Application Proof of

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Beijing Roborock Technology Co., Ltd.
北京石頭世紀科技股份有限公司

(the "**Company**")

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

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Beijing Roborock Technology Co., Ltd.
北京石頭世紀科技股份有限公司

(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 [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**[REDACTED] per H Share plus [REDACTED] ([REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

Joint Sponsors, **[REDACTED]**

J.P.Morgan CITIC SECURITIES

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CONTENTS

This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your [**REDACTED**] *decision.*

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OUR MISSION

At Roborock, our mission is to redefine quality living, for everyone, through peerless innovation and engineering.

WHO WE ARE

We are a global leader in intelligent home robotics. We enrich lives with our innovative line of robot vacuums and other intelligent home cleaning products, including wet dry vacuums and washer-dryers. In 2024, Roborock ranked as the No. 1-selling robot vacuum brand worldwide, both in terms of GMV and sales volume, according to CIC.

We began our journey in 2014, setting out to delight consumers with products and solutions that excel in their technology and functionality. At that time, most robot vacuums on the market employ basic navigations, such as random collision and inertial navigation. We introduced our PreciSense LiDAR Navigation System in 2016, being the first in our industry to mass-produce LDS laser navigation, which combines real-time mapping, precise localization, and visualized mapping display via mobile app, according to CIC.

Over the decade, we have been committed to bold innovation, continually pushing the boundaries of what technologies can offer. We have pioneered several industry-first technologies, according to CIC, including: (i) Reactive AI Obstacle Avoidance System, the industry-first twin-camera obstacle avoidance technology; (ii) StarSight Autonomous System, the industry-first dual-transmitter solid-state LiDAR with 3D ToF technology; and (iii) AdaptiLift Chassis, the industry-first liftable chassis system with independently adjustable three-wheel control. In January 2025, we launched robot vacuums with our OmniGrip Mechanical Arm, a foldable five-axis mechanical arm. We are the first in the robot vacuum industry to mass-produce this technology, according to the same source. Centered around consumer needs, we are transforming robotic cleaners into home helpers, assistants, and companions.

Today, we have established ourselves as a truly global brand. As of December 31, 2024, our products were available for sale on 12 Roborock web stores and 78 self-operated stores on major e-commerce platforms worldwide. The total number of our distributors across the globe was also nearly doubled from 2022 to 2024. As of December 31, 2024, our products have reached over 20 million households across more than 170 countries and regions. Our global sales volume of robot vacuums increased from approximately 2,246,000 units in 2022 to approximately 3,449,000 units in 2024, representing a CAGR of 24.9%.

The table below sets forth our key operating and financial highlights.

Market Leadership

Global No.1 Robot vacuum brand [(1)]	**No. 1** Market share in three of five largest robot vacuum markets globally [(2)]	**Global No.1** Sales volume of ~3.5 million units in 2024

Financial Highlights

34.2% Revenue CAGR for 2022-2024	**8.2%** R&D expenses as % of revenue in 2024	**~50%** Overseas revenue contribution in 2022-2024

Consumer Reach

20M+ Households globally [(3)]	**170+** Countries and regions [(3)]	**134** Distributors, nearly doubled from 2022 to 2024 [(4)]

Notes:

(1) Both in terms of GMV and sales volume. Specifically, in 2024, we captured a market share of 23.4% by GMV, ranking first globally in the robot vacuum industry, according to CIC.

(2) In 2024, we were (i) the No. 1-selling robot vacuum brand in South Korea, securing a 31.1% market share by GMV and 25.6% by sales volume; and (ii) the No.1-selling robot vacuum brand in Germany, securing a 34.4% market share by GMV and 27.5% by sales volume. In 2025, during the "618" shopping festival, we were also the No.1-selling robot vacuum brand in mainland China in terms of GMV across e-commerce platforms, according to CIC.

(3) As of December 31, 2024.

(4) We had a total of 68, 79 and 134 distributors worldwide as of December 31, 2022, 2023 and 2024, respectively.

MARKET OPPORTUNITIES

Intelligent home cleaning products represent the latest evolution in the home cleaning industry, integrating automation, intelligent control, and sensor-based technologies. The market for intelligent home cleaning products has been witnessing a faster growth. Globally, the market size of intelligent home cleaning products increased from US$6.0 billion in 2020 to US$15.1 billion in 2024, representing a CAGR of 25.8%, and is expected to increase to US$41.4 billion in 2029, representing a CAGR of 22.4% from 2024 to 2029, according to CIC. A shift in consumer preference toward smarter home cleaning solutions has driven the growing market share of intelligent home cleaning products, which increased from 5.7% in 2020 to 12.3% in 2024, and is expected to reach 25.5% by 2029, according to the same source.

