)	(7,607)	–	7,504	–	–	–	573	–
Share-based payment expenses (note 35)	–	–	7,550	–	–	–	–	–	7,550
Transfer to retained earnings	–	–	–	–	–	–	15,516	(15,516)	–
Dividends declared	–	–	–	279	–	–	–	(94,055)	(93,776)
Issue of bonus shares (note 33)	68,403	(68,403)	–	–	–	–	–	–	–
At 31 December 2024	240,204	1,844,294*	7,550*	(26,959)	11,119*	1,428*	101,020*	1,047,555*	3,226,211

Three months ended 31 March 2025

	Attributable to owners of the parent								
	Share capital	**Capital reserve**	**Share option reserve**	**Treasury shares**	**Fair value reserve**	**Exchange fluctuation reserve**	**Statutory surplus reserve**	**Retained earnings**	**Total equity**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
	(note 33)	(note 34)	(note 34)	(note 33)	(note 34)	(note 34)	(note 34)		
At 1 January 2025	240,204	1,844,294	7,550	(26,959)	11,119	1,428	101,020	1,047,555	3,226,211
Profit for the period	–	–	–	–	–	–	–	55,104	55,104
Other comprehensive income for the period:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(527)	–	–	–	(527)
Exchange differences related to foreign operations	–	–	–	–	–	121	–	–	121
Total comprehensive income for the period	–	–	–	–	(527)	121	–	55,104	54,698
Share-based payment expenses (note 35)	–	–	12,316	–	–	–	–	–	12,316
At 31 March 2025	240,204	1,844,294*	19,866*	(26,959)	10,592*	1,549*	101,020*	1,102,659*	3,293,225

* These reserve accounts comprised the consolidated reserves of RMB2,790,700,000, RMB2,924,457,000, RMB3,012,966,000 and RMB3,079,980,000 in the consolidated statements of financial position as at 31 December 2022, 2023, 2024 and 31 March 2025, respectively.

Three months ended 31 March 2024 (unaudited)

	Attributable to owners of the parent								
	Share capital	Capital reserve	Share option reserve	Treasury shares	Fair value reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained earnings	Total equity
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000	RMB'000
At 1 January 2024	171,008	1,894,608	–	(7,783)	11,758	1,453	85,504	931,134	3,087,682
Profit for the period	–	–	–	–	–	–	–	55,371	55,371
Other comprehensive income for the period:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(615)	–	–	–	(615)
Exchange differences related to foreign operations	–	–	–	–	–	24	–	–	24
Total comprehensive income for the period	–	–	–	–	(615)	24	–	55,371	54,780
At 31 March 2024 (unaudited)	171,008	1,894,608	–	(7,783)	11,143	1,477	85,504	986,505	3,142,462

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		158,750	192,175	244,716	61,691	61,044
Adjustments for:						
Bank interest income	6	(14,629)	(6,524)	(9,439)	(2,050)	(1,974)
Other interest income from debt investment at fair value through other comprehensive income	6	(21,984)	(31,585)	(25,306)	(6,902)	(6,570)
Finance costs	7	3,132	3,334	2,411	542	1,101
Loss on disposal of items of property, plant and equipment, net	6	437	343	618	29	437
Loss on disposal of intangible assets	6	–	–	43	–	-
Loss/(gains) on disposal of items of right-of-use assets, net	6	158	(1,464)	81	–	–
Depreciation of property, plant and equipment	6	53,092	65,735	74,873	17,363	22,615
Amortisation of intangible assets	6	2,306	2,110	2,788	631	725
Depreciation of right-of-use assets	6	11,955	4,117	5,212	1,507	1,353
Share of (profits)/losses of an associate	6	(99)	(683)	5,391	2,097	1,011
Write-down/(reversal of write-down) of inventories to net realisable value, net	6	7,537	411	3,550	1,830	(1,852)
Impairment of trade and notes receivables, net	6	3,760	6,351	7,319	(3,620)	(493)
Impairment of other receivables, net	6	201	(47)	(985)	(94)	291
Investment income from financial assets at fair value through profit or loss	6	(10,004)	(21,061)	(17,427)	(2,497)	(4,040)
Fair value gains on financial assets at fair value through profit or loss	6	(3,650)	(15,317)	(19,896)	(9,040)	(1,406)
Dividend income received from an equity investment measured at fair value through other comprehensive income		–	(50)	–	–	–
Share-based payment expenses	35	2,319	(9,309)	5,264	–	3,948
		193,281	188,536	279,213	61,487	76,190
(Increase)/decrease in inventories		(27,960)	7,759	(23,205)	(12,133)	(9,704)
(Increase)/decrease in trade and notes receivables		(77,825)	(56,556)	(151,087)	79,685	72,372
(Increase)/decrease in bank acceptance notes		(9,238)	5,347	(9,147)	(22,781)	(33,562)
(Increase)/decrease in prepayments, other receivables and other assets		33,964	(4,656)	(10,820)	(8,039)	(4,648)
Increase/(decrease) in trade and notes payables		117,836	74,381	25,791	(20,397)	(23,079)
Increase/(decrease) in other payables and accruals		(11,642)	(22,549)	1,128	(33,324)	(67,485)
Increase/(decrease) in deferred income		5,861	5,189	13,830	(1,343)	(1,855)
Cash generated from operations		224,277	197,451	125,703	43,155	8,229
Interest received		6,150	4,062	4,553	1,279	1,406
Income tax paid		(6,070)	(5,533)	(6,574)	–	(2,540)
Net cash flows from operating activities		224,357	195,980	123,682	44,434	7,095

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS USED IN INVESTING ACTIVITIES					
Proceeds from sales of financial assets at fair value through profit or loss	794,096	904,521	1,152,266	414,622	433,956
Proceeds from debt investments at fair value through other comprehensive income	399,694	581,770	279,302	55,250	77,565
Proceeds from time deposits	469,104	201,403	81,201	–	81,053
Receipt of deposit for property, plant and equipment	14,960	1,850	850	800	100
Proceeds from disposal of items of property, plant and equipment	269	90	307	11	–
Purchases of property, plant and equipment	(246,562)	(204,634)	(165,957)	(53,220)	(41,192)
Additions of other intangible assets	(5,346)	(1,464)	(2,687)	(18)	–
Additions of right-of-use assets	(8,659)	–	–	–	–
Purchase of equity in an associate	(67,222)	–	–	–	–
Purchases of financial investments at fair value through other comprehensive income	–	–	(900)	(900)	(20,000)
Purchases of financial assets at fair value through profit or loss	(902,107)	(1,087,385)	(1,071,688)	(310,000)	(428,009)
Purchases of equity investments designated at fair value through profit or loss	–	(1,500)	–	–	–
Purchases of debt investments at fair value through other comprehensive income	(365,435)	(444,310)	(311,375)	–	(110,000)
Purchases of time deposits	(603,964)	(130,000)	(30,000)	(30,000)	–
Return of deposit for property, plant and equipment	(12,190)	(1,650)	(1,100)	(1,100)	(300)
Net cash flows from/(used in) investing activities	(533,362)	(181,309)	(69,781)	75,445	(6,827)
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank borrowings	52,759	50,406	192,914	1,719	134,100
Repayment of bank borrowings	–	(29,000)	(35,000)	–	–
Interest on bank borrowings	(656)	(1,295)	(1,196)	(225)	(78)
Proceeds from issue of restricted shares	4,686	–	26,959	–	–
Receipt of deposits	25,754	1,053	2,185	–	968
Dividends paid	(34,060)	(28,881)	(93,482)	–	–
Repurchase of restricted shares forfeited	(6,331)	(7,263)	(8,077)	–	–
Lease payments	(12,389)	(4,398)	(4,576)	(1,314)	(1,194)
Payment of deposits	(2,715)	(44,738)	(2,397)	–	–
Net cash flows from/(used in) financing activities	27,048	(64,116)	77,330	180	133,796

	Note	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(281,957)	(49,445)	131,231	120,059	134,064
Cash and cash equivalents at beginning of year/period		421,849	145,014	91,734	91,734	224,817
Effect of foreign exchange rate changes, net		5,122	(3,835)	1,852	(201)	351
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		145,014	91,734	224,817	211,592	359,232
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position	*25*	145,014	91,734	224,817	211,592	359,232

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2022	31 December 2023	31 December 2024	31 March 2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	274,669	245,171	259,839	244,776
Intangible assets	14	13,361	11,595	11,567	10,806
Right-of-use assets	15	15,271	4,038	15,271	13,922
Investments in subsidiaries	16	343,605	424,082	535,541	545,631
Investment in an associate	18	67,321	68,003	62,613	61,668
Equity investments designated at fair value through other comprehensive income	17	17,767	17,659	17,020	16,493
Financial assets at fair value through profit or loss	23	252,085	96,205	–	–
Deferred tax assets	32	12,714	12,331	–	–
Other non-current assets	19	2,878	2,025	4,423	4,358
Total non-current assets		999,671	881,109	906,274	897,654
CURRENT ASSETS					
Inventories	20	138,946	117,470	112,225	117,167
Trade and notes receivables	21	389,600	426,864	502,253	468,798
Prepayments, other receivables and other assets	22	666,599	421,121	491,651	477,780
Financial assets at fair value through profit or loss	23	422,626	764,387	704,699	680,374
Debt investments at fair value through other comprehensive income	24	599,354	908,846	928,450	1,000,370
Restricted bank deposits	25	2,438	39,864	55	55
Time deposits	25	156,368	80,021	80,734	–
Cash and cash equivalents	25	111,453	58,170	185,498	320,296
Total current assets		2,487,384	2,816,743	3,005,565	3,064,840
CURRENT LIABILITIES					
Trade and notes payables	27	305,939	484,294	614,504	625,528
Contract liabilities	30	19,158	20,121	13,126	11,529
Other payables and accruals	28	101,997	67,590	105,284	79,085
Interest-bearing bank borrowings	26	39,738	40,981	11,238	34,728
Lease liabilities	15	9,839	3,841	5,083	4,756
Tax payable		1,391	2,553	3,683	9,359
Total current liabilities		478,062	619,380	752,918	764,985
NET CURRENT ASSETS		2,009,322	2,197,363	2,252,647	2,299,855
TOTAL ASSETS LESS CURRENT LIABILITIES		3,008,993	3,078,472	3,158,921	3,197,509
NON-CURRENT LIABILITIES					
Lease liabilities	15	7,288	284	10,560	9,603
Deferred tax liabilities	32	25,787	25,531	13,724	2,254
Deferred income	31	34,074	39,263	52,619	50,778
Total non-current liabilities		67,149	65,078	76,903	62,635
Net assets		2,941,844	3,013,394	3,082,018	3,134,874
EQUITY					
Share capital	33	171,302	171,008	240,204	240,204
Treasury shares	33	(14,911)	(7,783)	(26,959)	(26,959)
Reserves	34	2,785,453	2,850,169	2,868,773	2,921,629
Total equity		2,941,844	3,013,394	3,082,018	3,134,874

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Shenzhen, People's Republic of China (the "Mainland China") on 19 April 2001, which was converted into a joint stock company on 10 January 2018. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Main Board of the Shenzhen Stock Exchange (stock code: 003021) on 4 December 2020. The registered office address of the Company is Office Building 101, No. 62 Yanhu Road, Yanchuan Community, Yanluo Street, Baoan district, Shenzhen, the Mainland China.

In the opinion of the directors, Li Haizhou and Xie Yanling are collectively considered as the actual controllers of the Company as of the end of Relevant Periods.

During the Relevant Periods, the Company and its subsidiaries (together, the "Group") was involved in the integrated micro transmission and drive system solutions.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries are set out below:

Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dongguan Zhaowei Machinery & Electronics Co., Ltd.* (東莞市兆威機電有限公司 (note a))	PRC/Mainland China 31 October 2018	RMB230,000,000	100	–	Provision of integrated micro transmission and drive system solutions
Suzhou Zhaowei Drive Co., Ltd.* (蘇州兆威驅動有限公司 (note b))	PRC/Mainland China 06 May 2021	RMB100,000,000	100	–	Provision of integrated micro transmission and drive system solutions
Shenzhen Zhaowei Dexterous Hand Technology Co., Ltd.* (深圳市兆威靈巧手技術有限公司 (note b))	PRC/Mainland China 18 March 2025	RMB50,000,000	100	–	Research, development, and manufacture of embodied robotic products

Notes:

(a) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with accepted accounting principles and financial regulations in the Mainland China were audited by Shenzhen Zhongli Certified Public Accountants (General Partnership) (深圳中立會計師事務所(普通合夥)), certified public accountants registered in the Mainland China.

(b) As at the date of this report, no audited financial statements have been prepared for these entities as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.

* The English names of these companies registered in the Mainland China represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value at the end of each Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same Relevant Periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following revised IFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards—Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.5%
Machine equipment	9.70% to 19.40%
Electronic equipment	32.33%
Transportation equipment	24.25%
Other equipment	19.40%
Renovation and leasehold improvement	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each Relevant Periods.

Intangible assets with definite useful lives are amortized on the straight-line basis over the following useful economic lives:

Software	3 to 10 years

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	2 to 5 years
Leasehold land	30 to 50 years

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments graded in the top investment categories are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and financial liabilities at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

After initial recognition, trade payables, other payables and accruals, interest-bearing bank borrowings, and financial liabilities measured at amortized cost, are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each or the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products for export sales and acceptance of the products for domestic sales.

A portion of the sales of products is on consignment arrangements where the products are delivered to the customers' locations for their use. The control of the products is transferred when the products are used by the customers.

Some customers signed contract for the moulds manufactured by the Group specifically to satisfy the promise to deliver products to the customers at stand-alone selling prices. Revenue from the sales of moulds is recognised at point in time when the moulds are accepted and confirmed by the customer or when the bulk orders to manufacture the specified products are made by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group operates share option scheme and restricted share scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of restricted shares refers to the fair value of the underlying ordinary shares and the fair value of share options is determined using black-scholes model. Further details are included in note 35 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates of the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases—Estimating the incremental borrowing rate ("IBR")

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay," which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Provision for expected credit losses on trade and notes receivables

The Group uses a provision matrix to calculate ECLs for trade and notes receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and notes receivables is disclosed in note 21 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 41 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple, make estimates about the discount for lack of marketability, and/or adjust quoted prices in active markets. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as level 3. Further details are included in note 17 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group manages its business as a whole for the purpose of making decision on resource allocation and performance assessment, therefore, no operating segment information is presented:

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Mainland China	1,006,143	1,048,786	1,312,193	262,038	325,882
Other countries/regions	146,316	157,159	212,406	50,328	41,648
Total	1,152,459	1,205,945	1,524,599	312,366	367,530

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Most of the Group's non-current assets are located in Mainland China. Thus, no geographic information is presented.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the Relevant Period and in the period covered by the Interim Comparative Financial Information are set out below:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A	149,593	197,133	269,059	65,747	63,901
Customer B	N/A*	145,842	N/A*	N/A*	N/A*
Customer C	N/A*	N/A*	N/A*	39,879	N/A*
Customer D	N/A*	N/A*	N/A*	32,722	N/A*
Customer E	N/A*	N/A*	N/A*	N/A*	59,912

* The corresponding revenue of the customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue from contracts with customers	1,152,459	1,205,945	1,524,599	312,366	367,530

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Types of goods or services					
Sales of products	1,152,459	1,205,945	1,524,599	312,366	367,530
Timing of revenue recognition					
Products transferred at a point in time	1,152,459	1,205,945	1,524,599	312,366	367,530

The following table shows the amounts of revenue recognised in the Relevant Periods and the three months ended 31 March 2024 that were included in the contract liabilities at the beginning of the periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the periods:					
Sale of products	16,557	20,774	21,409	2,321	3,460
Total	16,557	20,774	21,409	2,321	3,460

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of products

The performance obligation is satisfied upon delivery or acceptance of the products and payment is mainly due within 30 to 150 days from delivery, where payment in advance is required for some customers.

As the contracts with customers are rendered in a short period of time, which is generally less than one year, the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

Other income and gains

An analysis of other income and gains, net is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other income					
Government grants	12,230	17,181	12,569	1,394	3,514
Additional deduction of value added tax and other tax reliefs	1,257	5,678	8,367	1,509	6,073
Bank interest income	14,629	6,524	9,439	2,050	1,974
Other interest income from debt investment at fair value through other comprehensive income	21,984	31,585	25,306	6,902	6,570
Investment income from financial assets at fair value through profit or loss	10,004	21,061	17,427	2,497	4,040
Dividend income from equity investment at fair value through other comprehensive income	–	50	–	–	–
Others	1,167	766	304	592	335
Total other income	61,271	82,845	73,412	14,944	22,506
Gains					
Foreign exchange gains, net	2,821	566	1,048	–	705
Fair value gains on financial assets at fair value through profit or loss	3,650	15,317	19,896	9,040	1,406
Gain on disposal of items of right-of-use, net	–	1,464	–	–	–
Total gains	6,471	17,347	20,944	9,040	2,111
Total other income and gains	67,742	100,192	94,356	23,984	24,617

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of inventories sold*		817,349	856,854	1,049,031	212,267	249,214
Depreciation of property, plant and equipment	*13*	53,092	65,735	74,873	17,363	22,615
Depreciation of right of use assets	*15*	11,955	4,117	5,212	1,507	1,353
Amortisation of intangible assets	*14*	2,306	2,110	2,788	631	725
Research and development costs		117,342	128,714	155,136	30,497	39,665
Auditor's remuneration		700	853	866	215	238
Employee benefit expenses (excluding directors' and supervisors' remuneration (note 8)):						
– Salaries, bonuses, allowances and benefits in kind		264,952	295,685	351,755	78,853	66,378
– Pension scheme contributions*		22,043	25,414	35,032	7,297	9,494
– Share-based payment expenses		2,271	(8,899)	4,704	–	3,528
Total		289,266	312,200	391,491	86,150	79,400

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Impairment losses on financial assets, net:						
Impairment of trade and notes receivables, net	21	3,760	6,351	7,319	(3,620)	(493)
Impairment of other receivables, net		201	(47)	(985)	(94)	291
Total		3,961	6,304	6,334	(3,714)	(202)
Fair value gains on financial assets at fair value through profit or loss	5	(3,650)	(15,317)	(19,896)	(9,040)	(1,406)
Investment income from financial assets at fair value through profit or loss	5	(10,004)	(21,061)	(17,427)	(2,497)	(4,040)
Foreign exchange (gains)/losses**		(2,821)	(566)	(1,048)	96	(705)
Bank interest income	5	(14,629)	(6,524)	(9,439)	(2,050)	(1,974)
Other interest income from debt investment at fair value through other comprehensive income	5	(21,984)	(31,585)	(25,306)	(6,902)	(6,570)
Government grants	5	(12,230)	(17,181)	(12,569)	(1,394)	(3,514)
Additional deduction of value added tax and other tax reliefs	5	(1,257)	(5,678)	(8,367)	(1,509)	(6,073)
Dividend income from equity investment at fair value through other comprehensive income		–	(50)	–	–	–
Share of (profits)/losses of an associate		(99)	(683)	5,391	2,097	1,011
Write-down/(reversal of write-down) of inventories to net realisable value*		7,537	411	3,550	1,830	(1,852)
Loss on disposal of items of property, plant and equipment, net**		437	343	618	29	437
Loss on disposal of intangible assets**		–	–	43	–	–
Loss/(gains) on disposal of items of right-of-use, net**	5	158	(1,464)	81	–	–

* The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.