Among the major categories of intelligent home cleaning products, robot vacuums stand out as the largest subsegment with strong growth potential. The size of the global robot vacuum market in terms of GMV is expected to reach US$25.2 billion by 2029, representing a CAGR of 22.0% from 2024 to 2029, higher than the CAGR of 5.8% for global home cleaning products market, according to CIC.

COMPETITIVE LANDSCAPE

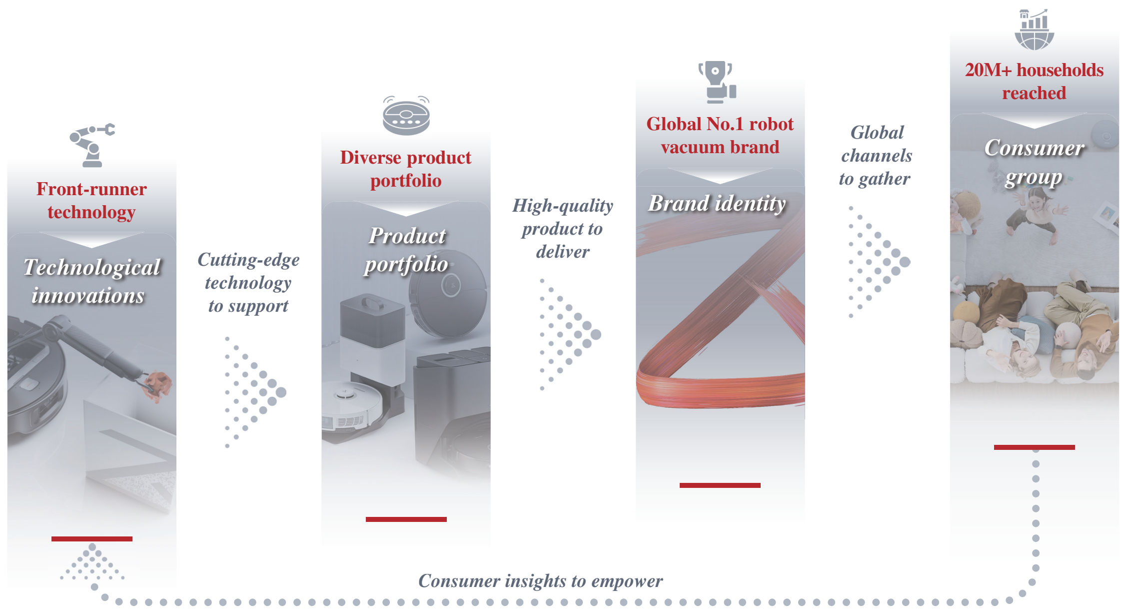
We compete in highly competitive markets characterized by brand recognition, perceived product quality, price, performance, product features and enhancements, frequent introduction of new products, rapid adoption of technological and product advancements.

In 2024, the top five brands, in aggregate, accounted for 73.1% and 61.5% of the market share, in terms of GMV and sales volume, respectively, according to CIC. In 2024, our robot vacuums captured a market share of 23.4% by GMV and 16.7% by sales volume, ranking first globally in the robot vacuum industry on both metrics, according to the same source. As the global robot vacuum market is relatively concentrated, consumer mindset and loyalty are therefore essential. We expect to continue leveraging our strong brand awareness—anchored in high-quality, innovative products—to sustain and extend our market leadership.

Geographically, mainland China, the United States, Japan, South Korea and Germany were the five largest markets of robot vacuums, which collectively accounted for approximately 65% of the global market share in terms of GMV in 2024, according to CIC. Looking into the future, the market size of the other countries and regions as measured by GMV is expected to grow at 25.3% from 2024 to 2029, a faster pace than the global average, according to the same source. In 2024, we ranked among the top three robot vacuum brands in each of these world's five largest markets. We were also the No.1-selling robot vacuum brand in mainland China in terms of GMV across e-commerce platforms during the "618" shopping festival in 2025, according to CIC. Built on our proven success in these markets, we expect to further expand our global footprint and capture the massive growth opportunities in other geographies.

OUR BUSINESS MODEL

In 2024, we captured a market share of 23.4% by GMV and 16.7% by sales volume, ranking first globally in the robot vacuum industry on both metrics, according to CIC. Our industry leadership is supported by our consumer-centric, vertically-integrated business model across the full value chain.