** The amounts included in "other income and gains" and "other expenses" in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on:					
Bank borrowings	323	966	587	226	57
Discounted notes receivables	1,773	1,478	1,626	272	942
Lease liabilities	1,036	890	198	44	102
Total	3,132	3,334	2,411	542	1,101

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of each director and supervisor as recorded during the Relevant Periods and the three months ended 31 March 2024, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fees	249	264	276	66	69
Other emoluments:					
Salaries, allowances and benefits in kind	4,042	4,240	4,331	1,010	1,121
Performance related bonuses	1,275	2,038	4,817	1,034	633
Share-based payment expenses	48	(410)	560	–	420
Pension scheme contributions	245	251	293	69	81
Subtotal	5,610	6,119	10,001	2,113	2,255
Total	5,859	6,383	10,277	2,179	2,324

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the three months ended 31 March 2024 were as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Mr. Shen Xianfeng (note (i))	83	88	92	22	23
Dr. Zhou Changjiang (note (ii))	83	88	92	22	23
Mr. Hu Qing (note (iii))	83	88	32	22	–
Ms. Guo Xinmei (note (iv))	–	–	60	–	23
Total	249	264	276	66	69

(b) Executive directors and supervisors

Year ended 31 December 2022

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Li Haizhou	742	242	41	–	1,025
Ms. Xie Yanling	662	269	41	–	972
Mr. Ye Shubing (General Manager)	744	240	41	24	1,049
Mr. Li Ping	746	238	41	24	1,049
Supervisors:					
Mr. Zhen Xuejun (note (v))	426	116	27	–	569
Mr. Wang Lixin (note (vi))	366	81	27	–	474
Mr. You Zhanlong (note (vii))	356	89	27	–	472
Total	4,042	1,275	245	48	5,610

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Li Haizhou	780	420	40	–	1,240
Ms. Xie Yanling	718	420	50	–	1,188
Mr. Ye Shubing (General Manager)	780	420	40	(205)	1,035
Mr. Li Ping	780	420	40	(205)	1,035
Supervisors:					
Mr. Zhen Xuejun (note (v))	447	120	27	–	594
Mr. Wang Lixin (note (vi))	363	108	27	–	498
Mr. You Zhanlong (note (vii))	372	130	27	–	529
Total	4,240	2,038	251	(410)	6,119

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Li Haizhou	769	968	41	–	1,778
Ms. Xie Yanling	667	984	73	–	1,724
Mr. Ye Shubing (General Manager)	748	990	41	280	2,059
Mr. Li Ping	774	968	41	280	2,063
Supervisors:					
Mr. Qi Cong (note (viii))	366	294	27	–	687
Mr. Liao Wenyuan (note (ix))	359	209	28	–	596
Mr. Zhang Xiaofeng (note (x))	258	139	15	–	412
Mr. Zhen Xuejun (note (v))	142	95	9	–	246
Mr. Wang Lixin (note (vi))	122	76	9	–	207
Mr. You Zhanlong (note (vii))	126	94	9	–	229
Total	4,331	4,817	293	560	10,001

Three months ended 31 March 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Li Haizhou	201	120	11	–	332
Ms. Xie Yanling	166	133	20	–	319
Mr. Ye Shubing (General Manager)	193	121	11	210	535
Mr. Li Ping	203	120	11	210	544
Supervisors:					
Mr. Qi Cong (note (viii))	139	74	10	–	223
Mr. Liao Wenyuan (note (ix))	134	40	11	–	185
Mr. Zhang Xiaofeng (note (x))	85	25	7	–	117
Total	1,121	633	81	420	2,255

Three months ended 31 March 2024 (unaudited)

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Li Haizhou	193	242	10	–	445
Ms. Xie Yanling	174	242	18	–	434
Mr. Ye Shubing (General Manager)	193	242	10	–	445
Mr. Li Ping	193	242	10	–	445
Supervisors:					
Mr. Zhen Xuejun (note (v))	94	24	7	–	125
Mr. Wang Lixin (note (vi))	79	19	7	–	105
Mr. You Zhanlong (note (vii))	84	23	7	–	114
Total	1,010	1,034	69	–	2,113

There was no arrangement under which directors or supervisors waived or agreed to waive any remuneration during the Relevant Periods and the three months ended 31 March 2024.

During the Relevant Periods, certain directors were granted share options and restricted shares, in respect of the services to the Group, further details of which are set out in note 35 to the Historical Financial Information. The fair value of such awards, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for each of the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

Notes:

(i) Mr. Shen Xianfeng was appointed as an independent non-executive director of the Company with effect from 25 March 2019.

(ii) Mr. Zhou Changjiang was appointed as an independent non-executive director of the Company with effect from 25 February 2021.

(iii) Mr. Hu Qing was appointed as an independent non-executive director of the Company with effect from 1 November 2018 and resigned on 8 May 2024.

(iv) Ms. Guo Xinmei was appointed as an independent non-executive director of the Company with effect from 8 May 2024.

(v) Mr. Zhen Xuejun was appointed as a supervisor of the Company with effect from 26 December 2017 and resigned on 8 May 2024.

(vi) Mr. Wang Lixin was appointed as a supervisor of the Company with effect from 26 December 2017 and resigned on 8 May 2024.

(vii) Mr. You Zhanlong was appointed as a supervisor of the Company with effect from 26 December 2017 and resigned on 8 May 2024.

(viii) Mr. Qi Cong was appointed as a supervisor of the Company with effect from 8 May 2024.

(ix) Mr. Liao Wenyuan was appointed as a supervisor of the Company with effect from 8 May 2024.

(x) Mr. Zhang Xiaofeng was appointed as a supervisor of the Company with effect from 8 May 2024.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the three months ended 31 March 2024 included 4, 4, 4, 4 and 4 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the 1, 1, 1, 1 and 1 highest paid employees who are neither a director nor supervisor of the Group during the Relevant Periods and the three months ended 31 March 2024 is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	451	534	609	153	159
Performance related bonuses	300	333	764	191	95
Pension scheme contributions	41	40	41	10	11
Share-based payment expenses	24	(205)	250	–	–
Total	816	702	1,664	354	265

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(Unaudited)	
			Numbers of employees		
Nil to HK$1,000,000	1	–	–	1	1
HK$1,000,001 to HK$1,500,000	–	1	–	–	–
HK$1,500,001 to HK$2,000,000	–	–	1	–	–
Total	1	1	1	1	1

During the Relevant Periods and the three months ended 31 March 2024, no highest paid employees waived or agreed to waive any remuneration, and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods and the three months ended 31 March 2024.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

The Company was qualified as a High and New Technology Enterprise to enjoy a preferential income tax rate of 15% from 2022 to 2024.

Dongguan Zhaowei Electromechanical Co., Ltd was qualified as a High and New Technology Enterprise to enjoy a preferential income tax rate of 15% from 2023 to 2025.

These qualifications are subject to review by the relevant tax authority in Mainland China for every three years. The renewal of above qualifications of the Company for 2025 to 2027 is in process and expected to be obtained in November 2025.

Pursuant to Caishui [2022] No. 13 "Announcement on Further implementing the income Tax Preferential Policies for Small Meagre-profit Enterprises" (關於進一步實施小微企業所得稅優惠政策的公告), **Suzhou Zhaowei Venture Capital Co., Ltd**. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from 1 January 2022 to 31 December 2024.

Pursuant to Caishui [2023] No. 6 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), **Suzhou Zhaowei Venture Capital Co., Ltd and Suzhou Zhaowei Industrial Technology Co., Ltd**. were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB1,000,000 from 1 January 2023 to 31 December 2024.

Pursuant to Caishui [2023] No. 12 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), **Suzhou Zhaowei Venture Capital Co., Ltd and Suzhou Zhaowei Industrial Technology Co., Ltd**. were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from 1 January 2023 to 31 December 2027.

In addition, from 2022 to 2024, certain small and low-profit subsidiaries of the Group in Mainland China can enjoy a 75% discount on taxable income between RMB 1,000,000 and RMB 3,000,000, and total taxable income are taxed at a preferential tax rate of 20%.

The income tax expense of the Group for the Relevant Periods and three months ended 31 March 2024 is analysed as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax expense	8,144	2,551	9,866	4,724	6,979
Deferred income tax	110	9,701	9,431	1,596	(1,039)
Total	8,254	12,252	19,297	6,320	5,940

A reconciliation of the tax expense applicable to profit before tax at the preferential tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the preferential tax rates) to the effective tax rates, are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before tax	158,750	192,175	244,716	61,691	61,044
Tax at the preferential tax rate of 15%	23,813	28,826	36,708	9,254	9,156
Effect of different tax rates enacted by local authorities	1,973	(12)	72	(138)	(407)
Adjustments in respect of current tax of previous periods	–	(65)	80	–	–
Profits and losses attributable to an associate	(15)	(110)	808	314	152
Expenses not deductible for tax	551	106	375	229	84
Additional deductible allowance for qualified research and development expenses	(15,137)	(15,935)	(19,474)	(3,795)	(4,249)
Tax losses utilised from previous periods	(839)	–	(84)	–	–
Additional deduction for scientific and technological innovation	(2,152)	–	–	–	–
Effect on opening deferred tax of decrease in rates	–	(892)	–	–	–
Deductible temporary difference and tax losses not recognised	60	334	812	456	1,204
Tax charge at the Group's effective tax rate	8,254	12,252	19,297	6,320	5,940

According to the Corporate Income Tax Law, the Company and its subsidiaries are entitled to additional deduction of qualified research and development expenses from the taxable income. The additional deduction percentage was 100% from 1 January 2022 to 31 December 2027.

11. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Dividends declared by the Company	34,286	29,123	94,055	–	–

The dividends of RMB 0.20, RMB 0.17 and RMB 0.55 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the years ended 31 December 2022, 2023, and 2024 were approved by the Annual General Meeting of the Company. The Company has paid dividends of RMB34,060,000, RMB28,881,000 and RMB93,482,000 during the years ended 31 December 2022, 2023, and 2024, respectively. Pursuant to the resolution of the Annual General Meeting of shareholders of the Company on 29 March 2024, an issuance of bonus shares for all the registered shareholders of the Company on a basis of 4 shares for every 10 ordinary shares has been approved.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent (excluding cash dividends allocated to restricted shares which are expected to be vested), and the weighted average number of ordinary shares in issue (excluding treasury shares) during the Relevant Periods and the three months ended 31 March 2024. The additional shares arising from the issuance of bonus shares in 2024 are treated as if it had occurred before the beginning of 2022, the earliest period presented, for the earnings per share calculation.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the outstanding share options and restricted shares contingently issuable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The number of the outstanding share options and restricted shares contingently issuable was not included in the diluted earnings per share calculation as the earnings-based contingencies were not met at 31 December 2022 and 31 December 2023.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Earnings					
Profit attributable to ordinary equity holders of the parent	150,496	179,923	225,419	55,371	55,104
Less: Cash dividend allocated to restricted shares which are expected to be vested	180	107	279	–	–

	Number of shares				
	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(Unaudited)	
Shares					
Weighted average number of ordinary shares in issue during the year/period, used in the basic earnings per share calculation ('000)	238,941	238,941	238,941	238,941	238,941
Effect of dilution-weighted average number of ordinary shares:					
Share options and Restricted shares	–	–	337	–	1,477
Weighted average number of ordinary shares used in the diluted earnings per share calculation ('000)	238,941	238,941	239,278	238,941	240,418

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022								
At 1 January 2022								
Cost	142,931	273,314	5,468	13,739	31,615	34,284	256,881	758,232
Accumulated depreciation and impairment	(33,859)	(94,556)	(3,767)	(6,980)	(18,627)	(20,657)	–	(178,446)
Net carrying amount	109,072	178,758	1,701	6,759	12,988	13,627	256,881	579,786
At 1 January 2022, net of accumulated depreciation and impairment	109,072	178,758	1,701	6,759	12,988	13,627	256,881	579,786
Additions	–	25,363	689	3,204	9,683	63	183,307	222,309
Transfers	342,602	23,121	–	–	–	2,807	(368,530)	–
Depreciation provided during the year	(11,591)	(27,245)	(774)	(3,051)	(5,038)	(5,393)	–	(53,092)
Disposals	–	(1,526)	(4)	(15)	(53)	–	–	(1,598)
At 31 December 2022, net of accumulated depreciation and impairment	440,083	198,471	1,612	6,897	17,580	11,104	71,658	747,405
At 31 December 2022								
Cost	485,533	317,676	6,030	16,602	40,050	34,355	71,658	971,904
Accumulated depreciation and impairment	(45,450)	(119,205)	(4,418)	(9,705)	(22,470)	(23,251)	–	(224,499)
Net carrying amount	440,083	198,471	1,612	6,897	17,580	11,104	71,658	747,405

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023								
Cost	485,533	317,676	6,030	16,602	40,050	34,355	71,658	971,904
Accumulated depreciation and impairment	(45,450)	(119,205)	(4,418)	(9,705)	(22,470)	(23,251)	–	(224,499)
Net carrying amount	440,083	198,471	1,612	6,897	17,580	11,104	71,658	747,405
At 1 January 2023, net of accumulated depreciation and impairment	440,083	198,471	1,612	6,897	17,580	11,104	71,658	747,405
Additions	–	22,840	368	1,897	9,536	82	223,787	258,510
Transfers	9,969	23,544	–	–	–	8,287	(41,800)	–
Depreciation provided during the year	(21,985)	(29,126)	(740)	(3,494)	(6,024)	(4,366)	–	(65,735)
Disposals	–	(1,612)	–	(20)	(156)	(474)	–	(2,262)
At 31 December 2023, net of accumulated depreciation and impairment	428,067	214,117	1,240	5,280	20,936	14,633	253,645	937,918
At 31 December 2023								
Cost	495,502	361,893	6,398	18,340	48,949	42,251	253,645	1,226,978
Accumulated depreciation and impairment	(67,435)	(147,776)	(5,158)	(13,060)	(28,013)	(27,618)	–	(289,060)
Net carrying amount	428,067	214,117	1,240	5,280	20,936	14,633	253,645	937,918

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024								
Cost	495,502	361,893	6,398	18,340	48,949	42,251	253,645	1,226,978
Accumulated depreciation and impairment	(67,435)	(147,776)	(5,158)	(13,060)	(28,013)	(27,618)	–	(289,060)
Net carrying amount	428,067	214,117	1,240	5,280	20,936	14,633	253,645	937,918
At 1 January 2024, net of accumulated depreciation and impairment	428,067	214,117	1,240	5,280	20,936	14,633	253,645	937,918
Additions	–	78,861	1,393	1,490	9,553	1,431	71,676	164,404
Transfers	284,081	18,866	–	–	–	4,361	(307,308)	–
Depreciation provided during the year	(22,344)	(36,810)	(600)	(3,045)	(6,730)	(5,344)	–	(74,873)
Disposals	–	(2,881)	(15)	(104)	(495)	(181)	–	(3,676)
At 31 December 2024, net of accumulated depreciation and impairment	689,804	272,153	2,018	3,621	23,264	14,900	18,013	1,023,773
At 31 December 2024								
Cost	779,583	452,762	7,303	19,679	56,776	47,862	18,013	1,381,978
Accumulated depreciation and impairment	(89,779)	(180,609)	(5,285)	(16,058)	(33,512)	(32,962)	–	(358,205)
Net carrying amount	689,804	272,153	2,018	3,621	23,264	14,900	18,013	1,023,773

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 March 2025								
At 1 January 2025								
Cost	779,583	452,762	7,303	19,679	56,776	47,862	18,013	1,381,978
Accumulated depreciation and impairment	(89,779)	(180,609)	(5,285)	(16,058)	(33,512)	(32,962)	–	(358,205)
Net carrying amount	689,804	272,153	2,018	3,621	23,264	14,900	18,013	1,023,773
At 1 January 2025, net of accumulated depreciation and impairment	689,804	272,153	2,018	3,621	23,264	14,900	18,013	1,023,773
Additions	–	7,047	36	213	4,193	91	19,314	30,894
Transfers	–	7,235	–	–	–	1,248	(8,483)	–
Depreciation provided during the period	(8,782)	(10,005)	(214)	(518)	(1,822)	(1,274)	–	(22,615)
Disposals	–	(438)	–	–	(4)	–	–	(442)
At 31 March 2025, net of accumulated depreciation and impairment	681,022	275,992	1,840	3,316	25,631	14,965	28,844	1,031,610
At 31 March 2025								
Cost	779,583	464,288	7,339	19,881	60,886	49,201	28,844	1,410,022
Accumulated depreciation and impairment	(98,561)	(188,296)	(5,499)	(16,565)	(35,255)	(34,236)	–	(378,412)
Net carrying amount	681,022	275,992	1,840	3,316	25,631	14,965	28,844	1,031,610

The Company

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022								
At 1 January 2022								
Cost	130,412	273,314	5,468	13,706	31,519	34,157	17,203	505,779
Accumulated depreciation and impairment	(33,625)	(94,556)	(3,766)	(6,975)	(18,627)	(20,640)	–	(178,189)
Net carrying amount	96,787	178,758	1,702	6,731	12,892	13,517	17,203	327,590
At 1 January 2022, net of accumulated depreciation and impairment	96,787	178,758	1,702	6,731	12,892	13,517	17,203	327,590
Additions	–	28,185	652	1,255	585	46	9,873	40,596
Transfers	–	10,056	–	–	–	1,781	(11,837)	–
Depreciation provided during the year	(5,888)	(24,546)	(772)	(2,941)	(4,419)	(5,291)	–	(43,857)
Disposals	–	(48,868)	(4)	(145)	(643)	–	–	(49,660)
At 31 December 2022, net of accumulated depreciation and impairment	90,899	143,585	1,578	4,900	8,415	10,053	15,239	274,669
At 31 December 2022								
Cost	130,412	236,273	5,994	14,078	28,741	33,185	15,239	463,922
Accumulated depreciation and impairment	(39,513)	(92,688)	(4,416)	(9,178)	(20,326)	(23,132)	–	(189,253)
Net carrying amount	90,899	143,585	1,578	4,900	8,415	10,053	15,239	274,669

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023								
Cost	130,412	236,273	5,994	14,078	28,741	33,185	15,239	463,922
Accumulated depreciation and impairment	(39,513)	(92,688)	(4,416)	(9,178)	(20,326)	(23,132)	–	(189,253)
Net carrying amount	90,899	143,585	1,578	4,900	8,415	10,053	15,239	274,669
At 1 January 2023, net of accumulated depreciation and impairment	90,899	143,585	1,578	4,900	8,415	10,053	15,239	274,669
Additions	–	8,608	295	699	6,273	32	18,306	34,213
Transfers	–	10,485	–	–	–	3,952	(14,437)	–
Depreciation provided during the year	(5,889)	(22,324)	(716)	(2,631)	(3,837)	(3,932)	–	(39,329)
Disposals	–	(22,526)	(48)	(151)	(1,183)	(474)	–	(24,382)
At 31 December 2023, net of accumulated depreciation and impairment	85,010	117,828	1,109	2,817	9,668	9,631	19,108	245,171
At 31 December 2023								
Cost	130,412	208,048	6,219	13,579	29,371	36,695	19,108	443,432
Accumulated depreciation and impairment	(45,402)	(90,220)	(5,110)	(10,762)	(19,703)	(27,064)	–	(198,261)
Net carrying amount	85,010	117,828	1,109	2,817	9,668	9,631	19,108	245,171

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024								
Cost	130,412	208,048	6,219	13,579	29,371	36,695	19,108	443,432
Accumulated depreciation and impairment	(45,402)	(90,220)	(5,110)	(10,762)	(19,703)	(27,064)	–	(198,261)
Net carrying amount	85,010	117,828	1,109	2,817	9,668	9,631	19,108	245,171
At 1 January 2024, net of accumulated depreciation and impairment	85,010	117,828	1,109	2,817	9,668	9,631	19,108	245,171
Additions	–	54,072	1,357	1,320	7,990	261	8,592	73,592
Transfers	–	14,946	–	–	–	773	(15,719)	–
Depreciation provided during the year	(5,889)	(22,058)	(556)	(2,171)	(3,698)	(3,831)	–	(38,203)
Disposals	–	(19,529)	(15)	(54)	(942)	(181)	–	(20,721)
At 31 December 2024, net of accumulated depreciation and impairment	79,121	145,259	1,895	1,912	13,018	6,653	11,981	259,839
At 31 December 2024								
Cost	130,412	253,067	7,088	14,605	35,063	37,548	11,981	489,764
Accumulated depreciation and impairment	(51,291)	(107,808)	(5,193)	(12,693)	(22,045)	(30,895)	–	(229,925)
Net carrying amount	79,121	145,259	1,895	1,912	13,018	6,653	11,981	259,839