As the global No. 1-selling robot vacuum brand operated in a fast-growing industry, we prioritize in identifying evolving consumer needs and continuously analyze their feedback to address their pain points. Our R&D efforts harmonize breakthrough technologies and iterative refinement, and deliver meaningful product improvements that enhance customers' daily life. This dual-focus R&D approach significantly boosts our ability to solve unforeseen problems and improves our existing products and solutions. It also allows us to introduce products with compelling value that consistently delight our consumers, while pioneering the industry with innovations that set technology standards. Notably, we had launched a total of 22 and 52 models of robot vacuums in mainland China and overseas markets, respectively, as of the Latest Practicable Date, with many of them among the top-performing household products worldwide.

An efficient integrated manufacturing and supply chain is an integral part of our business model. While partnering with trusted electronics manufacturing service providers, we strategically pivot to strengthen our in-house production capability. In April 2023, our ISO9001-certified facility in Huizhou, China was put into operation. This reflects our intensive focus on quality control and our proactive initiative to manage any potential supply-side fluctuation.

We advertise our products through locally tailored marketing campaigns, while maintaining a consistent brand identity and seamless shopping experience across all touchpoints. To meet customers wherever they shop, we employ an omni-channel strategy, combining various DTC channels and a strong network of online and offline distributors. As of December 31, 2024, our products were available for sale on 12 Roborock web stores and 78 self-operated stores on major e-commerce platforms worldwide, including Amazon, Tmall, and Douyin. We had a total of 68, 79 and 134 distributors worldwide as of December 31, 2022, 2023 and 2024, respectively. We collaborate with mainstream marketplaces such as Amazon, Tmall, and JD.com that attract the majority of online shopping traffic. In parallel, we partner with renowned retail chains to expand consumer reach and enhance brand visibility through their extensive online and offline channels. The user base of our products now spans over 170 countries and regions.

Leveraging our proven business model, we believe that we are well-positioned to embrace evolving consumer preferences and emerging trends, capture significant growth opportunities, and solidify our business success by simplifying everyday life through peerless innovations and engineering.

OUR PRODUCT PORTFOLIO

We have two major product lines—robot vacuums and other intelligent home cleaning products, including wet dry vacuums and washer-dryers. Our differentiated product portfolio spans multiple price points and functionalities, targets varieties of consumer segments, and addresses diverse cleaning scenarios for consumers worldwide. The following diagrams illustrate our select innovative product offerings:

Robot Vacuums

Other Intelligent Home Cleaning Products

Source: CIC

FINANCIAL PERFORMANCE

We have achieved significant financial growth, driven by our sustained leadership in robot vacuums, strategic diversification into new product categories, and strong momentum in global expansion.

Our revenue increased by 30.7% from RMB6,610.7 million in 2022 to RMB8,639.5 million in 2023, and further increased by 38.0% to RMB11,918.5 million in 2024. Specifically, our revenue from sales of robot vacuums increased by 27.4% from RMB6,346.1 million in 2022 to RMB8,085.4 million in 2023, and further increased by 34.2% to RMB10,848.3 million in 2024. We also achieved notable success in expanding our product portfolio beyond robot vacuums. Our revenue from sales of other intelligent home cleaning products, including wet dry vacuums and washer-dryers, increased significantly from RMB264.6 million in 2022 to RMB554.1 million in 2023, and further increased to RMB1,070.1 million in 2024, representing a CAGR of 101.1% from 2022 to 2024. Geographically, overseas markets contributed to 52.7%, 48.9% and 53.6% of our total revenue in 2022, 2023 and 2024, respectively. During the Track Record Period, our overseas revenue increased by 21.4% from RMB3,482.7 million in 2022 to RMB4,228.7 million in 2023, and further increased by 51.1% to RMB6,387.8 million in 2024.

Our profit for the year was RMB1,183.5 million, RMB2,051.2 million and RMB1,976.5 million in 2022, 2023 and 2024, respectively.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths set us apart from our competitors:

- Global No. 1 robot vacuum brand in a fast-growing industry;
- Front-runner in technological innovations;
- Proficient product development capability oriented towards optimal user experience;
- Global footprint anchored by trustworthy products;
- Efficient operation enabled by an integrated value chain; and
- Seasoned and visionary management supported by talent pool.

OUR STRATEGIES

Our mission is to redefine quality living, for everyone, through peerless innovation and engineering. We intend to grow our business by implementing the following strategies:

- Strengthen our brand with continuous R&D and technological innovation;
- Relentless product iteration centered around consumer needs;
- Accelerate global reach and global expansion; and
- Expand product offerings in new categories.