	Buildings	Machine equipment	Transportation equipment	Electronic equipment	Other equipment	Renovation and leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 March 2025								
At 1 January 2025								
Cost	130,412	253,067	7,088	14,605	35,063	37,548	11,981	489,764
Accumulated depreciation and impairment	(51,291)	(107,808)	(5,193)	(12,693)	(22,045)	(30,895)	–	(229,925)
Net carrying amount	79,121	145,259	1,895	1,912	13,018	6,653	11,981	259,839
At 1 January 2025, net of accumulated depreciation and impairment	79,121	145,259	1,895	1,912	13,018	6,653	11,981	259,839
Additions	–	5,866	32	131	3,875	8	8,713	18,625
Transfers	–	7,124	–	–	–	309	(7,433)	–
Depreciation provided during the period	(1,472)	(5,695)	(201)	(242)	(1,015)	(780)	–	(9,405)
Disposals	–	(24,051)	–	–	(232)	–	–	(24,283)
At 31 March 2025, net of accumulated depreciation and impairment	77,649	128,503	1,726	1,801	15,646	6,190	13,261	244,776
At 31 March 2025								
Cost	130,412	239,695	7,120	14,724	38,675	37,865	13,261	481,752
Accumulated depreciation and impairment	(52,763)	(111,192)	(5,394)	(12,923)	(23,029)	(31,675)	–	(236,976)
Net carrying amount	77,649	128,503	1,726	1,801	15,646	6,190	13,261	244,776

14. INTANGIBLE ASSETS

The Group

Software	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January				
Cost	14,784	20,130	21,594	24,222
Accumulated amortisation and impairment	(4,463)	(6,769)	(8,879)	(11,651)
Net carrying amount	10,321	13,361	12,715	12,571
At 1 January, net of accumulated amortisation and impairment	10,321	13,361	12,715	12,571
Additions	5,346	1,464	2,687	–
Amortisation provided during the year/period	(2,306)	(2,110)	(2,788)	(725)
Disposals	–	–	(43)	–
At 31 December/31 March net of accumulated amortisation and impairment	13,361	12,715	12,571	11,846
At 31 December/31 March				
Cost	20,130	21,594	24,222	24,222
Accumulated amortisation and impairment	(6,769)	(8,879)	(11,651)	(12,376)
Net carrying amount	13,361	12,715	12,571	11,846

The Company

Software	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January				
Cost	14,784	20,130	20,424	23,051
Accumulated amortisation and impairment	(4,463)	(6,769)	(8,829)	(11,484)
Net carrying amount	10,321	13,361	11,595	11,567
At 1 January, net of accumulated amortisation and impairment	10,321	13,361	11,595	11,567
Additions	5,346	294	2,687	–
Amortisation provided during the year/period	(2,306)	(2,060)	(2,671)	(694)
Disposals	–	–	(44)	(67)
At 31 December/31 March, net of accumulated amortisation and impairment	13,361	11,595	11,567	10,806
At 31 December/31 March				
Cost	20,130	20,424	23,051	22,938
Accumulated amortisation and impairment	(6,769)	(8,829)	(11,484)	(12,132)
Net carrying amount	13,361	11,595	11,567	10,806

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties, and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease term between 2 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Properties	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022	27,047	29,841	56,888
Additions	1,148	8,659	9,807
Depreciation charge	(11,061)	(894)	(11,955)
Disposal	(1,825)	–	(1,825)
At 31 December 2022	15,309	37,606	52,915
At 1 January 2023	15,309	37,606	52,915
Depreciation charge	(3,199)	(918)	(4,117)
Disposal	(8,072)	–	(8,072)
At 31 December 2023	4,038	36,688	40,726
At 1 January 2024	4,038	36,688	40,726
Additions	12,439	–	12,439
Depreciation charge	(4,294)	(918)	(5,212)
Disposal	(644)	–	(644)
At 31 December 2024	11,539	35,770	47,309
At 1 January 2025	11,539	35,770	47,309
Depreciation charge	(1,123)	(230)	(1,353)
At 31 March 2025	10,416	35,540	45,956

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	29,041	17,169	4,125	11,623
New leases	1,148	–	12,439	–
Disposal	(1,667)	(9,536)	(563)	–
Accretion of interest recognised during the year/period	1,036	890	198	102
Lease payments	(12,389)	(4,398)	(4,576)	(1,194)
Carrying amount at 31 December/31 March	17,169	4,125	11,623	10,531
Analysed into:				
Current portion	9,881	3,841	4,434	4,483
Non-current portion	7,288	284	7,189	6,048
Total	17,169	4,125	11,623	10,531

The maturity analysis of lease liabilities is disclosed in note 42 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on lease liabilities	1,036	890	198	44	102
Depreciation charge of right-of-use assets	11,955	4,117	5,212	1,507	1,353
Total amount recognised in profit or loss	12,991	5,007	5,410	1,551	1,455

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 36(c) and note 42 to the Historical Financial Information, respectively.

The Company as a lessee

The Company has lease contracts for various items of properties. Leases of properties generally have lease term between 2 and 5 years.

(a) ***Right-of-use assets***

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	27,047	15,271	4,038	15,271
Additions	1,077	–	17,100	–
Depreciation charge	(11,028)	(3,166)	(5,234)	(1,349)
Disposal	(1,825)	(8,067)	(633)	–
At 31 December/31 March	15,271	4,038	15,271	13,922

(b) ***Lease liabilities***

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	29,041	17,127	4,125	15,643
New leases	1,077	–	17,100	–
Disposal	(4,653)	(7,181)	(293)	–
Accretion of interest recognised during the year/period	1,035	890	399	144
Lease payments	(9,373)	(6,711)	(5,688)	(1,428)
Carrying amount at 31 December/31 March	17,127	4,125	15,643	14,359
Analysed into:				
Current portion	9,839	3,841	5,083	4,756
Non-current portion	7,288	284	10,560	9,603
Total	17,127	4,125	15,643	14,359

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on lease liabilities	1,035	890	399	105	144
Depreciation charge of right-of-use assets	11,028	3,166	5,234	1,277	1,349
Total	12,063	4,056	5,633	1,382	1,493

16. INVESTMENTS IN SUBSIDIARIES

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	343,605	424,082	535,541	545,631

17. EQUITY INVESTMENTS DESIGNED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments, at fair value:				
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd	17,767	16,759	16,120	15,593
Shenzhen Guochuang Embodied Intelligent Robot Co., Ltd	–	900	900	900
Tujian Technology (Beijing) Co., Ltd	–	–	–	20,000
Total	17,767	17,659	17,020	36,493

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments, at fair value:				
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd	17,767	16,759	16,120	15,593
Shenzhen Guochuang Embodied Intelligent Robot Co., Ltd	–	900	900	900
Total	17,767	17,659	17,020	16,493

18. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in an associate	67,321	68,003	62,613	61,668

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Linked Intelligent Technology Co., Ltd. ("Linked Intelligent")	Ordinary Shares	Shanghai	14.47%*	Technology promotion and application services

The Group's shareholdings in the associate all comprise equity shares held by the Company. The Company has significant influence over Linked Intelligent as it has the power to participate in the financial and operating policy decisions of the entity by appointing a director in the board.

* On 30 June 2022, the Company subscribed 15% equity interest of Linked Intelligent with consideration of RMB67,222,000. On 30 September 2024, a new independent investor subscribed 5.17% equity interest of Linked Intelligent with consideration of RMB30,000,000, with the amount of RMB10,000,000 and RMB10,000,000 paid in July 2024 and February 2025, respectively. As of 31 March 2025, the Company's equity interest was diluted to 14.47%.

The Group's trade receivable balances with the associate are disclosed in notes 38 to the Historical Financial Information.

The following table illustrates the summarised financial information in respect of Linked Intelligent adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	92,790	103,371	71,705	91,724
Non-current assets, excluding goodwill	41,892	49,418	60,373	59,906
Current liabilities	15,011	28,637	39,967	58,823
Non-current liabilities	10,785	7,877	3,965	3,850
Net assets	108,886	116,275	88,146	88,957
Reconciliation to the Group's interest in the associate:				
Proportion of the Group's ownership	15%	15%	14.73%	14.47%
Group's share of net assets of the associate, excluding goodwill	16,333	17,441	12,986	12,875
Goodwill on acquisition (less cumulative impairment)	54,919	54,919	53,938	52,992
Adjustments	(3,931)	(4,357)	(4,311)	4,199
Carrying amount of the investment	67,321	68,003	62,613	61,668

	Year ended 31 December			Three months ended 31 March
	2022	2023	2024	2025
Revenue	60,245	92,172	67,799	15,504
Profit/(loss) for the year/period	5,361	7,389	(39,588)	(10,268)
Total comprehensive income/(losses) for the year/period	5,361	7,389	(39,588)	(10,268)

As at the end of the Relevant Periods, the Group performed an impairment assessment on the investment in Linked Intelligent and the recoverable amount of the investment in the associate has been determined based on fair value less cost of disposal by references to the latest transaction prices. Based on the impairment assessment, the recoverable amount of the investment in the associate has exceeded its carrying amount and accordingly no impairment is required.

19. OTHER NON-CURRENT ASSETS

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for property, plant and equipment	8,294	11,166	17,530	17,775
Others	215	360	–	–
Total	8,509	11,526	17,530	17,775

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for property, plant and equipment	2,717	1,665	4,423	4,358
Others	161	360	–	–
Total	2,878	2,025	4,423	4,358

20. INVENTORIES

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	80,536	67,868	82,863	83,131
Work in progress	19,274	20,460	25,005	31,046
Finished goods	55,778	43,024	50,787	50,835
Goods in transit	16,095	31,842	23,796	28,983
Outsourced processing materials	955	1,274	1,673	1,685
Total	172,638	164,468	184,124	195,680

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	60,707	35,188	34,681	30,461
Work in progress	16,710	17,892	20,232	22,243
Finished goods	44,641	32,663	32,718	35,525
Goods in transit	16,095	30,815	23,522	28,178
Outsourced processing materials	793	912	1,072	760
Total	138,946	117,470	112,225	117,167

21. TRADE AND NOTES RECEIVABLES

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Notes receivables	14,883	13,636	30,995	44,393
Trade receivables	388,154	445,957	579,686	493,915
Subtotal	403,037	459,593	610,681	538,308
Less: impairment of notes receivables	–	(144)	(874)	(232)
Less: impairment of trade receivables	(19,522)	(25,724)	(32,312)	(32,461)
Net carrying amount	383,515	433,725	577,495	505,615

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Notes receivables	14,883	13,306	14,997	38,905
Trade receivables	385,899	436,275	505,634	456,546
Due from subsidiaries	8,228	2,607	10,254	2,134
Subtotal	409,010	452,188	530,885	497,585
Less: impairment of notes receivables	–	(144)	(82)	(32)
Less: impairment of trade receivables	(19,410)	(25,180)	(28,550)	(28,755)
Net carrying amount	389,600	426,864	502,253	468,798

The Group's trading terms with its customers are mainly on credit. For large and medium-sized customers with large scale and good reputation, the Group generally gives a credit period of 30 to 150 days. In terms of mould sales, in order to reduce the risk of product development, except for a small number of large and medium-sized customers with long-term cooperation and good reputation, the Group usually requires part of the payment in advance after signing the mould contract and collects the remaining amount after the product is finally confirmed by the customer or receiving a large number of orders.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's trade and notes receivables related to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and notes receivable balances.

Included in the Group's trade receivables are amounts due from the Group's related parties of nil, RMB23,000, RMB73,000, and RMB35,000 as at 31 December 2022, 2023, 2024 and 31 March 2025 (note 38), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and notes receivables as at the end of each Relevant Periods, based on revenue recognition date and net of loss allowance, is as follows:

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	383,233	432,946	577,369	503,885
Over 1 year	282	779	126	1,730
Total	383,515	433,725	577,495	505,615

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	389,319	426,044	501,062	466,964
Over 1 year	281	820	1,191	1,834
Total	389,600	426,864	502,253	468,798

The movements in the loss allowance for impairment of trade and notes receivables are as follows:

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	15,762	19,522	25,868	33,186
Impairment losses, net (note 6)	3,760	6,351	7,319	(493)
Amount written off as uncollectible	–	(5)	(1)	–
At end of year/period	19,522	25,868	33,186	32,693

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	15,746	19,410	25,324	28,632
Impairment losses	3,664	5,919	3,309	155
Amount written off as uncollectible	–	(5)	(1)	–
At end of year/period	19,410	25,324	28,632	28,787

An impairment analysis is performed at the end of each of Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided full impairment for the defaulted receivables.

Set out below is the information about the credit risk exposure on the Group's trade and notes receivables using a provision matrix:

The Group

At 31 December 2022

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	–	5%	32%	5%
Gross carrying amount (RMB'000)	–	402,620	417	403,037
Expected credit losses (RMB'000)	–	19,387	135	19,522

At 31 December 2023

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	100%	5%	27%	6%
Gross carrying amount (RMB'000)	3,353	455,166	1,074	459,593
Expected credit losses (RMB'000)	3,353	22,220	295	25,868

At 31 December 2024

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	100%	5%	55%	5%
Gross carrying amount (RMB'000)	3,353	607,046	282	607,681
Expected credit losses (RMB'000)	3,353	29,677	156	33,186

At 31 March 2025

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	100%	5%	29%	6%
Gross carrying amount (RMB'000)	3,353	532,331	2,624	538,308
Expected credit losses (RMB'000)	3,353	28,569	771	32,693

The Company

At 31 December 2022

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	–	5%	32%	5%
Gross carrying amount (RMB'000)	–	400,365	417	400,782
Expected credit losses (RMB'000)	–	19,275	135	19,410

At 31 December 2023

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	100%	5%	27%	6%
Gross carrying amount (RMB'000)	3,290	445,218	1,073	449,581
Expected credit losses (RMB'000)	3,290	21,739	295	25,324

At 31 December 2024

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	100%	5%	55%	5%
Gross carrying amount (RMB'000)	3,290	517,059	282	520,631
Expected credit losses (RMB'000)	3,290	25,186	156	28,632

At 31 March 2025

		Trade receivables ageing with		
	Default receivables	Less than 1 year	Over 1 year	Total
Expected credit loss rate	100%	5%	29%	6%
Gross carrying amount (RMB'000)	3,290	489,564	2,597	495,451
Expected credit losses (RMB'000)	3,290	24,734	763	28,787

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	8,252	6,112	10,861	11,905
Value-added tax recoverable	12,467	19,036	25,039	26,508
Prepaid income tax	4	4,085	–	890
Other receivables	4,510	4,737	5,742	4,865
Less: Impairment of other receivables	(1,937)	(1,890)	(905)	(1,196)
Total	23,296	32,080	40,737	42,972

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	8,057	5,439	9,830	10,404
Value-added tax recoverable	–	452	518	746
Prepaid income tax	–	4,085	–	–
Other receivables	3,299	4,123	5,153	4,139
Due from subsidiaries	657,171	408,869	477,003	463,626
Less: Impairment of other receivables	(1,928)	(1,847)	(853)	(1,135)
Total	666,599	421,121	491,651	477,780

The other receivables were interest-free and are not secured with collateral.

The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of each Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. The Company estimated that the expected loss for its other receivables due from subsidiaries is minimal.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current asset				
Wealth management products	252,085	97,705	1,500	1,500
Current asset				
Wealth management products	472,951	849,957	902,726	901,801

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current asset				
Wealth management products	252,085	96,205	–	–
Current asset				
Wealth management products	422,626	764,387	704,699	680,374

These wealth management products were issued by certified financial institution in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance notes*	16,796	11,450	20,596	54,158
Negotiable Certificate of Deposit**	582,558	899,775	908,105	947,111
Total	599,354	911,225	928,701	1,001,269

* The bank acceptance notes were issued by reputable banks in Mainland China.

** The Negotiable Certificate of Deposit, was denominated in RMB, with expected yield rates ranging from 1.65% to 3.85% per annum.

These bank acceptance notes and negotiable Certificate of Deposit were classified as financial assets at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance notes	16,796	9,071	20,345	53,259
Negotiable Certificate of Deposit	582,558	899,775	908,105	947,111
Total	599,354	908,846	928,450	1,000,370

25. CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS AND TIME DEPOSITS

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	145,014	91,734	224,817	359,232
Time deposits	573,636	80,021	80,734	–
Restricted bank deposits*	2,438	39,864	62	62
Subtotal	721,088	211,619	305,613	359,294
Less:				
Time deposits with maturity over three months	573,636	80,021	80,734	–
Restricted bank deposits	2,438	39,864	62	62
Cash and cash equivalents	145,014	91,734	224,817	359,232
Denominated in				
RMB	63,497	39,698	93,321	211,383
USD	76,693	44,832	122,728	134,084
EUR	4,318	6,744	8,333	13,231
Others	506	460	435	534
Total	145,014	91,734	224,817	359,232

* As at 31 December 2022, 2023, 2024 and 31 March 2025, the deposits of RMB2,384,000, RMB39,810,000, nil and nil, respectively, was restricted as guarantee deposit for notes payable.

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	111,453	58,170	185,498	320,296
Time deposits	156,368	80,021	80,734	–
Restricted bank deposits	2,438	39,864	55	55
Subtotal	270,259	178,055	266,287	320,351
Less:				
Time deposits with maturity over three months	156,368	80,021	80,734	–
Restricted bank deposits	2,438	39,864	55	55
Cash and cash equivalents	111,453	58,170	185,498	320,296
Denominated in				
RMB	40,756	13,676	61,017	191,004
USD	66,904	39,108	119,785	124,723
EUR	3,378	4,969	4,269	4,143
Others	415	417	427	426
Total	111,453	58,170	185,498	320,296

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

26. INTEREST-BEARING BANK BORROWINGS

The Group

	31 December 2022			31 December 2023			31 December 2024			31 March 2025		
	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000
Current												
Bank loans – unsecured .	3%	within 2023	29,027	2.55%	within 2024	35,027	2.27%	within 2025	9,006	2.27%	within 2025	9,011
Discounted notes receivable – unsecured	1%-2.04%	within 2023	10,712	0.9%-1.4%	within 2024	5,954	0.65%-1.15%	within 2025	82,171	0.65%-1.85%	within 2025	175,687
Discounted letter of credit – unsecured . .			–			–	0.92%	within 2025	49,803	0.92%	within 2025	49,803
Total			39,739			40,981			140,980			234,501

The Company

	31 December 2022			31 December 2023			31 December 2024			31 March 2025		
	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000
Current												
Bank loans – unsecured .	3%	within 2023	29,027	2.55%	within 2024	35,027	2.27%	within 2025	9,006	2.27%	within 2025	9,011
Discounted notes receivable – unsecured	1%-2.04%	within 2023	10,711	0.9%-1.4%	within 2024	5,954	0.65%-1.15%	within 2025	2,232	0.65%-1.85%	within 2025	25,717
Total			39,738			40,981			11,238			34,728

Notes:

(a) All loans are denominated in RMB.

(b) All loans are matured within one year.

27. TRADE AND NOTES PAYABLES

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	191,613	200,611	251,757	231,726
Notes payables	154,732	208,067	182,578	184,157
Total	346,345	408,678	434,335	415,883

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables due to subsidiaries	391	160,842	220,409	173,492
Trade payables due to third parties	150,765	122,920	126,046	117,879
Notes payables	154,783	200,532	268,049	334,157
Total	305,939	484,294	614,504	625,528

The trade payables are non-interest-bearing and are normally settled on 180-days terms.

An ageing analysis of the trade and notes payables at the end of each Relevant Periods, based on the invoice date, is as follows:

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	345,367	405,976	433,607	414,988
1 to 2 years	789	1,874	37	250
2 to 3 years	186	639	73	30
Over 3 years	3	189	618	615
Total	346,345	408,678	434,335	415,883

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	304,961	481,591	613,785	624,633
1 to 2 years	789	1,875	28	250
2 to 3 years	186	639	73	30
Over 3 years	3	189	618	615
Total	305,939	484,294	614,504	625,528

28. OTHER PAYABLES AND ACCRUALS

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payable	44,285	52,042	69,004	37,403
Employee share scheme repurchase obligation	14,911	7,783	26,959	26,959
Payable for endorsed notes receivable that are not derecognised	–	300	1,556	3,229
Dividend payables	429	294	–	–
Other payables	46,332	91,177	71,750	46,445
Other tax payables	4,171	7,733	9,274	13,192
Total	110,128	159,329	178,543	127,228

Note: For the endorsed notes receivable that the Group neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the notes receivables and associated liabilities. Further details are contained in note 40 to the Historical Financial Information.

Other payables are non-interest-bearing and have no fixed terms of settlement.

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payable	42,924	47,831	60,379	28,940
Employee share scheme repurchase obligation	14,911	7,783	26,959	26,959
Dividend payables	429	294	–	–
Other payables	39,777	6,288	7,670	7,227
Payable for endorsed notes receivable that are not derecognised	–	–	1,556	3,091
Other tax payables	3,956	5,394	8,720	12,868
Total	101,997	67,590	105,284	79,085

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss:				
National debt reverse repurchase agreement	–	–	21,536	28,553

30. CONTRACT LIABILITIES

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term Advances received from customers				
Sale of products	20,774	21,409	19,257	20,374

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term Advances received from customers				
Sale of products	19,158	20,121	13,126	11,529

Contract liabilities include payments from the customers based on sales order in advance of delivery of products under the contracts.

31. DEFERRED INCOME

The Group

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grant*	34,074	39,263	53,093	51,237
At beginning of the year/period	28,213	34,074	39,263	53,093
Grants received during the year/period	9,710	10,102	22,129	1,034
Amounts released to profit or loss during the year/period	(3,849)	(4,913)	(8,299)	(2,890)
At end of the year/period	34,074	39,263	53,093	51,237

The Company

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grant*	34,074	39,263	52,619	50,778
At beginning of the year/period	28,213	34,074	39,263	52,619
Grants received during the year/period	9,710	10,102	21,625	1,034
Amounts released to profit or loss during the year/period	(3,849)	(4,913)	(8,269)	(2,875)
At end of the year/period	34,074	39,263	52,619	50,778

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants were released to profit or loss either over the periods that the expenses for which it is intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are compliant with.

32. DEFERRED TAX

The Group

Deferred tax assets

	Impairment of trade and other receivables	Impairment of inventories	Impairment of property, plant and equipment	Tax losses	Leases liabilities	Equity-settled share-based payment	Unrealised profit from intercompany transactions	Government grants	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	2,622	1,503	926	–	263	4,589	–	3,865	13,768
Credit/(charged) to profit or loss	554	1,252	(254)	13,065	2,192	(20)	194	1,246	18,229
Deferred tax credited to other reserve during the year	–	–	–	–	–	(3,429)	–	–	(3,429)
Gross deferred tax assets at 31 December 2022	3,176	2,755	672	13,065	2,455	1,140	194	5,111	28,568
At 31 December 2022 and 1 January 2023	3,176	2,755	672	13,065	2,455	1,140	194	5,111	28,568
Credit/(charged) to profit or loss	986	(60)	(17)	(12,225)	(1,898)	(1,029)	278	778	(13,187)
Deferred tax credited to other reserve during the year	–	–	–	–	–	(111)	–	–	(111)
Gross deferred tax assets at 31 December 2023	4,162	2,695	655	840	557	–	472	5,889	15,270

	Impairment of trade and other receivables	Impairment of inventories	Impairment of property, plant and equipment	Tax losses	Leases liabilities	Equity-settled share-based payment	Unrealised profit from intercompany transactions	Government grants	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	4,162	2,695	655	840	557	–	472	5,889	15,270
Credit/(charged) to profit or loss	940	533	(548)	(840)	1,790	789	(274)	2,075	4,465
Deferred tax credited to other reserve during the year	–	–	–	–	–	2,286	–	–	2,286
Gross deferred tax assets at 31 December 2024	5,102	3,228	107	–	2,347	3,075	198	7,964	22,021
At 31 December 2024 and 1 January 2025	5,102	3,228	107	–	2,347	3,075	198	7,964	22,021
Credit/(charged) to profit or loss	(38)	(307)	(16)	1,973	(193)	591	(131)	(278)	1,601
Deferred tax credited to other reserve during the period	–	–	–	–	–	8,368	–	–	8,368
Gross deferred tax assets at 31 March 2025	5,064	2,921	91	1,973	2,154	12,034	67	7,686	31,990

Deferred tax liabilities

	Financial assets measured at fair value	Accrued interest income	Depreciation allowance in excess of related depreciation	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	–	–	25,723	–	25,723
Deferred tax charged to profit or loss during the year	897	3,546	11,596	2,300	18,339
Gross deferred tax liabilities at 31 December 2022	897	3,546	37,319	2,300	44,062
At 31 December 2022 and 1 January 2023	897	3,546	37,319	2,300	44,062
Deferred tax charged to profit or loss during the year	1,646	2,233	(5,617)	(1,748)	(3,486)
Gross deferred tax liabilities at 31 December 2023	2,543	5,779	31,702	552	40,576
At 31 December 2023 and 1 January 2024	2,543	5,779	31,702	552	40,576
Deferred tax charged to profit or loss during the year	654	638	10,865	1,739	13,896
Gross deferred tax liabilities at 31 December 2024	3,197	6,417	42,567	2,291	54,472
At 31 December 2024 and 1 January 2025	3,197	6,417	42,567	2,291	54,472
Deferred tax charged to profit or loss during the period	(839)	(146)	1,725	(178)	562
Gross deferred tax liabilities at 31 March 2025	2,358	6,271	44,292	2,113	55,034

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position.

Deferred tax assets have not been recognised in respect of the following items:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	4,398	6,848	14,271	18,971
Deductible temporary differences	23	14	74	253

The above accumulated tax losses will expire in one to ten years for offsetting against future taxable profits of the companies located in Mainland China in which the tax losses arose.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of trade and other receivables	Impairment of inventories	Impairment of property, plant and equipment	Leases liabilities	Equity-settled share-based payment	Government grants	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	2,622	1,503	926	263	4,589	3,865	13,768
(Debited)/credited to profit or loss	579	949	(253)	2,191	(36)	1,245	4,675
Deferred tax credited to other reserve during the year	–	–	–	–	(3,429)	–	(3,429)
Gross deferred tax assets at 31 December 2022	3,201	2,452	673	2,454	1,124	5,110	15,014
At 31 December 2022 and 1 January 2023	3,201	2,452	673	2,454	1,124	5,110	15,014
(Debited)/credited to profit or loss	875	(747)	(18)	(1,897)	(1,013)	780	(2,020)
Deferred tax credited to other reserve during the year	–	–	–	–	(111)	–	(111)
Gross deferred tax assets at 31 December 2023	4,076	1,705	655	557	–	5,890	12,883
At 31 December 2023 and 1 January 2024	4,076	1,705	655	557	–	5,890	12,883
Credited/(debited) to profit or loss	347	302	(548)	1,790	789	2,003	4,683
Deferred tax credited to other reserve during the year	–	–	–	–	2,286	–	2,286
Gross deferred tax assets at 31 December 2024	4,423	2,007	107	2,347	3,075	7,893	19,852
At 31 December 2024 and 1 January 2025	4,423	2,007	107	2,347	3,075	7,893	19,852
Credited/(debited) to profit or loss	60	(284)	(16)	(193)	591	(276)	(118)
Deferred tax credited to other reserve during the period	–	–	–	–	8,368	–	8,368
Gross deferred tax assets at 31 March 2025	4,483	1,723	91	2,154	12,034	7,617	28,102

Deferred tax liabilities

	Financial assets measured at fair value	Accrued interest income	Depreciation allowance in excess of related depreciation	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	–	–	25,723	–	25,723
Deferred tax charged/(credited) to profit or loss during the year	897	3,546	(4,379)	2,300	2,364
Gross deferred tax liabilities at 31 December 2022	897	3,546	21,344	2,300	28,087
At 31 December 2022 and 1 January 2023	897	3,546	21,344	2,300	28,087
Deferred tax charged/(credited) to profit or loss during the year	1,646	2,233	(4,135)	(1,748)	(2,004)
Gross deferred tax liabilities at 31 December 2023	2,543	5,779	17,209	552	26,083
At 31 December 2023 and 1 January 2024	2,543	5,779	17,209	552	26,083
Deferred tax charged/(credited) to profit or loss during the year	(58)	638	5,174	1,739	7,493
Gross deferred tax liabilities at 31 December 2024	2,485	6,417	22,383	2,291	33,576
At 31 December 2024 and 1 January 2025	2,485	6,417	22,383	2,291	33,576
Deferred tax charged/(credited) to profit or loss during the year	(784)	(145)	(2,113)	(178)	(3,220)
Gross deferred tax liabilities at 31 March 2025	1,701	6,272	20,270	2,113	30,356

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position.

33. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

	December 31,			31 March
	2022	2023	2024	2025
	Number of shares	Number of shares	Number of shares	Number of shares
Registered, issued and fully paid: ordinary shares	171,301,664	171,008,218	240,203,500	240,203,500

A summary of movements in the Company's share capital and treasury shares is as follows:

	Number of shares in issue	Share capital	Number of Treasury shares	Treasury shares
		RMB'000		RMB'000
At 1 January 2022	171,434,720	171,435	762,720	16,510
Issue of shares under the 2021 Restricted Share Scheme (note (a))	149,280	149	149,280	4,686
Repurchase of restricted shares forfeited during the year (note (b))	(282,336)	(282)	(282,336)	(6,105)
Dividends declared	–	–	–	(180)
At 31 December 2022	171,301,664	171,302	629,664	14,911
Repurchase of restricted shares forfeited during the year (note (c))	(293,446)	(294)	(293,446)	(7,021)
Dividends declared	–	–	–	(107)
At 31 December 2023	171,008,218	171,008	336,218	7,783
Issue of shares under the 2024 Restricted Share Scheme (note (d))	1,262,700	1,263	1,262,700	26,959
Issuance of bonus shares (note (e))	68,403,287	68,403	134,487	–
Repurchase of restricted shares forfeited during the year (note (f))	(470,705)	(470)	(470,705)	(7,504)
Dividends declared	–	–	–	(279)
At 31 December 2024 and 31 March 2025	240,203,500	240,204	1,262,700	26,959

Notes:

(a) On 9 March 2022, the Company issued 149,280 restricted shares under the 2021 Restricted Share Scheme and received the whole repurchase fee of RMB4,686,000 from all the participants. An amount of RMB4,537,000 was credited to the Company's capital reserve.

(b) From 9 March 2022 to 7 September 2022, the Company repurchased 282,336 forfeited restricted shares under the 2021 Restricted Share Scheme from related participants as the vesting conditions were not satisfied.

(c) On 20 April 2023, the Company repurchased 293,446 forfeited restricted shares under the 2021 Restricted Share Scheme from related participants as the vesting conditions were not satisfied.

(d) On 28 August 2024, the Company issued 1,267,270 restricted shares under the 2024 Restricted Share Scheme and received the whole repurchase fee of RMB26,959,000 from all the participants. An amount of RMB25,696,000 was credited to the Company's capital reserve.

(e) Pursuant to the resolution of the general meeting of shareholders of the Company on 29 March 2024, an issuance of bonus shares using capital reserve in an aggregate amount of RMB68,403,000 for all the registered shareholders of the Company on a basis of 4 shares for every 10 ordinary shares has been approved.

(f) On 8 May 2024, the Company repurchased 470,705 forfeited restricted shares under the 2021 Restricted Share Scheme from related participants as the vesting conditions were not satisfied.

34. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the three months ended 31 March 2024 are presented in the consolidated statements of changes in equity.

Capital reserve

The capital reserve represents the difference between the par value of the shares issued and the consideration received.

Share option reserve

Share option reserve represents the share-based compensation reserve due to equity-settled share award, details of which were set out in note 35 to the Historical Financial Information.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.4 to the Historical Financial Information.

Fair value reserve

The fair value reserve represents fair value changes of equity investments designated at fair value through other comprehensive income.

Statutory surplus reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2022

	Capital reserve	Share option reserve	Fair value reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	1,903,089	10,530	8,859	68,347	690,679	2,681,504
Profit for the year	–	–	–	–	136,724	136,724
Other comprehensive income for the year: Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	3,907	–	–	3,907
Total comprehensive income for the year	–	–	3,907	–	136,724	140,631
Issuance of restricted shares	4,537	–	–	–	–	4,537
Repurchase of restricted shares forfeited during the year	(6,049)	–	–	–	226	(5,823)
Share-based payment expenses	–	(1,110)	–	–	–	(1,110)
Transfer to retained earnings	–	–	–	13,672	(13,672)	–
Dividends declared	–	–	–	–	(34,286)	(34,286)
At 31 December 2022	1,901,577	9,420	12,766	82,019	779,671	2,785,453

Year ended 31 December 2023

	Capital reserve	Share option reserve	Fair value reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,901,577	9,420	12,766	82,019	779,671	2,785,453
Profit for the year	–	–	–	–	110,994	110,994
Other comprehensive income for the year: Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(1,008)	–	–	(1,008)
Total comprehensive income for the year	–	–	(1,008)	–	110,994	109,986
Repurchase of restricted shares forfeited during the year	(6,969)	–	–	–	242	(6,727)
Share-based payment expenses	–	(9,420)	–	–	–	(9,420)
Transfer to retained earnings	–	–	–	3,485	(3,485)	–
Dividends declared	–	–	–	–	(29,123)	(29,123)
At 31 December 2023	1,894,608	–	11,758	85,504	858,299	2,850,169

Year ended 31 December 2024

	Capital reserve	Share option reserve	Fair value reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,894,608	–	11,758	85,504	858,299	2,850,169
Profit for the year	–	–	–	–	155,489	155,489
Other comprehensive income for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(639)	–	–	(639)
Total comprehensive income for the year	–	–	(639)	–	155,489	154,850
Issuance of restricted shares	25,696	–	–	–	–	25,696
Repurchase of restricted shares forfeited during the year	(7,607)	–	–	–	573	(7,034)
Share-based payment expenses	–	7,550	–	–	–	7,550
Transfer to retained earnings	–	–	–	15,516	(15,516)	–
Dividends declared	–	–	–	–	(94,055)	(94,055)
Issue of bonus shares	(68,403)	–	–	–	–	(68,403)
At 31 December 2024	1,844,294	7,550	11,119	101,020	904,790	2,868,773

Three months ended 31 March 2025

	Capital reserve	Share option reserve	Fair value reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	1,844,294	7,550	11,119	101,020	904,790	2,868,773
Profit for the year	–	–	–	–	41,067	41,067
Other comprehensive income for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(527)	–	–	(527)
Total comprehensive income for the period	–	–	(527)	–	41,067	40,540
Share-based payment expenses	–	12,316	–	–	–	12,316
At 31 March 2025	1,844,294	19,866	10,592	101,020	945,857	2,921,629

Three months ended 31 March 2024 (unaudited)

	Capital reserve	Share option reserve	Fair value reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,894,608	–	11,758	85,504	858,299	2,850,169
Profit for the year	–	–	–	–	41,969	41,969
Other comprehensive income for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(615)	–	–	(615)
Total comprehensive income for the period	–	–	(615)	–	41,969	41,354
At 31 March 2024 (unaudited)	1,894,608	–	11,143	85,504	900,268	2,891,523

35. SHARE-BASED PAYMENTS

The Company operates share-based payment scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

2021 Share Option Scheme and Restricted Share Scheme

2021 Share Option Scheme and Restricted Share Scheme of the Company which became effective on 25 February 2021 and will remain in force for fifty months from that date. In February 2021, 476,700 restricted shares and 1,906,800 share options of the Company were granted to 135 eligible employees with the exercise price for each share of RMB35.63 and RMB71.25 (subject to adjustment for cash dividends and bonus issues), respectively. The vesting periods for shares granted are 14 months, 26 months and 38 months from the grant date, with 30%, 30% and 40% of shares being vested respectively, if the service and performance conditions can be met. In March 2021, the number of granted restricted shares increased to 762,720 shares due to a bonus issue pursuant to the resolution of the general meeting of shareholders of the Company.

In February 2022, 149,280 restricted shares and 597,120 share options of the Company were granted to 29 eligible employees with the exercise price for each share of RMB31.39 and RMB62.77 (subject to adjustment for cash dividends and bonus issues), respectively. The vesting periods for shares granted are 14 months and 26 months from the grant date, with 50% and 50% of shares being vested respectively, if the service and performance conditions can be met.

The following table summarises the Company's 2021 Share Option Scheme and Restricted Share Scheme activities during the Relevant Periods:

	Number of Share options	Number of Restricted shares
At 1 January 2022	1,921,536	480,384
Granted during the year	597,120	149,280
Forfeited during the year	(1,173,784)	(293,446)
At 31 December 2022	1,344,872	336,218
Forfeited during the year	(1,344,872)	(336,218)
At 31 December 2023	–	–

The fair value of the share options at the grant date, was determined using a Black-Scholes model. Key assumptions used in determining the fair value were as follows:

	Grant date	Grant date
	25 February 2021	21 February 2022
Share price at the grant date	66.13	59.79
Exercise price	71.25	62.77
Risk-free interest rate (%)	2.59-2.84	1.98-2.26
Volatility (%)	24.04-24.21	17.16-20.59
Expected life of options (years)	1-3	1-2

For the year ended 31 December 2022, the Group recognised share-based payment expenses of RMB2,319,000. As at 31 December 2023, as the performance conditions were not met, the granted restricted shares and share options were forfeited, resulting a reversal of share-based payment expenses of RMB9,309,000 recognised for the year ended 31 December 2023.

2024 Share Option Scheme and Restricted Share Scheme

On 28 August 2024, the Company granted 1,262,700 restricted shares of the Company to 120 eligible employees and 1,262,700 share options of the Company to 123 eligible employees with the exercise price for each share of RMB21.35 and RMB40.70, respectively. The vesting periods for shares granted are 12 months and 24 months from the grant date, with 50% and 50% of shares being vested respectively, if the service and performance conditions can be met.

The following table summarises the Company's 2024 Share Option Scheme and Restricted Share Scheme activities during the Relevant Periods:

	Number of Share options	Number of Restricted shares
At 1 January 2024	–	–
Granted during the year	1,262,700	1,262,700
Forfeited during the year	–	–
At 31 December 2024 and 31 March 2025	1,262,700	1,262,700

The fair value of the share options at the grant date, was determined using a Black-Scholes model. Key assumptions used in determining the fair value were as follows:

	Grant date
	8 August 2024
Share price at the grant date	36.94
Exercise price	42.70
Risk-free interest rate (%)	1.50-2.10
Volatility (%)	18.47-20.82
Expected life of options (years)	1-2

During the year ended 31 December 2024 and three months ended 31 March 2025, the Group recognised share-based payment expense of RMB5,264,000 and RMB3,948,000, respectively.

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

(1) During the Relevant Periods and the three months ended 31 March 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,148,000, Nil, RMB12,439,000, Nil and RMB2,058,000 respectively, in respect of lease arrangements for factory, office premises.

(2) During the Relevant Periods and the three months ended 31 March 2024, the Group had non-cash decrease to notes receivables and interest-bearing bank borrowings of RMB20,553,000, RMB22,608,000, RMB60,128,000, RMB41,578,000 and RMB5,660,000 respectively, in respect of the discounted notes receivable that are not derecognised.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank borrowings	Dividend Payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	5,437	475	29,041	34,953
Addition	–	34,286	1,148	35,434
Changes from financing cash flow	52,759	(34,060)	(12,389)	6,310
Changes from non-cash transactions	(20,553)	(272)	–	(20,825)
Accretion of interest	2,096	–	1,036	3,132
Disposal	–	–	(1,667)	(1,667)
At 31 December 2022 and 1 January 2023	39,739	429	17,169	57,337
Addition	–	29,123	–	29,123
Changes from financing cash flow	21,406	(28,881)	(4,398)	(11,873)
Changes from non-cash transactions	(22,608)	(377)	–	(22,985)
Accretion of interest	2,444	–	890	3,334
Disposal	–	–	(9,536)	(9,536)
At 31 December 2023 and 1 January 2024	40,981	294	4,125	45,400
Addition	–	94,055	12,439	106,494
Changes from financing cash flow	157,914	(93,482)	(4,576)	59,856
Changes from non-cash transactions	(60,128)	(867)	–	(60,995)
Accretion of interest	2,213	–	198	2,411
Disposal	–	–	(563)	(563)
At 31 December 2024 and 1 January 2025	140,980	–	11,623	152,603

	Interest bearing bank borrowings	Dividend Payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	140,980	–	11,623	152,603
Changes from financing cash flow	134,100	–	(1,194)	132,906
Changes from non-cash transactions	(41,578)	–	–	(41,578)
Accretion of interest	999	–	102	1,101
At 31 March 2025	234,501	–	10,531	245,032
At 1 January 2024	40,981	294	4,125	45,400
Addition	–	–	2,058	2,058
Changes from financing cash flow	1,719	–	(1,314)	405
Changes from non-cash transactions	(5,660)	–	–	(5,660)
Accretion of interest	498	–	44	542
At 31 March 2024 (unaudited)	37,538	294	4,913	42,745

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Within financing activities	12,389	4,398	4,576	1,314	1,194

37. COMMITMENTS

The Group had the following capital commitments at the end of each Relevant Periods.

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for items of property, plant and equipment	324,814	144,146	116,950	97,506

38. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods and the three months ended 31 March 2024.

(a) Name and relationships of the related parties

Name	Relationship
Linked Intelligent	Associate
Jiangsu Lingke Huizhi Technology Co., Ltd	A subsidiary of Linked Intelligent

(b) The Group had the following transactions with related parties during the Relevant Periods and three months ended 31 March 2024:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Purchases of products from:					
Linked Intelligent	–	–	232	–	90
Sales of products to:					
Linked Intelligent	–	55	149	230	100
Jiangsu Lingke Huizhi Technology Co., Ltd	–	–	138	–	30

The above purchase and sales of products were made according to the published prices and terms agreed between the parties.

(c) Outstanding balances with related parties:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:				
Linked Intelligent	–	23	–	3
Jiangsu Lingke Huizhi Technology Co., Ltd	–	–	73	32
Total	–	23	73	35
Contract liabilities:				
Linked Intelligent	–	–	86	–

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	5,668	6,042	6,014	1,459	1,502
Performance related bonuses	1,814	2,655	5,828	1,448	756
Pension scheme contributions	367	370	376	96	103
Equity-settled share-based payments expenses	102	(867)	621	–	465
	7,951	8,200	12,839	3,003	2,826

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each Relevant Periods were as follows:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through profit or loss	725,036	947,662	904,226	903,301
Financial assets at fair value through other comprehensive income:				
Debt investments at fair value through other comprehensive income	599,354	911,225	928,701	1,001,269
Equity investments designated at fair value through other comprehensive income	17,767	17,659	17,020	36,493
Financial assets at amortised cost:				
Trade and notes receivables	383,515	433,725	577,495	505,615
Financial assets included in prepayments, other receivables and other assets	2,573	2,847	4,837	3,669
Time deposits with original maturity of over three months	573,636	80,021	80,734	–
Restricted bank deposits	2,438	39,864	62	62
Cash and cash equivalents	145,014	91,734	224,817	359,232
Total	2,449,333	2,524,737	2,737,892	2,809,641

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	21,536	28,553
Financial liabilities at amortised cost:				
Trade payables	346,345	408,678	434,335	415,883
Financial liabilities included in other payables and accruals	59,876	97,390	97,299	71,924
Interest-bearing bank borrowings	39,739	40,981	140,980	234,501
Lease liabilities	17,169	4,125	11,623	10,531
Total	463,129	551,174	705,773	761,392

40. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

(a) At 31 December 2022, 2023, 2024 and 31 March 2025, the Group discounted certain notes receivable accepted by banks in Mainland China and letter of credits (the "Discounted Notes and L/C") with a carrying amount in aggregate of RMB10,712,000, RMB5,954,000, RMB131,974,000 and RMB225,490,000. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Discounted Notes and the associated borrowings. Subsequent to the discounting, the Group did not retain any rights on the use of the Discounted Notes, including the sale, transfer or pledge of the Discounted Notes to any other third parties. The aggregate carrying amount of Discounted Notes during the relevant Periods and the three months ended 31 March 2024 was RMB23,759,000, RMB15,406,000, RMB183,914,000, RMB134,100,000 and RMB1,719,000, respectively.

(b) At 31 December 2022, 2023, 2024 and 31 March 2025, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "Endorsed Notes") with a carrying amount of Nil, RMB300,000, RMB1,556,000 and RMB3,229,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Notes during the Relevant Periods and the three months ended 31 March 2024 to which the suppliers have recourse was RMB410,000, RMB8,890,000, RMB49,330,000, RMB25,804,000 and RMB23,780,000, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023, 2024 and 31 March 2025, the Group discounted and endorsed certain notes receivable accepted by banks in Mainland China (the "Derecognised Notes") to a bank with a carrying amount in aggregate of RMB71,845,000, RMB190,007,000, RMB230,716,000 and RMB88,256,000. The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Notes, including the Group, in disregard of the order of precedence. In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated borrowings.

During the Relevant Periods and the three months ended 31 March 2024, the Group has recognised loss of RMB1,313,000, RMB1,392,000, RMB730,000, RMB229,000 and RMB119,000 on the date of transfer of the Derecognised Notes. The endorsement has been made evenly throughout the year.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, financial assets included in prepayments, other receivables and other assets, trade and notes receivables, trade payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable and immaterial, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by several certified financial institutions in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each Relevant Periods:

As at 31 December 2022

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	5.80 to 28.00	5% increase/ decrease in multiple would result in increase/decrease in fair value by RMB895,000

As at 31 December 2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	5.60 to 15.80	5% increase/ decrease in multiple would result in increase/decrease in fair value by RMB793,000

As at 31 December 2024

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	4.30 to 11.60	5% increase/ decrease in multiple would result in increase/decrease in fair value by RMB749,000
	Cost Approach	Recent Transaction Valuation	N/A	N/A

As at 31 March 2025

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	4.30 to 13.70	5% increase/ decrease in multiple would result in increase/decrease in fair value by RMB740,000
	Cost Approach	Recent Transaction Valuation	N/A	N/A

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	725,036	–	725,036
Debt investments at fair value through other comprehensive income	–	599,354	–	599,354
Equity investments designated at fair value through other comprehensive income	–	–	17,767	17,767

At 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	947,662	–	947,662
Debt investments at fair value through other comprehensive income	–	911,225	–	911,225
Equity investments designated at fair value through other comprehensive income	–	–	17,659	17,659

At 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	904,226	–	904,226
Debt investments at fair value through other comprehensive income	–	928,701	–	928,701
Equity investments designated at fair value through other comprehensive income	–	–	17,020	17,020

At 31 March 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	–	903,301	–	903,301
Debt investments at fair value through other comprehensive income	–	1,001,269	–	1,001,269
Equity investments designated at fair value through other comprehensive income	–	–	36,493	36,493

Liabilities measured at fair value:

At 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss	–	21,536	–	21,536

At 31 March 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss	–	28,553	–	28,553

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	Unlisted equity investments
	RMB'000
Financial assets at fair value through other comprehensive income	
At 1 January 2022	13,860
Changes in fair value of financial assets at fair value through other comprehensive income	3,907
At 31 December 2022 and 1 January 2023	17,767
Additions	900
Changes in fair value of financial assets at fair value through other comprehensive income	(1,008)
At 31 December 2023 and 1 January 2024	17,659
Changes in fair value of financial assets at fair value through other comprehensive income	(639)
At 31 December 2024 and 1 January 2025	17,020
Additions	20,000
Changes in fair value of financial assets at fair value through other comprehensive income	(527)
At 31 March 2025	36,493

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, financial assets at fair value through profit or loss and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the interest-bearing bank borrowings with floating interest rates. The Group's policy is to manage its interest cost using variable rate debts. The directors of the Group believe that the cash flow risk exposure arising from floating-rate bank borrowings is not significant. The Group continuously monitors interest rate levels and, in the event that market expectations for interest rate hikes are clear or interest rates are expected to rise, the Group will leverage its credit rating and differentiated financing advantages to replace floating-rate debt facing interest rate hike risks with other financing instruments.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit after tax.

	Increase/(decrease) in foreign exchange rate	Decrease/(increase) in profit after tax
	%	RMB'000
Year ended 31 December 2022		
If RMB weakens against the USD	5	3,821
If RMB strengthens against the USD	(5)	(3,821)
Year ended 31 December 2023		
If RMB weakens against the USD	5	3,703
If RMB strengthens against the USD	(5)	(3,703)
Year ended 31 December 2024		
If RMB weakens against the USD	5	5,807
If RMB strengthens against the USD	(5)	(5,807)
Period ended 31 March 2025		
If RMB weakens against the USD	5	5,984
If RMB strengthens against the USD	(5)	(5,984)

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For financial assets included in prepayments, other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	388,154	388,154
Notes receivables	14,883	–	–	–	14,883
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,510	–	–	–	4,510
Restricted bank deposits	2,438	–	–	–	2,438
Time deposits	573,636	–	–	–	573,636
Cash and cash equivalents	145,014	–	–	–	145,014
Total	740,481	–	–	388,154	1,128,635

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	445,957	445,957
Notes receivables	13,636	–	–	–	13,636
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,737	–	–	–	4,737
Restricted bank deposits	39,864	–	–	–	39,864
Time deposits	80,021	–	–	–	80,021
Cash and cash equivalents	91,734	–	–	–	91,734
Total	229,992	–	–	445,957	675,949

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	579,686	579,686
Notes receivables	30,995	–	–	–	30,995
Financial assets included in prepayments, other receivables and other assets					
– Normal**	5,742	–	–	–	5,742
Restricted bank deposits	62	–	–	–	62
Time deposits	80,734	–	–	–	80,734
Cash and cash equivalents	224,817	–	–	–	224,817
Total	342,350	–	–	579,686	922,036

At 31 March 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	493,915	493,915
Notes receivables	44,393	–	–	–	44,393
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,865	–	–	–	4,865
Restricted bank deposits	62	–	–	–	62
Cash and cash equivalents	359,232	–	–	–	359,232
Total	408,552	–	–	493,915	902,467

* For trade receivables at the end of each Relevant Periods, the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and notes receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of each Relevant Periods, based on the contractual undiscounted payments, is as follows:

At 31 December 2022

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	346,345	–	–	346,345
Interest-bearing bank borrowings	40,356	–	–	40,356
Financial liabilities included in other payables and accruals	59,876	–	–	59,876
Lease liabilities	10,355	7,473	–	17,828
Total	456,932	7,473	–	464,405

At 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	408,678	–	–	408,678
Interest-bearing bank borrowings	41,523	–	–	41,523
Financial liabilities included in other payables and accruals	97,390	–	–	97,390
Lease liabilities	3,928	277	–	4,205
Total	551,519	277	–	551,796

At 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	434,335	–	–	434,335
Interest-bearing bank borrowings	141,286	–	–	141,286
Financial liabilities included in other payables and accruals	97,299	–	–	97,299
Lease liabilities	4,766	7,444	–	12,210
Financial liabilities at fair value through profit or loss	21,536	–	–	21,536
Total	699,222	7,444	–	706,666

At 31 March 2025

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	415,883	–	–	415,883
Interest-bearing bank borrowings	234,731	–	–	234,731
Financial liabilities included in other payables and accruals	71,924	–	–	71,924
Lease liabilities	4,664	6,353	–	11,017
Financial liabilities at fair value through profit or loss	28,553	–	–	28,553
Total	755,755	6,353	–	762,108

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, make borrowings or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is total interest-bearing liabilities divided by total equity. The Group's policy is to maintain the gearing ratio at a reasonable level.

The gearing ratio as at the end of each of the Relevant Periods was as follows:

	31 December			31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	39,739	40,981	140,980	234,501
Lease liabilities	17,169	4,125	11,623	10,531
Total interest-bearing liabilities	56,908	45,106	152,603	245,032
Total equity	2,947,091	3,087,682	3,226,211	3,293,225
Gearing ratio	1.9%	1.5%	4.7%	7.4%

43. EVENTS AFTER THE RELEVANT PERIODS

On 19 May 2025, the Annual General Meeting of the Company approved the payment of a final dividend of RMB 0.29 per share totalling RMB 68,458,000 for the year ended 31 December 2024.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 March 2025.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Document, and is included herein for information purpose only. The unaudited **[REDACTED]** *financial information should be read in conjunction with the section headed "Financial Information" in this Document and the Accountants' Report set out in Appendix I to this Document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants is set out here to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to owners of the parent as if the [**REDACTED**] had taken place on 31 March 2025.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the parent had the [**REDACTED**] been completed as of 31 March 2025 or as at any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the parent as at 31 March 2025	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the parent as at 31 March 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets per Share as at 31 March 2025	
	RMB'000	RMB'000	RMB'000	RMB	HK$
	(Note 1)	(Note 2)		(Note 3 & 4)	(Note 5)
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED] . .	3,281,379	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED] . .	3,281,379	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED] . .	3,281,379	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as at 31 March 2025 were equal to the audited net assets attributable to owners of the Company as at 31 March 2025 of approximately RMB3,293,225,000 less intangible assets of approximately RMB11,846,000 as at 31 March 2025 set out in the Accountants' Report in Appendix I to this Document.

2. The estimated net [**REDACTED**] from the [**REDACTED**] are based on [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per Share, after deduction of the [**REDACTED**] fees and other related expenses payable by the Group and do not take into account any share which may be issued upon exercise of the [**REDACTED**].

3. The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company is calculated based on [**REDACTED**] Shares (including 238,940,800 shares (excluding 1,262,700 A shares as Treasury shares) and [**REDACTED**] H Shares) are in issue assuming the [**REDACTED**] has been completed on 31 March 2025 but takes no account of any shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**] or any Shares which may be issued or repurchased by the Company for the vesting of restricted Shares under the 2024 Restricted Share Scheme.

4. For the purpose of this unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets, the estimated net [**REDACTED**] from the [**REDACTED**] are converted from Hong Kong dollars into Renminbi ("RMB") at an exchange rate of HK$1.00 to [RMB0.9150] and the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the same exchange rate. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa. at that rate.

5. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 March 2025.

6. If the Company paid 2024 dividend at RMB0.29 per share for total of 240,203,500 shares, the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share would be HK$[**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per Share and HK$[**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per Share, respectively.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

ISSUANCE OF SHARES

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of separate resolutions at the Shareholders' meetings:

(i) issuing shares to unspecified parties;

(ii) issuing shares to specific targets;

(iii) distribution of bonus shares to existing Shareholders;

(iv) converting the reserve funds into share capital;

(v) other means approved by the laws, administrative regulations or approved by the CSRC and securities regulatory authorities of the place where the shares of the Company are listed.

The Company may decrease its registered capital and shall comply with the procedures stipulated in PRC Company Law, other relevant regulations, and the Articles of Association.

Repurchase of Shares

The Company shall not repurchase its own shares, unless otherwise under the circumstances:

(i) to reduce the Company's registered capital;

(ii) to merger with other companies holding shares in the Company;

(iii) to use the shares for employee shareholding schemes or as equity incentives;

(iv) to acquire the shares of Shareholders (upon their request) who vote against any resolution adopted at any Shareholders' meetings regarding the merger or division of the Company;

(v) to use the shares to satisfy the conversion of the convertible corporate bonds into shares issued by the Company;

(vi) to safeguard corporate value and Shareholders' interests as the Company deems necessary.

Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) or (vi) as set out above, such acquisition shall be conducted through public centralized trading, or other methods recognized under laws and regulations, or by the CSRC, and regulatory authorities at the place where the Company's shares are listed.

Where the Company acquires its shares under the circumstances prescribed in items (i) and (ii) as set out above, such acquisition shall be resolved at a Shareholders' meeting. Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) and (vi) as set out above, such acquisition shall be resolved at a Board meeting attended by at least 2/3 of the Directors in accordance with the applicable securities regulatory rules of the place where the shares of the Company are listed.

In accordance with the applicable securities regulatory rules of the place where the shares of the Company are listed, where the Company acquires its shares under the circumstances prescribed in item (i) as set out above, such shares shall be cancelled within ten days from the date of acquisition. Where the shares are acquired under the circumstances prescribed in items (ii) and (iv) as set out above, such shares shall be transferred or cancelled within six months. Where the shares are acquired under the circumstances prescribed in items (iii), (v) and (vi) as set out above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within three years.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws.

The Directors and senior management of the Company shall notify the Company of their holdings of shares (including preferred shares) in the Company and the changes therein. The shares transferable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the laws, administrative regulations or listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer of the Company's shares, such rules shall prevail.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors, senior management members or Shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under underwriting, and other circumstances stipulated by the CSRC.

Shares or other securities with the nature of equity held by Directors, senior executives and individual Shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall set up a register of Shareholders based on the certificates provided by the securities settlement agency. The register of Shareholders shall be sufficient evidence proving the holding of the shares of the Company by a Shareholder. A Shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other distributions in proportion to the number of shares held;

(ii) to legally request, convene, preside over, attend Shareholders' meetings either in person or by proxy and exercise corresponding voting rights;

(iii) to monitor, make suggestions on or make inquiries about the Company's operation;

(iv) to transfer, gift or pledge shares in his/her/its possession in accordance with the law, administrative regulations, and provisions of the Articles of Association;

(v) to inspect and copy the Articles of Association, the register of Shareholders, Shareholders' meeting minutes, resolutions of meetings of the Board of Directors, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;

(vi) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;

(vii) to require the Company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the Company;

(viii) other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the content of the resolution of the Company's Shareholders' meeting or Board of Directors violates laws, administrative regulations, the Shareholders have the right to request the people's court to clarify it invalid. If the convening procedures or voting methods of the Shareholder' meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders have the right to request the people's court to revoke the resolution within 60 days from the date on which the resolution is made, unless the procedures for convening, or the method of voting at, a Shareholders' meeting or a Board meeting only contains a minor defect without a substantial impact on the resolution.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management other than members of the Audit Committee when performing their duties in the Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people's court. Where the members of Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the Shareholders above may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company.

In the event of a Director or senior management person violates laws, administrative regulations or the Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The obligations of Shareholders are as follows:

(i) to abide by laws, administrative regulations and the Articles of Association;

(ii) to provide share capital according to the shares subscribed for and the method of subscription;

(iii) not to return shares unless prescribed otherwise in laws and administrative regulations;

(iv) not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) to perform other duties prescribed in laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Any Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

Controlling Shareholders and Actual Controllers

Controlling Shareholders and actual controllers of the Company shall comply with the following provisions:

(i) The Controlling Shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company; those who violate the rules and cause losses to the Company shall be liable for compensation.

(ii) The Controlling Shareholders and actual controllers of the Company shall bear the fiduciary duties toward the Company and public Shareholders of the Company. The Controlling Shareholders shall exercise their rights as investors in strict compliance with relevant laws. They may not use such means as profit distribution, asset restructuring, external investment, capital occupation, loan guarantee, etc., to damage the legitimate rights and interests of the Company and public Shareholders, as well as not to make use of its controlling status to damage the interests of the Company and other Shareholders.

(iii) When transferring their shares in the Company, the Controlling Shareholders and actual controllers shall comply with the restrictive provisions on share transfer under laws, administrative regulations, the requirements of the CSRC and the stock exchange, as well as any commitments they have made regarding share transfer restrictions.

General Rules of the Shareholders' Meetings

The Shareholders' meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with the law:

(i) to elect and replace Directors, and to decide on matters relating to the remuneration of Directors;

(ii) to consider and approve the reports of the Board;

(iii) to consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) to resolve on the increase or reduction of the registered capital of the Company;

(v) to resolve on the issue of bonds of the Company;

(vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company;

(ix) to consider and approve the guarantee matters stipulated in Article 45 of the Articles of Association;

(x) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company, and transaction matters stipulated in Article 44 of the Articles of Association;

(xi) to consider and approve the change in use of proceeds;

(xii) to consider share incentive schemes and employee share ownership schemes;

(xiii) to consider any related party transactions (except for the cash assets gifted to the Company and provision of guarantees) between the Company and related parties, whose amount is more than RMB30 million and accounts for more than 5% of the absolute value of the latest audited net assets of the Company;

(xiv) to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association to be decided by the Shareholders' meetings.

The Shareholders' meeting may authorize the Board of Directors to make a resolution on the issuance of bonds of the Company.

The Shareholders' meetings are classified into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

In any of the following circumstances, the Company shall convene an extraordinary Shareholders' meeting within two months from the date of the occurrence of the circumstance:

(i) when the number of Directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;

(ii) when the unrecovered losses of the Company amount to one-third of the total share capital;

(iii) when Shareholders individually or together holding 10% or more of the shares (including preference shares with restored voting rights) of the Company request to hold such a meeting;

(iv) when the Board of Directors deems it necessary;

(v) when the Audit Committee proposes to hold such a meeting;

(vi) any other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Convening of Shareholders' Meetings

The Shareholders' meeting shall be convened by the Board of Directors, which shall convene the Shareholders' meeting within the prescribed time limit. After obtaining the consent of a majority of all independent Directors, an independent Director has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after making the Board resolution. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, it shall state the reasons and make an announcement.

Where the Audit Committee propose to the Board of Directors to convene an extraordinary Shareholders' meeting, it shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after making the Board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. If the Board of Directors disagrees with convening an extraordinary Shareholders' meeting or fails to provide feedback within ten days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the Company's shares (including preference shares with restored voting rights) and requests the Board of Directors to convene an extraordinary Shareholders' meeting shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response within ten days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after making the Board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within ten days of receipt, Shareholders who individually or collectively hold more than 10% of the Company's shares (including preference share with restored voting rights) and propose to the Audit Committee to convene an extraordinary Shareholders' meeting shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within five days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders.

If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the Shareholders' meeting. In such cases, Shareholders who individually or collectively hold more than 10% of the Company's shares (including preference shares with restored voting rights) for consecutive 90 days or more may convene and preside over the meeting on their own.

Where the Audit Committee or Shareholders decide to convene a Shareholders' meeting on their own, a written notice must be given to the Board of Directors and a record must be filed with the stock exchange.

Proposals and Notices of Shareholders' Meeting

When the Company convenes a Shareholders' meeting, the Board of Directors, the Audit Committee and Shareholders who individually or jointly hold more than 1% of the Company's shares (including preference shares with restored voting rights) shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares (including preference shares with restored voting rights) may put forward provisional proposals and submit the same to the convener in writing 10 days prior to the convening of the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the Shareholders' meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the Shareholders' meeting.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the Shareholders' meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the Shareholders' meeting or not complying with the Articles of Association shall not be voted on or resolved at the Shareholders' meeting.

The convener shall notify all Shareholders in writing (including by announcement) at least 21 days prior to the convention of an annual Shareholders' meeting, or at least 15 days prior to the convention of an extraordinary Shareholders' meeting. The date of convening the meeting shall be excluded when calculating the starting date, but the date of issuing the notice shall be included.

Notice of the Shareholders' meeting shall contain:

(i) the date, venue and duration of the meeting;

(ii) matters and proposals submitted for consideration at the meeting;

(iii) a clear statement that: each Shareholder is entitled to attend the Shareholders' meeting in person, or appoint one or more proxies who need not be Shareholders of the Company, to attend and vote on his/its behalf;

(iv) the shareholding registration date of the Shareholders entitled to attend the Shareholders' meeting;

(v) name and telephone number of permanent contact person;

(vi) time and procedures for voting online or by other means.

Convening of Shareholders' Meetings

All Shareholders of ordinary shares (including preference Shareholders with restored voting rights) and Shareholders holding shares with special voting rights or their proxies registered on the record date for equity registration shall be entitled to attend the Shareholders' meeting. They shall have the right to speak and exercise voting rights in accordance with relevant laws, regulations, and the Articles of Association (unless individual Shareholders are required to abstain from voting on certain matters under the securities regulatory rules of the place where the Company's shares are listed).

Shareholders may attend a Shareholders' meeting in person, or may appoint a proxy to attend and vote on their behalf.

An individual Shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the power of attorney issued by the Shareholder.

Shareholder who is a corporation shall attend and vote at a meeting by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the Shareholder as a corporation, except for the recognized clearing house and its nominees as defined by the securities regulatory rules of the place where the shares of the Company are listed.

If the Shareholder is a recognized clearing house or its nominees, it may authorize one or more persons it deems fit to act as its representative at any Shareholders' meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required), as if such person is an individual Shareholder of the Company.

Voting and Resolutions at Shareholders' Meetings

Resolutions of the Shareholders' meeting include ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' meeting shall be passed by one half or above of the voting rights held by Shareholders (including their proxies) attending and entitled to vote at the Shareholders' meeting. A special resolution at a Shareholders' meeting shall be passed by two-thirds or above of the voting rights held by Shareholders (including their proxies) attending and entitled to vote at the Shareholders' meeting.

The following matters shall be resolved by an ordinary resolution at a Shareholders' meeting:

(i) work reports of the Board;

(ii) plans formulated by the Board for the distribution of profits and for making up losses;

(iii) appointment and removal of the members of the Board of Directors, their remunerations and methods of payment;

(iv) annual report of the Company;

(v) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a Shareholders' meeting:

(i) the increase or reduction of registered share capital of the Company;

(ii) the split, spin-off, merger, dissolution and liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) the acquisition or disposal of major assets or guarantees within one year with total amount reaching or exceeding 30% of the Company's latest audited total assets;

(v) equity incentive plan;

(vi) matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association to be adopted by a special resolution, and any other matters considered by the Shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

A Shareholder (including proxy thereof) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. Where securities regulatory rules of the place where the Company's shares are listed have other provisions, such provisions shall prevail.

When significant matters affecting the interests of the minority Shareholders are considered at the Shareholders' meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.

The shares held by the Company have no voting rights, and such shares shall not be counted towards the total number of shares with voting rights held by Shareholders attending the meeting.

If a Shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted towards the total number of shares with voting rights present at the Shareholders' meeting.

The Board of the Company, independent Directors, Shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or requirements of the CSRC may publicly solicit Shareholders' voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting Shareholders' voting rights. It is forbidden to solicit Shareholders' voting rights with compensation or compensation in disguised form. The Company and the convener of the Shareholders' meeting shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions in Relation to Directors

Directors of the Company shall be individuals, and a person may not serve as a Director of the Company in case of any of the following circumstances:

(i) the person without civil conduct capacity or with limited civil conduct capacity;

(ii) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

(iii) the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;

(iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license or the date of being ordered to shut down of the company or enterprise;

(v) the person listed as a judgment defaulter by the people's court because the amount of debt he bears is relatively large and the debt is not paid off when it is due;

(vi) the person who has been banned by the CSRC from access to the securities market, where the term of prohibition has not expired;

(vii) the person who has been publicly determined by a stock exchange to be unfit to serve as a director, senior management personnel of a listed company, where the period of such determination has not expired;

(viii) other contents stipulated by laws, administrative regulations or departmental rules or the securities regulatory rules of the place where the shares of the Company are listed.

Directors shall comply with laws, administrative regulations, and the Articles of Association, and owe a duty of loyalty to the Company. They shall take measures to avoid conflicts of interest between themselves and the Company, and shall not exploit their positions to seek improper benefits. The Directors shall owe the following duties of loyalty to the Company:

(i) They shall not misappropriate the Company's property or embezzle the Company's funds;

(ii) They shall not deposit the Company's funds into accounts opened in their personal names or in the names of other individuals;

(iii) They shall not solicit or accept bribes or other illegal benefits through their authority;

(iv) They shall not directly or indirectly enter into contracts or transactions with the Company unless they have reported to the Board of Directors or the Shareholders' meeting and obtained approval through a resolution of the Shareholders' meeting or the Board of Directors in accordance with the Articles of Association;

(v) They shall not exploit their positions to seize business opportunities that rightfully belong to the Company for their own benefit or the benefit of others, except that such opportunities are reported to the Board of Directors or the Shareholders' meeting and approved by a resolution of the Shareholders' meeting; or the Company is legally, administratively, or under its Articles of Association unable to pursue such opportunities;

(vi) They shall not engage in a business of the same kind as that of the Company for himself or for others, without reporting to the Board of Directors or the Shareholders' meeting and without being approved by the Shareholders' meeting through a resolution in accordance with the provisions of the Articles of Association;

(vii) They shall not to accept commissions for their own benefit in respect of others' transactions with the Company;

(viii) They shall not disclose the Company's secrets without authorization;

(ix) They shall not harm the Company's interests through their affiliated relationships;

(x) They shall comply with other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Any income obtained by Directors in violation of this provision shall be returned to the Company. Directors who cause losses to the Company through such violations shall be liable for compensation.

The Directors shall abide by the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, and have a diligent obligation to the Company, and shall perform their duties in the best interests of the Company and with the reasonable care normally due by the management. The Directors have the following diligent obligations to the Company:

(i) shall exercise prudently, conscientiously and diligently the rights conferred by the Company in order to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations and various economic policies, and that the business activities do not exceed the scope of business stipulated in the business license;

(ii) all Shareholders shall be treated fairly;

(iii) to keep abreast of the business operation and management of the Company;

(iv) a written confirmation opinion shall be signed on the Company's periodic reports to ensure that the Company shall disclose information in a fair and timely manner and all information disclosed are true, accurate and complete;

(v) shall truthfully provide the Audit Committee with relevant information and data, and shall not hinder the Audit Committee from exercising their powers;

(vi) other diligent obligations under laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company has established a Director resignation management system to clarify the safeguards for unfulfilled public commitments and other outstanding matters. When the resignation of a Director takes effect or the term of office expires, all handover procedures with the Board of Directors shall be completed, and the fidelity obligations of the Director to the Company and the Shareholders shall not be automatically discharged after the end of the term of office. The Directors' responsibilities in the performance of their duties during their term of office shall not be relieved or terminated by reason of their departure from office.

Board of Directors

The Board of Directors consists of eight Directors, and independent directors shall not be less than one-third of the number of the Board of Directors.

The Board of Directors exercises the following powers:

(i) to convene the Shareholders' meeting and report on work to the Shareholders' meeting;

(ii) to implement the resolutions of the Shareholders' meeting;

(iii) to determine the business and investment plans of the Company;

(iv) to formulate the earnings distribution and loss offset plans of the Company;

(v) to formulate the plans for increasing or decreasing the Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of the Company;

(vi) to formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, or merger, separation, dissolution and changing the form of the Company;

(vii) to determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the Shareholders' meeting;

(viii) to decide on the setup of the Company's internal management organization;

(ix) to decide on matters such as appointment or dismissal of the Company's general manager and other senior officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company's vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;

(x) to set the basic management systems of the Company;

(xi) to make the modification plan to the Articles of Association;

(xii) to manage the disclosure of the Company's information;

(xiii) to request to the Shareholders' meeting to hire or replace the accounting firm auditing for the Company;

(xiv) to attend to the work report of the Company's general manager and review the work of the general manager;

(xv) to manage the information disclosure of the Company;

(xvi) other powers and duties authorized by the laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Independent Directors

Independent Directors shall maintain their independence. The following individuals shall not act as independent Directors:

(i) Persons employed by the Company or its subsidiaries, as well as their spouses, parents, children, and close social relations;

(ii) Natural person Shareholders who directly or indirectly hold more than 1% of the Company's issued shares or are among the top ten Shareholders of the Company, as well as their spouses, parents, and children;

(iii) Persons working for Shareholders who directly or indirectly hold more than 5% of the Company's issued shares or for the top five Shareholders of the Company, as well as their spouses, parents, and children;

(iv) Persons working for affiliated enterprises of the Company's Controlling Shareholder or actual controller, as well as their spouses, parents, and children;

(v) Persons who have significant business dealings with the Company, its Controlling Shareholder, actual controller, or their respective affiliated enterprises, or who work for entities with such significant business dealings or their controlling shareholders or actual controllers;

(vi) Persons who provide financial, legal, consulting, sponsorship, or other services to the Company, its Controlling Shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all members of the project team of intermediary institutions providing such services, reviewers at all levels, signatories on reports, partners, directors, senior management personnel, and principal responsible persons;

(vii) Persons who, in the past 12 months, have fallen under any of the circumstances listed in items (i) to (vi) above;

(viii) Other individuals deemed non-independent under laws, administrative regulations, CSRC rules, stock exchange rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The affiliated enterprises of the Company's Controlling Shareholder or actual controller referred to in items (iv) to (vi) of the preceding paragraph shall not include enterprises controlled by the same state-owned asset regulatory authority as the Company and which, under relevant regulations, do not constitute affiliated parties of the Company.

Independent Directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall evaluate the independence of incumbent independent Directors annually and issue a special assessment opinion, which shall be disclosed together with the annual report.

Independent Directors shall exercise the following special powers:

(i) independently engage intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;

(ii) propose to the Board of Directors the convening of an extraordinary Shareholders' meeting;

(iii) propose the convening of a Board meeting;

(iv) lawfully solicit Shareholder rights from Shareholders;

(v) express independent opinions on matters that may harm the interests of the Company or minority Shareholders;

(vi) other powers stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The exercise of the powers listed in items (i) to (iii) above shall be subject to the consent of more than half of all independent Directors.

The Company shall promptly disclose the exercise of the powers listed in paragraph 1 of Article 133 of the Articles of Association by independent Directors. If any of these powers cannot be exercised properly, the Company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the Board of Directors for deliberation only after being approved by more than half of all independent Directors:

(i) Related-party transactions that are required to be disclosed;

(ii) Proposals for changes to or waivers of commitments made by the Company or relevant parties;

(iii) Decisions and measures made by the board of directors of the listed company being acquired in response to the acquisition;

(iv) Other matters stipulated by laws, administrative regulations, CSRC rules, and the Articles of Association.

The Company establishes a mechanism for special meeting attended solely by independent Directors. Related party transactions should be pre-approved by the special meeting of independent Directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent Directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of paragraph 1 of Article 133 and Article 134 of the Articles of Association shall be considered at a special meeting of independent Directors.

The special meetings of independent Directors shall be convened and presided over by an independent Director jointly elected by a majority of the independent Directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent Directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent Directors shall be prepared as required, with the inclusion of the opinions of the independent Directors, who shall sign to confirm the minutes of the meetings.

Special Committees of the Board of Directors

The Board of Directors of the Company has established an Audit Committee, which shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The Audit Committee comprises 3 members who are Directors not holding senior management personnel positions of the Company, of which 3 are independent Directors and the chairman shall be an accounting professional therein.

The Audit Committee shall exercise the following functions and powers:

(i) to review financial information in financial accounting reports and periodic reports, internal control evaluation reports;

(ii) to propose to the Board of Directors appointment or dismissal of accounting firm undertaking the Company's audit;

(iii) to propose to the Board of Directors appointment or dismissal of chief financial officer;

(iv) to propose to the Board of Directors changing accounting policy, accounting estimate or correcting material accounting errors occurring for reasons other than a change in accounting standard;

(v) to examine the Company's financial matters;

(vi) to supervise the performance by the Directors and senior management of their duties to the Company and propose the dismissal of the Directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the Shareholders' meeting;

(vii) to demand rectification from the Directors and senior management when the acts of such persons are harmful to the Company's interests;

(viii) in case of any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company;

(ix) other matters stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

The Audit Committee shall hold a regular meeting at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems necessary. A meeting of the Audit Committee may only be held when more than two thirds of the members attended. Resolutions adopted at the Audit Committee meeting must be approved by more than half of all members of the Audit Committee. Resolutions of the Audit Committee shall be passed on a "one person one vote" basis.

The Board of Directors of the Company has established other special committees such as the Strategy and ESG Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc., which perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. The proposals of the special committees shall be submitted to the Board of Directors for review and decision making.

Senior Management Members

The Company has one general manager, who is appointed or dismissed by the Board of Directors. The Company has several deputy general managers, who are appointed or dismissed by the Board of Directors. The general manager, deputy general managers, chief financial officer and secretary of the Board of Directors are the senior management members of the Company.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall submit and disclose the annual report to the CSRC's dispatched institutions and the stock exchange where the Company's shares are listed within four months after the end of each fiscal year; submit and disclose the interim report to the CSRC's dispatched institutions and the stock exchange where the Company's shares are listed within two months after the end of the first half of each fiscal year.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations and the provisions of the CSRC, and the securities regulatory rules of the place where the shares of the Company are listed.

The Company shall not establish the account books other than those provided by law. Any funds of the Company shall not be kept under any account opened in the name of any individual.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital.

When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a Shareholders' meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the Shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

If the Shareholders' meeting resolves to distribute any profits to the Shareholders in violation of the Company Law, the Shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the Shareholders, as well as any Directors, and senior officers responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The Company is required to appoint one or more receiving agent(s) in Hong Kong for Shareholders of H Shares. The receiving agent(s) shall receive and hold on behalf of such Shareholders of H Shares any dividends allocated to H Shares and other amounts payable by the Company, and transmit such payments to such Shareholders of H Shares. The receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than twenty-five percent (25%) of the Company's registered capital immediately prior to such capital increase through provident fund transfer.

After the Shareholders make a decision for distribution of profits in Shareholders' meeting, or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual Shareholders' meeting, the Board of Directors must finish distributing the dividends (or shares) within two months.

Internal Audit

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

Appointment of Accounting Firm

The Company shall appoint an accounting firm in compliance with the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and dismissal of the Company's accounting firm shall be decided by the Shareholders' meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the Shareholders' meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the Shareholders' meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 30 days prior notice to the accounting firm. When a Shareholders' meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions. Where the accounting firm resigns, it shall state to the Shareholders' meeting whether the Company has improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the media outlet designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall make an announcement in media in compliance with the requirements of CSRC or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the Shareholders' meeting and make announcement thereof in media in compliance with the requirements of CSRC or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the Shareholders' capital contribution or shareholding, unless otherwise stipulated by the laws or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the Shareholders' meeting resolves to dissolve the Company;

(iii) dissolution is necessary due to merger or division of the Company;

(iv) the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;

(v) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to Shareholders, the Shareholders holding above 10% of the total voting rights of the Company may apply to the People's Court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstances of items (i) and (ii) above and has not distributed any property to Shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the Shareholders' meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the Shareholders' meeting shall be approved by more than two-thirds of the voting rights held by the Shareholders attending the Shareholders' meeting.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution. The liquidation committee shall be composed of Directors or persons determined by the Shareholders' meeting. If liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or its creditors, they shall bear compensation liability.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in media in compliance with the requirements of CSRC or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law. After the People's Court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

In case the Company is declared to be insolvent according to the laws, liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(i) after the amendments are made to the Company Law or relevant laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are listed, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the shares of the Company are listed;

(ii) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

(iii) the Shareholders' meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the Shareholders' meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the PRC as a limited liability company on April 19, 2001 and was converted to a joint stock liability company with limited liability on January 10, 2018 under the PRC Company Law.

We have established a principal place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 13, 2025. Ms. Cheng Choi Ha (鄭彩霞) has been appointed as one of the authorized representatives of our Company for the acceptance of service of process and notices in Hong Kong, whose correspondence address is the same as our principal place of business in Hong Kong.

As our Company was incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant PRC Law. A summary of the relevant PRC Law and of the Articles of Association is set out in "Regulatory Overview" and Appendix III, respectively.

2. Changes in the Share Capital of Our Company

When our Company was converted into a joint stock liability company with limited liability under the PRC Company Law, our initial registered capital was RMB80,000,000, divided into 80,000,000 Shares with a nominal value of RMB1.00 each.

Save as disclosed below, there has been no alteration in our total issued share capital within the two years immediately preceding the date of this document.

On June 20, 2023*, the share capital of our Company decreased from RMB171,301,664 to RMB171,014,978, comprising 171,014,978 A Shares with a nominal value of RMB1.00 each.

On November 10, 2023*, the share capital of our Company decreased from RMB171,014,978 to RMB171,008,218, comprising 171,008,218 A Shares with a nominal value of RMB1.00 each.

On September 30, 2024*, the share capital of our Company increased from RMB171,008,218 to RMB239,411,505, comprising 239,411,505 A Shares with a nominal value of RMB1.00 each.

On September 30, 2024*, the share capital of our Company decreased from RMB239,411,505 to RMB238,940,800, comprising 238,940,800 A Shares with a nominal value of RMB1.00 each.

On January 22, 2025*, the share capital of our Company increased from RMB238,940,800 to RMB240,203,500, comprising 240,203,500 A Shares with a nominal value of RMB1.00 each.

For further details, see "History, Development and Corporate Structure." Save as aforesaid, as of the Latest Practicable Date, there has been no alteration in our share capital within two years immediately preceding the date of this document.

* To avoid any doubts, the dates mentioned herein shall be deemed to correspond to the date of completion of the business registration amendments from Market Supervision Administration of Shenzhen Municipality.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in Note 1 to Part II of the Accountants' Report, the text of which is set out in Appendix I to this document. Save for the subsidiaries mentioned in the Accountants' Report, we do not have any other subsidiaries.

The following subsidiaries have been incorporated within the two years immediately preceding the date of this document:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Suzhou Zhaowei Industrial Technology Co., Ltd. (蘇州市兆威工業科技有限公司)	PRC	June 28, 2023
ZW Drive. Inc	California, United States	April 20, 2024
Shenzhen Zhaowei Dexterous Hand Technology Co., Ltd. (深圳市兆威靈巧手技術有限公司)	PRC	March 18, 2025

There have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions Passed by Our Shareholders' General Meeting of Our Company

Pursuant to the Shareholders' meeting held on May 19, 2025, the following resolutions, among other things, we duly passed:

(a) the [**REDACTED**] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**] of the total issued share capital of our Company as enlarged by the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), and the grant of the [**REDACTED**] of not more than [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**] Date; and

(d) authorization of the Board and/or its authorized persons to handle relevant matters relating to the [**REDACTED**], including but not limited to the [**REDACTED**] and the [**REDACTED**] of the H Shares.

5. 2024 Share Incentive Scheme

The following is a summary of the principal terms of the 2024 Share Incentive Scheme approved and adopted by our Shareholders at the second extraordinary general meeting held on August 28, 2024. The terms of 2024 Share Incentive Scheme do not involve any grant of Share Incentives by our Company after the [**REDACTED**] and are not subject to the provisions of Chapter 17 of the Listing Rules. The terms of the 2024 Share Incentive Scheme are summarized below.

(a) Purpose

The purposes of the 2024 Share Incentive Scheme are as follows:

(i) to further improve the Company's long-term incentive mechanism;

(ii) to attract and retain outstanding talent;

(iii) to motivate employees by aligning the interests of Shareholders, the Company and the core team, thereby ensuring all parties focus on the Company's long-term development and share common goals.

(b) Who may participate

The scope of the eligible participants of the 2024 Share Incentive Scheme ("2024 Eligible Participants") is proposed by our Remuneration and Appraisal Committee and approved by our then Board of Supervisors, having taken into account the actual situation of our Company, in accordance with the PRC Company Law, the Securities Law of the PRC (中華人民共和國證券法), the Administrative Measures for the Equity Incentives of Listed Companies (上市公司股權激勵管理辦法), the Rules Governing the Listing of Shares of the Shenzhen Stock Exchange (深圳證券交易所股票上市規則), the Shenzhen Stock Exchange Listed Company Self-Regulation Guide No. 1—Business Handling (深圳證券交易所上市公司自律監管指南第1號—業務辦理), other relevant laws, regulations and regulatory documents and the Articles of Association.

The 2024 Eligible Participants include 123 persons in total, comprising of the Directors, senior management and other personnel deemed suitable for incentives by the Board, and shall not include the independent non-executive Directors, Supervisors and any Shareholders or actual controllers who individually or in aggregate holding 5% or more Shares of our Company, together with their spouses, parents and children.

(c) 2024 Scheme Mandate Limit

The 2024 Share Incentive Scheme are granted in two forms: (i) restricted A Shares ("2024 Restricted Share Scheme") and (ii) share options ("2024 Share Option Scheme"). The total number of underlying Shares which may be issued upon exercise of all Share Incentives granted under the 2024 Share Incentive Scheme shall be 2,525,400 A Shares, which was comprised of 1,262,700 A Shares for the options granted under the 2024 Share Option Scheme ("2024 Scheme Mandate Limit–Share Options") and the 1,262,700 restricted A Shares granted under the 2024 Restricted Share Scheme ("2024 Scheme Mandate Limit–Restricted A Shares").

Each of the 2024 Scheme Mandate Limit–Share Options and the 2024 Scheme Mandate Limit–Restricted A Shares shall be adjusted in the event of any alteration in the capital structure of our Company whilst any option remains exercisable or any restricted A Share remains grantable, to proportionally reflect any capitalization of profits or reserves, bonus issue, rights issue, sub-division, consolidation of shares, dividend distribution, etc. of our Company.

(d) Maximum entitlement of a grantee

Any grant of options or restricted A Shares to any grantees in respect of all the options or restricted A Shares granted to such person under the 2024 Restricted Share Scheme and 2024 Share Option Scheme in aggregate shall not exceed 1% of the Shares in issue at the time of the announcement of the 2024 Share Incentive Scheme.

(e) Duration of the Share Incentives

The grant date of 2024 Share Incentive Scheme shall be determined by the Board after the approval of the 2024 Share Incentive Scheme by the Shareholders at a general meeting. Unless otherwise stipulated by laws and regulations, the grant date must be a trading day of the Shenzhen Stock Exchange. The grant of Share Incentives is subject to the approval of the Board and shall be registered and announced within 60 days after the approval of the 2024 Share Incentive Scheme at a general meeting.

The term of the 2024 Share Incentive Scheme shall commence from the date of grant of the Share Incentives under the 2024 Share Incentive Scheme and continue until the Share Incentives are fully exercised, canceled, vested, or lapsed, whichever is earlier. This term shall not exceed 36 months, as applicable.

(f) Lock-up Arrangements

The lock-up arrangements under the 2024 Share Incentive Scheme are determined according to the Articles of Association and applicable PRC laws and regulations:

(i) if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;

(ii) if the grantee is a Director or senior management of our Company, income gained through sale of Shares of our Company within six months of the purchase or repurchase of Shares of our Company within six months of the sale, shall belong to our Company and be reclaimed by the Board; and

(iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the Share Incentive Plan, the grantee shall comply with the amended laws and regulations and the Articles of Association.

(g) Adjustments

Subject to the other terms and conditions contained in the 2024 Share Incentive Scheme, the number and/or exercise price of granted Share Incentives may be adjusted upon the occurrence of certain events before exercise by the grantee. These events include, as the case may be, (i) capitalization of reserves, (ii) distribution of stock dividends, (iii) distribution of cash dividends, (iv) share subdivision, and (v) share consolidation.

(h) Status of the outstanding options granted under the 2024 Share Option Scheme

As of the Latest Practicable Date, a total of 123 participants have been granted outstanding options under the 2024 Share Option Scheme to subscribe for 1,262,700 A Shares in aggregate, representing 0.53% of the total issued share capital of our Company as of the Latest Practicable Date and [**REDACTED**]% of the total issued share capital of our Company immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). An aggregate of 163,100 options were issued to five of our Directors, senior management members and/or other connected persons, and the remaining 1,099,600 options were issued to 118 other eligible participants who are employees of our Company. All the outstanding options under the 2024 Share Option Scheme were granted on August 28, 2024 (the "2024 Scheme Effective Date") and our Company will not grant any further options under the 2024 Share Option Scheme after the [**REDACTED**]. No consideration was payable for the grant of the options. All options granted under the 2024 Share Option Scheme remain outstanding and unexercised as of the Latest Practicable Date. Assuming full vesting and exercise of all outstanding options under the 2024 Share Option Scheme, the shareholding of our Shareholders immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) will be diluted by a maximum of approximately [**REDACTED**]%. The table below sets out the details of outstanding options granted to our Directors, senior management members and other connected persons of our Company under the 2024 Share Option Scheme as of the Latest Practicable Date:

Name	Position or Connected Relationship	Exercise Price	Number of A Shares Underlying the Outstanding Options	Date of Grant	Vesting Periods	Exercise Periods	Approximate % of Share Capital of Our Company Immediately after Completion of the [REDACTED](1)
		(RMB per Share)					
Directors							
Ye Shubing	Executive Director and general manager	42.70	45,400	August 28, 2024	See Note (2) below	See Note (3) below	[**REDACTED**]
Li Ping	Executive Director and deputy general manager	42.70	45,400	August 28, 2024	See Note (2) below	See Note (3) below	[**REDACTED**]
Lu Zhiqiang	Employee representative Director and the head of Parts Centre	42.70	16,800	August 28, 2024	See Note (2) below	See Note (3) below	[**REDACTED**]
Senior management members (excluding those who are also Directors)							
Zuo Mei	Chief financial officer	42.70	38,700	August 28, 2024	See Note (2) below	See Note (3) below	[**REDACTED**]
Niu Dongfeng	Joint company secretary and the secretary of the Board	42.70	16,800	August 28, 2024	See Note (2) below	See Note (3) below	[**REDACTED**]

Notes:

(1) The calculation is based on [**REDACTED**] Shares in issue immediately after the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised, the options under the 2024 Share Option Scheme are fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

(2) The vesting periods are 12 months and 24 months commencing from the 2024 Scheme Effective Date, i.e. August 28, 2024.

(3) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from the first trading day following the end of the 12 months after the 2024 Scheme Effective Date up to the last trading day within the 24 months after the 2024 Scheme Effective Date, and 50% of the options shall be exercisable from the first trading day following the end of the 24 months after the 2024 Scheme Effective Date up to the last trading day within the 36 months after the 2024 Scheme Effective Date.

As of the Latest Practicable Date, other than the five individuals who were our Directors, senior management members and/or other connected persons of our Company disclosed above, no other options were granted to any Directors, senior management members and/or other connected persons of our Company under the 2024 Share Option Scheme.

Save for the five grantees disclosed above, the remaining 118 grantees who were not our Directors, senior management members or other connected persons of our Company held an aggregate of 1,099,600 options that were still outstanding and unexercised under the 2024 Share Option Scheme as of the Latest Practicable Date, representing 0.46% of the total issued share capital of our Company as of the Latest Practicable Date and [**REDACTED**]% of the total issued share capital of our Company immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). The table below set out the details of the outstanding options granted to such remaining grantees under the 2024 Share Option Scheme as of the Latest Practicable Date:

Range of Outstanding Shares under Options Granted	Total Number of Grantees	Total Number of Outstanding Shares under Options Granted	Exercise Price	Date of Grant	Vesting Periods	Exercise Periods	Approximate % of Share Capital of Our Company Immediately after Completion of the [REDACTED](1)
			(RMB per Share)				
1-10,000 Shares	78	551,000	42.70	August 28, 2024	See Note (2) below	See Note (3) below	[REDACTED]
10,001-20,000 Shares	39	531,800	42.70	August 28, 2024	See Note (2) below	See Note (3) below	[REDACTED]
20,001-30,000 Shares	–	–	–	–	–	–	–
30,001-40,000 Shares	1	33,600	42.70	August 28, 2024	See Note (2) below	See Note (3) below	[REDACTED]

Notes:

(1) The calculation is based on [**REDACTED**] Shares in issue immediately after the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes, the options under the 2024 Share Option Scheme are fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

(2) The vesting periods are 12 months and 24 months commencing from the 2024 Scheme Effective Date, i.e. August 28, 2024.

(3) The exercise periods for the relevant options are as follows: 50% of the options shall be exercisable from the first trading day following the end of the 12 months after the 2024 Scheme Effective Date up to the last trading day within the 24 months after the 2024 Scheme Effective Date, and 50% of the options shall be exercisable from the first trading day following the end of the 24 months after the 2024 Scheme Effective Date up to the last trading day within the 36 months after the 2024 Scheme Effective Date.

(i) Grant, repurchase and cancellation of the restricted A Shares granted under the 2024 Restricted Share Scheme

All of the 2024 Eligible Participants who have been granted restricted A Shares under the 2024 Restricted Share Scheme have completed the payment of the grant price of the restricted A Shares to the Company, i.e. RMB21.35 per restricted A Share and have been registered as Shareholders of the Company.

Upon the occurrence of any of the specified scenarios as provided in the 2024 Restricted Share Scheme, our Company is entitled to and shall unilaterally repurchase and cancel all or part of the restricted A Shares granted which are still subject to the restrictions, as the case may be.

(j) Status of the restricted A Shares granted under the 2024 Restricted Share Scheme

As of the Latest Practicable Date, an aggregate of 1,262,700 restricted A Shares, representing 0.53% of the total issued share capital of our Company, were granted to a total of 120 participants. An aggregate of 236,400 restricted A Shares were issued to five of our Directors, senior management members and/or other connected persons, and the remaining 1,026,300 restricted A Shares were issued to 115 other eligible participants, who are employees of our Company. The restricted A Shares have been issued on a one-off basis and no additional Shares will be issued under the 2024 Restricted Share Scheme. Immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the number of restricted A Shares issued pursuant to the 2024 Restricted Share Scheme will represent [**REDACTED**]% of the total issued share capital of our Company. Particulars of the Restricted A Shares issued to our Directors, senior management members and/or other connected persons are set forth below:

Name of participants	Position held with our Group	Number of Restricted A Shares	Date of Grant	Approximate % of Share Capital of Our Company Immediately after Completion of the [REDACTED](1)
Directors				
Ye Shubing	Executive Director and general manager	66,900	August 28, 2024	[**REDACTED**]
Li Ping	Executive Director and deputy general manager	66,900	August 28, 2024	[**REDACTED**]
Lu Zhiqiang	Employee representative Director and the head of Parts Centre	21,300	August 28, 2024	[**REDACTED**]
Senior management members (excluding those who are also Directors)				
Zuo Mei	Chief financial officer	60,000	August 28, 2024	[**REDACTED**]
Niu Dongfeng	Joint company secretary and the secretary of the Board	21,300	August 28, 2024	[**REDACTED**]

Note:

(1) The calculation is based on [**REDACTED**] Shares in issue immediately after the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

As of the Latest Practicable Date, other than the five individuals who were our Directors, senior management members and/or other connected persons of our Company disclosed above, no restricted A Shares were granted to any Directors, senior management members and/or other connected persons of our Company under the 2024 Restricted Share Scheme.

Save for the five grantees disclosed above, the remaining 115 grantees who were not our Directors, senior management members or other connected persons of our Company held an aggregate of 1,026,300 restricted A Shares, representing 0.43% of the total issued share capital of our Company as of the Latest Practicable Date and [**REDACTED**]% of the total issued share capital of our Company immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). The table below set out the details of the restricted A Shares granted to such remaining grantees under the 2024 Restricted Share Scheme as of the Latest Practicable Date:

Range of restricted A Shares Granted	Total Number of Grantees	Date of Grant	Approximate % of Share Capital of Our Company Immediately after Completion of the [REDACTED](1)
1 to 10,000 restricted A Shares	83	August 28, 2024	[**REDACTED**]
10,001 to 20,000 restricted A Shares	21	August 28, 2024	[**REDACTED**]
20,001 to 30,000 restricted A Shares	11	August 28, 2024	[**REDACTED**]
30,001 to 40,000 restricted A Shares	–	–	[**REDACTED**]

Note: The calculation is based on [**REDACTED**] Shares in issue immediately after the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

(a) the Hong Kong [**REDACTED**].

2. Our Material Intellectual Property Rights

As of the Latest Practicable Date, we had registered or had applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which are material to our business:

(i) In the PRC

No.	Owner	Trademark	Registration Number	Class	Expiry Date
1	Our Company	ZWDRIVE	80481270	9	February 20, 2035
2	Our Company	ZWDRIVE	80490020	7	February 20, 2035
3	Our Company	ZHAOWEI 兆威	73983090	12	May 27, 2034
4	Our Company	兆威	73974739	12	May 27, 2034
5	Our Company	ZHAOWEI 兆威	73863412	9	February 27, 2034
6	Our Company	兆威	73858928	9	February 27, 2034
7	Our Company	ZWG	68432484	9	August 20, 2033
8	Our Company	ZWG	68436279	7	August 27, 2033
9	Our Company	ZWGear	58638984	12	October 06, 2032
10	Our Company	ZWD	54305484	7	December 27, 2031
11	Our Company	ZHAOWEI 兆威	54318411	35	October 20, 2031
12	Our Company	ZWD	54330671	9	December 27, 2031
13	Our Company	ZWDrive	54315880	7	December 27, 2031
14	Our Company	ZWGear	54324294	7	December 27, 2031

No.	Owner	Trademark	Registration Number	Class	Expiry Date
15	Our Company	ZHAOWEI 兆威	54306471	9	December 27, 2031
16	Our Company	ZHAOWEI	37662969	7	February 27, 2030
17	Our Company	ZHAOWEI 兆威	37655665	7	February 27, 2030
18	Our Company	兆威	37657590	7	February 27, 2030
19	Suzhou Zhaowei Industrial Technology Co., Ltd. (蘇州市兆威工業科技有限公司) ("Suzhou Zhaowei")	ZWGT	79466729	7	December 13, 2034
20	Suzhou Zhaowei	ZWGT	79480718	42	December 20, 2034

(ii) In Hong Kong

No.	Owner	Trademark	Trademark number	Class	Expiry Date
21	Our Company	ZWDRIVE	306652017	7,9,35	August 26, 2034
22	Our Company	ZHAOWEI	305579470	7	March 29, 2031

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which are material to our business:

No.	Patent Holder	Name of Patent	Type of Patent	Patent Number	Application Date	Expiry Date
1	Our Company	Dexterous hand control method and device, dexterous hand and computer readable storage medium (靈巧手控制方法、裝置、靈巧手及計算機可讀存儲介質)	Invention	ZL202411355568.5	September 27, 2024	September 27, 2044
2	Our Company	Multi-degree-of-freedom bionic dexterous hand (多自由度仿生靈巧手)	Invention	ZL202410558656.9	May 8, 2024	May 8, 2044
3	Our Company and Beijing University of Technology (北京工業大學)	Internal tooth machining device (內齒加工裝置)	Invention	ZL202310862942.X	July 13, 2023	July 13, 2043
4	Our Company	Automobile ceiling screen control system and method and electronic equipment (一種汽車吸頂屏控制系統、方法和電子設備)	Invention	ZL202210996781.9	August 19, 2022	August 19, 2042

No.	Patent Holder	Name of Patent	Type of Patent	Patent Number	Application Date	Expiry Date
5	Our Company and Chongqing University (重慶大學)	Cylindrical-toroidal combined worm, transmission pair and design and forming method for transmission pair (圓柱環面組合式蝸桿、傳動副及其設計和成型方法)	Invention	ZL202110152140.0	February 3, 2021	February 3, 2041
6	Our Company and Dongguan Zhaowei	Motor control method and device, equipment and storage medium (電機控制方法、裝置、設備及存儲介質)	Invention	ZL202011374983.7	December 1, 2020	December 1, 2040
7	Our Company and Dongguan Zhaowei	Hall signal processing method and device, motor controller and storage medium (霍爾信號處理方法、裝置、電機控制器及存儲介質)	Invention	ZL202011019429.7	September 24, 2020	September 24, 2040
8	Our Company	Motor stalling detection method and device, terminal equipment and storage medium (一種電機堵轉檢測方法、檢測裝置、終端設備及存儲介質)	Invention	ZL202010787290.4	August 7, 2020	August 7, 2040
9	Our Company and Dongguan Zhaowei	Stepping motor, starting control method and device thereof and computer readable storage medium (步進電機及其啟動控制方法、裝置及計算機可讀存儲介質)	Invention	ZL202010667581.X	July 13, 2020	July 13, 2040
10	Our Company and Dongguan Zhaowei	Motor synchronization control method, device and system, controller and storage medium (電機同步控制方法、裝置、控制器、系統及存儲介質)	Invention	ZL202010649188.8	July 7, 2020	July 7, 2040
11	Our Company	Stepping motor, reset method and device thereof and computer readable storage medium (步進電機及其復位方法、裝置及計算機可讀存儲介質)	Invention	ZL202010559068.9	June 18, 2020	June 18, 2040
12	Our Company	Motor driving method and device, terminal and storage medium (電機驅動方法、裝置、終端及存儲介質)	Invention	ZL202010447591.2	May 25, 2020	May 25, 2040
13	Our Company	Stepping motor synchronous driving method and device, terminal and storage medium (步進電機同步驅動方法、裝置、終端及存儲介質)	Invention	ZL202010447286.3	May 25, 2020	May 25, 2040
14	Our Company and Chongqing University (重慶大學)	Transmission performance testing device for staggered shaft gear pair (交錯軸齒輪副的傳動性能測試裝置)	Invention	ZL202010376577.8	May 7, 2020	May 7, 2040

No.	Patent Holder	Name of Patent	Type of Patent	Patent Number	Application Date	Expiry Date
15	Our Company	Multi-motor synchronous drive control method, device and system (多電機同步驅動控制方法、裝置以及系統)	Invention	ZL202010206268.6	March 23, 2020	March 23, 2040
16	Our Company and Suzhou Zhaowei	Synchronous drive control method, device and system for two motors (兩個電機的同步驅動控制方法、裝置以及系統)	Invention	ZL202010134097.0	March 2, 2020	March 2, 2040
17	Our Company and Dongguan zhaowei	Multi-motor synchronous driving system (多電機同步驅動系統)	Invention	ZL201911267816.X	December 11, 2019	December 11, 2039
18	Our Company	Transmission control device and glue dispensing equipment (傳動控制裝置和點膠設備)	Invention	ZL201910948634.2	October 8, 2019	October 8, 2039
19	Our Company	Feed screw nut pair, safety transmission device and lifting mechanism (絲桿螺母副、安全傳動裝置及升降機構)	Invention	ZL201910856246.1	September 11, 2019	September 11, 2039
20	Our Company	Method, device and equipment for detecting motor hall signals and storage medium (電機霍爾信號的檢測方法、裝置、設備及存儲介質)	Invention	ZL201910767372.X	August 15, 2019	August 15, 2039
21	Our Company	IO port multiplexing control circuit and electronic equipment (IO端口復用控制電路以及電子設備)	Invention	ZL201910490323.6	June 6, 2019	June 6, 2039
22	Our Company	Camera mechanism and electronic equipment (攝像頭機構及電子設備)	Invention	ZL201910443807.5	May 24, 2019	May 24, 2039
23	Our Company and Dongguan Zhaowei	Motor control method and system (電機控制方法及系統)	Invention	ZL201910388448.8	May 10, 2019	May 10, 2039
24	Our Company	Motor balance control method and system (電機平衡控制方法及系統)	Invention	ZL201910370483.7	May 5, 2019	May 5, 2039
25	Our Company	Antenna adjustment device (天線調節裝置)	Invention	ZL201910199482.0	March 15, 2019	March 15, 2039
26	Our Company	Braking device and mechanical facility (一種剎車裝置及機械設備)	Invention	ZL201910132442.4	February 22, 2019	February 22, 2039
27	Our Company	Camera telescopic device and mobile phone (攝像頭伸縮裝置及手機)	Invention	ZL201811320125.7	November 7, 2018	November 7, 2038
28	Our Company	Camera telescoping device and terminal (攝像頭伸縮裝置及終端)	Invention	ZL201811289573.5	October 31, 2018	October 31, 2038
29	Our Company	Worm processing cutter and involute worm processing method (蝸桿加工刀具及漸開線蝸桿加工方法)	Invention	ZL201811213459.4	October 18, 2018	October 18, 2038

No.	Patent Holder	Name of Patent	Type of Patent	Patent Number	Application Date	Expiry Date
30	Our Company	Linear motor, telescopic camera assembly and mobile phone (直線電機、伸縮攝像頭組件及手機)	Invention	ZL201811130537.4	September 27, 2018	September 27, 2038
31	Our Company	Inner gear double-faced meshing measuring device and method (內齒輪雙面嚙合測量裝置及測量方法)	Invention	ZL201810895173.2	August 8, 2018	August 8, 2038
32	Our Company	Flexible position self-adjusting mechanism and mechanical hand (柔性自調位機構及機械手)	Invention	ZL201810100465.2	February 1, 2018	February 1, 2038
33	Our Company	Multi-band antenna transmission device (多頻天線傳動裝置)	Invention	ZL201711276400.5	December 6, 2017	December 6, 2037
34	Our Company	Multi-frequency antenna transmission device (多頻天線傳動裝置)	Invention	ZL201711275780.0	December 6, 2017	December 6, 2037
35	Our Company	Multi-band antenna transmission device (多頻天線傳動裝置)	Invention	ZL201711275799.5	December 6, 2017	December 6, 2037
36	Our Company	Mobile phone camera expansion device and mobile phone (手機攝像頭伸縮裝置及手機)	Invention	ZL201710888767.6	September 27, 2017	September 27, 2037
37	Our Company	Driving output mechanism, gearbox and assembly method of driving output mechanism (一種傳動輸出機構、齒輪箱和傳動輸出機構的組裝方法)	Invention	ZL201710370495.0	May 23, 2017	May 23, 2037
38	Our Company	Small-return-difference angle sensor and planetary gear thereof (小回程差角度傳感器及其行星齒輪)	Invention	ZL201611093573.9	December 1, 2016	December 1, 2036
39	Our Company	Integrated planet carrier mold, processing method and planet carrier (一體式行星架模具、加工方法和行星架)	Invention	ZL201310053167.X	February 1, 2013	February 1, 2033
40	Our Company	Novel multi-cavity flow-balance cold runner structure (一種多型腔流動平衡的冷流道結構)	Invention	ZL201310053169.9	February 1, 2013	February 1, 2033
41	Our Company	Mechanical pressing device and optical-fiber connector (一種機械壓緊裝置和光纖連接器)	Invention	ZL201210356045.3	September 11, 2012	September 11, 2032
42	Our Company	Mechanical pressing device and optical-fiber connecting device (機械壓緊裝置和光纖連接裝置)	Invention	ZL201210356043.4	September 11, 2012	September 11, 2032
43	Our Company	Duplicate gear of miniature gear case and miniature gear case (一種微型齒輪箱的雙聯齒輪及微型齒輪箱)	Invention	ZL201110381720.3	November 24, 2011	November 24, 2031

No.	Patent Holder	Name of Patent	Type of Patent	Patent Number	Application Date	Expiry Date
44	Our Company	Machining method of injection molding face gear electrode and injection molding face gear (一種注塑面齒輪電極及注塑面齒輪的加工方法)	Invention	ZL201110381785.8	November 24, 2011	November 24, 2031
45	Our Company	Reset mechanism of bevel wheel mold and bevel wheel mold (斜齒輪模具的復位機構及斜齒輪模具)	Invention	ZL201110381777.3	November 24, 2011	November 24, 2031
46	Our Company	Method and mold for removing influences by burs on ejector pin position (一種消除頂針位毛刺影響的方法和模具)	Invention	ZL201110381764.6	November 24, 2011	November 24, 2031
47	Our Company	Extracting method and device of tiny plastic gear part (一種微小塑膠齒輪件的取出方法和裝置)	Invention	ZL201110381717.1	November 24, 2011	November 24, 2031
48	Our Company	Arm mechanism of robot and robot provided with arm mechanism (機器人的手臂機構以及具有該手臂機構的機器人)	Invention	ZL201110381753.8	November 24, 2011	November 24, 2031
49	Our Company	Additive for injection molding white polyamide (PA) plastic and method for injection molding white polyamide (PA) plastic piece (注塑白色PA塑料用添加劑及注塑白色PA塑料件的方法)	Invention	ZL201110381734.5	November 24, 2011	November 24, 2031
50	Our Company	Processing method of lens cone inner wall die (一種鏡筒內壁模具加工的方法)	Invention	ZL201110381780.5	November 24, 2011	November 24, 2031
51	Dongguan Zhaowei	Gear clearance elimination mechanism, transmission device and automobile headlamp adjusting device (齒輪消隙機構、傳動裝置及汽車大燈調節裝置)	Invention	ZL202111172635.6	October 8, 2021	October 8, 2041
52	Dongguan Zhaowei	Motor control method and system (一種電機控制方法及系統)	Invention	ZL202111093189.X	September 17, 2021	September 17, 2041

(c) Copyrights

Software copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which are material to our business:

No.	Name of Software Copyright	Registration Number	Copyright Owner	Issue Date
1	Zhaowei light field screen control software (兆威光場屏控制軟件)	2025SR0214037	Our Company	December 10, 2023
2	Zhaowei overhead screen flip mechanism control software (兆威頂置屏翻轉機構控制軟件)	2025SR0214034	Our Company	November 7, 2023
3	Zhaowei automotive flip screen control software (兆威汽車翻轉屏控制軟件)	2025SR0214035	Our Company	October 9, 2024
4	Zhaowei automotive rear rotating cover control software (兆威汽車後旋轉蓋板控制軟件)	2025SR0214029	Our Company	October 22, 2024
5	Zhaowei automotive audio push-and-lock mechanism control software (兆威汽車音響推送和鎖止機構控制軟件)	2025SR0214036	Our Company	October 20, 2024
6	Automotive rear seat display boot loader software (汽車後排屏boot loader軟件)	2023SR0989169	Our Company	April 21, 2023
7	Zhaowei electric window drive and control software (兆威電動窗戶驅動控制軟件)	2023SR0401998	Our Company	November 20, 2022
8	Multi-medical tools synchronized rotation software (多個醫療工具同步翻轉軟件)	2023SR0401999	Our Company	December 1, 2022
9	Zhaowei 250 breaker electric switch software (兆威250斷路器電動開關軟件)	2021SR1241599	Our Company	May 5, 2021
10	Zhaowei TV camera lift control software (兆威電視攝像頭升降軟件)	2021SR1151031	Our Company	May 10, 2021
11	Zhaowei TV audio lift control software (兆威電視音響升降軟件)	2021SR1151030	Our Company	May 8, 2021

No.	Name of Software Copyright	Registration Number	Copyright Owner	Issue Date
12	Zhaowei TV screen rotation software (兆威電視屏幕旋轉軟件)	2021SR1151050	Our Company	May 10, 2021
13	Zhaowei speaker left-right extension software (兆威音箱左右伸縮軟件)	2021SR1077583	Our Company	May 5, 2021
14	Zhaowei electronic control software online upgrade platform (兆威電控軟件在線升級平台)	2020SR1880903	Our Company	April 20, 2020
15	Zhaowei automotive ceiling-mounted display flip control software (兆威汽車吸頂屏翻轉控制軟件)	2024SR0382335	Dongguan Zhaowei	December 1, 2023
16	Zhaowei automotive spoiler control software (兆威汽車尾翼控制軟件)	2023SR1762784	Dongguan Zhaowei	August 20, 2023
17	Zhaowei automotive flip screen control software (兆威汽車翻轉屏控制軟件)	2023SR1770894	Dongguan Zhaowei	September 20, 2023
18	BLDC motor center control screen software (BLDC電機中控屏控制軟件)	2023SR1761426	Dongguan Zhaowei	August 20, 2023
19	Zhaowei air-conditioner vent control software (兆威空調出風口控制軟件)	2023SR1760999	Dongguan Zhaowei	August 1, 2023
20	Zhaowei automotive armrest display control software (兆威汽車扶手屏控制軟件)	2023SR1770245	Dongguan Zhaowei	August 17, 2023

(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which are material to our business:

No.	Holder	Domain Name	Expiry Date
1	Our Company	zwgear.com	August 28, 2034
2	Our Company	szzhaowei.com	January 18, 2034
3	Our Company	zhaowei.cn	July 8, 2030
4	Suzhou Zhaowei	zwautomo.com	September 13, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and the chief executive of our Company

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, in each case once the H Shares are [**REDACTED**] on the [**REDACTED**], will be as follows:

Name of Director or chief executive	Nature of interest	Description of Shares	Number of A Shares directly or indirectly held(1)	Approximate percentage of interest in our Company as of the Latest Practicable Date and immediately prior to the [REDACTED](2)	Approximate percentage of shareholding in the total issued and outstanding share capital of our Company immediately following the completion of the [REDACTED](3)
Mr. Li	Beneficial interest	A Shares	43,657,600	18.18%	[**REDACTED**]
	Interest in controlled corporations(4)(7)	A Shares	106,560,000	44.36%	[**REDACTED**]
	Interest of spouse(5)	A Shares	106,560,000	44.36%	[**REDACTED**]
Ms. Xie	Interest in controlled corporations(4)(6)	A Shares	106,560,000	44.36%	[**REDACTED**]
	Interest of spouse(5)	A Shares	150,217,600	62.54%	[**REDACTED**]
Mr. Ye Shubing	Beneficial owner(8)	A Shares	112,300	0.05%	[**REDACTED**]
Mr. Li Ping	Beneficial owner(9)	A Shares	112,300	0.05%	[**REDACTED**]
Mr. Lu Zhiqiang	Beneficial owner(10)	A Shares	38,100	0.02%	[**REDACTED**]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 240,203,500 Shares in issue as of the Latest Practicable Date.

(3) The calculation is based on [**REDACTED**] Shares in issue immediately after the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

(4) Zhaowei Holding is owned as to 55% and 45% by Mr. Li and Ms. Xie, respectively. Therefore, Mr. Li and Ms. Xie are deemed to be interested in all the Shares held by Zhaowei Holding for the purpose of the SFO.

(5) Ms. Xie is the spouse of Mr. Li. Accordingly, they are deemed to be interested in the same number of Shares of each other for the purpose of the SFO.

(6) Ms. Xie is the general partner of Qingmo Partnership and holds 50% of the interests therein. Therefore, Ms. Xie is deemed to be interested in the interests held by Qingmo Partnership.

(7) Mr. Li is the limited partner of Qingmo Partnership and holds 50% of the interests therein. Therefore, Mr. Li is deemed to be interested in the interests held by Qingmo Partnership.

(8) Mr. Ye Shubing is entitled to subscribe for 112,300 A Shares pursuant to the Share Incentives granted to him under the 2024 Share Incentive Scheme, subject to the conditions thereof.

(9) Mr. Li Ping is entitled to subscribe for 112,300 A Shares pursuant to the Share Incentives granted to him under the 2024 Share Incentive Scheme, subject to the conditions thereof.

(10) Mr. Lu Zhiqiang is entitled to subscribe for 38,100 A Shares pursuant to the Share Incentives granted to him under the 2024 Share Incentive Scheme, subject to the conditions thereof.

(b) Interests of the Substantial Shareholders

For information on the persons who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will directly and/or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see "Substantial Shareholders." Save as disclosed in "Substantial Shareholders," our Directors and the chief executive of our Company are not aware of any person, not being a Director or chief executive of our Company, who has an interest or short position in our Shares, underlying Shares or debentures of our Company which, once our H Shares are listed, would have to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

2. Directors' Service Contracts and Letters of Appointment

We have entered into a service contract or letter of appointment with each of our Directors. The principal particulars of these service contracts and letters of appointment include (i) the term of service, and (ii) are subject to termination in accordance with their respective term. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has entered into any service contracts or letters of appointment as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

The aggregate remuneration (including fees, salaries, retirement benefits scheme contributions, other social security costs, housing benefits and other employee benefits, share based compensation, allowances and other benefits in kind) paid to our Directors for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2025 was approximately RMB4.34 million, RMB4.76 million, RMB7.90 million and RMB1.68 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2022, 2023, 2024 and three months ended March 31, 2025, by any of member of the Group to any of our Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, including salaries and discretionary bonus, of our Directors for the year ending December 31, 2025 to be approximately RMB6.15 million.

4. Directors' Competing Interests

Saved as disclosed in this document, none of our Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange, once the Shares are listed on the Hong Kong Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in "—D. Other Information—5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors nor any of the persons listed in "—D. Other Information—5. Qualification of Experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;

(e) save in connection with the [**REDACTED**], none of the persons listed in "—D. Other Information—5. Qualification of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the [**REDACTED**], none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

As of the Latest Practicable Date, save as disclosed in this Document, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of approximately HK$6.3 million for acting as the sponsors for the [**REDACTED**].

4. Material Adverse Change

Our Directors confirm that, up to the date of this document and other than disclosed in "Summary—Recent Developments and No Material Adverse Change," there has been no material adverse change in the financial or trading position or prospects of our Group since March 31, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualifications of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualifications
China Merchants Securities (HK) Co., Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Deutsche Securities Asia Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities

Name	Qualifications
Ernst & Young	Certified public accountants, and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
AllBright Law Offices (Shenzhen)	PRC Legal Advisor
Frost & Sullivan	Independent industry consultant

6. Consents of Experts

Each of the experts as referred to in "—D. Other Information—5. Qualification of Experts" has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoters

The promoters of our Company are all then five Shareholders of our Company as of December 11, 2017 before our conversion into a joint stock company.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

8. Preliminary Expenses

We have not incurred any material preliminary expense.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the laws of Hong Kong). This document is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

11. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(2) Consultation with professional advisers

Potential investors in the [**REDACTED**] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, [**REDACTED**] in or the exercise of any rights in relation to our H Shares.

12. Restriction on Share Repurchases

For details of the restrictions on share repurchases by the Company, see "Summary of Articles of Association—Increase, Decrease, Repurchase and Transfer of Shares—Repurchase of Shares" in Appendix III to this document.

13. Miscellaneous

Save as disclosed in this document,

(a) within the two years immediately preceding the date of this document, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) within the two years immediately preceding the date of this document, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(d) within the two years immediately preceding the date of this document, no commission has been paid or payable (except commission to [**REDACTED**]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(e) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) since March 31, 2025 (being the date on which the latest audited consolidated financial statements of our Group were made up), there has been no material adverse change in our financial or trading position or prospects;

(h) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document; and

(i) our Company has no outstanding convertible debt securities or debentures.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix IV to this document; and

(b) the written consents referred to in the sub-section headed "Statutory and General Information—D. Other Information—6. Consents of Experts" in Appendix IV to this document.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **http://www.szzhaowei.net** during a period of 14 days from the date of this document:

(a) the Articles of Association of the Company;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Company for the three years ended December 31, 2024 and the three months ended March 31, 2025;

(d) the report from Ernst & Young on the unaudited [**REDACTED**] financial information, the text of which is set out in Appendix II to this document;

(e) the PRC legal opinion issued by Allbright Law Offices (Shenzhen), our PRC Legal Advisors, in respect of certain aspects of our Group;

(f) the material contracts referred to in the section headed "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix IV to this document;

(g) the written consents referred to in the section headed "Statutory and General Information—D. Other Information—6. Consents of Experts" in Appendix IV to this document;

(h) the service contracts and the letters of appointment referred to in the sub-section headed "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—2. Directors' Service Contracts and Letters of Appointment" in Appendix IV to this document;

(i) the F&S Report;

(j) the PRC Company Law, the Securities Law of the PRC (中華人民共和國證券法), and the Overseas Listing Trial Measures, together with their unofficial English translations; and

(k) the terms of 2024 Share Incentive Scheme.