OUR CUSTOMERS

Our customers primarily consist of our distributors and end-user consumers who purchase our products directly from us. In 2022, 2023 and 2024, we generated revenue of RMB3,074.9 million, RMB3,578.0 million, and RMB4,329.9 million from our five largest customers, respectively, representing 46.4%, 41.5%, and 36.2% of our total revenue for these respective periods.

OUR SUPPLIERS

Our suppliers primarily consist of raw material and component suppliers, as well as EMS providers. In 2022, 2023 and 2024, our aggregate purchases from our five largest suppliers amounted to RMB2,512.6 million, RMB2,847.9 million, and RMB1,965.5 million, respectively, representing 71.2%, 48.4%, and 31.6% of our total purchase for these respective periods.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary financial data set forth below are derived from and should be read together with our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards (the "**IFRS**").

Summary of Consolidated Statement of Profit or Loss

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	**6,610,736**	**100.0**	**8,639,481**	**100.0**	**11,918,473**	**100.0**
Cost of revenue	(3,441,120)	(52.1)	(3,964,280)	(45.9)	(5,916,839)	(49.6)
Gross profit	**3,169,616**	**47.9**	**4,675,201**	**54.1**	**6,001,634**	**50.4**
Other income and gains	187,306	2.8	280,122	3.2	400,013	3.4
Selling expenses	(1,227,850)	(18.6)	(1,712,828)	(19.8)	(2,967,201)	(24.9)
Administrative expenses	(174,619)	(2.6)	(285,586)	(3.3)	(425,549)	(3.6)
Research and development expenses	(488,612)	(7.4)	(619,026)	(7.2)	(971,439)	(8.2)
Reversal of impairment losses/(impairment losses) on financial assets, net	(3,619)	(0.1)	(21,756)	(0.3)	10,877	0.1
Other expenses and losses	(80,477)	(1.2)	(163,621)	(1.9)	(136,319)	(1.1)
Finance costs	(1,579)	(0.0)	(9,498)	(0.1)	(10,323)	(0.1)
Fair value gains/(losses) on financial instruments	(30,733)	(0.5)	177,083	2.0	195,784	1.6
Share of profits/(losses) of an associate	(228)	(0.0)	(308)	(0.0)	70	0.0
Profit before tax	**1,349,205**	**20.4**	**2,319,783**	**26.9**	**2,097,547**	**17.6**
Income tax expenses	(165,738)	(2.5)	(268,578)	(3.1)	(121,003)	(1.0)
Profit for the year	**1,183,467**	**17.9**	**2,051,205**	**23.7**	**1,976,544**	**16.6**
Attributable to:						
Owners of the parent	1,183,477	17.9	2,051,218	23.7	1,976,563	16.6
Non-controlling interests	(10)	(0.0)	(13)	(0.0)	(19)	(0.0)

Revenue

During the Track Record Period, we generated revenue from (i) sales of robot vacuums and related accessories, and (ii) sales of other intelligent home cleaning products, including wet dry vacuums and washer-dryers.

Revenue by Product Category

The following table sets forth a breakdown of our total revenue by product category, both in absolute amounts and as percentages of our total revenue, for the periods indicated:

	For the Year Ended December 31,					
	2022		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robot vacuums and related accessories	6,346,115	96.0	8,085,370	93.6	10,848,345	91.0
Other intelligent home cleaning products	264,621	4.0	554,111	6.4	1,070,128	9.0
Total revenue	**6,610,736**	**100.0**	**8,639,481**	**100.0**	**11,918,473**	**100.0**

Revenue by Geographic Location

The following table sets forth a breakdown of our total revenue by the geographic location of our customers, in absolute amounts and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,					
	2022		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Mainland China	3,128,065	47.3	4,410,765	51.1	5,530,721	46.4
Overseas	3,482,671	52.7	4,228,716	48.9	6,387,752	53.6
Total revenue	**6,610,736**	**100.0**	**8,639,481**	**100.0**	**11,918,473**	**100.0**

Note: The geographic location of each of our customers refers to the place of incorporation of the distributor in the case of our sales to distributors, or the location of the e-commerce platform through which the transaction was conducted in the case of our DTC sales. Revenue from sales to distributors incorporated in mainland China who subsequently resell our products in overseas markets is classified as revenue from customers located in mainland China.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue, and our gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB3,169.6 million, RMB4,675.2 million and RMB6,001.6 million in 2022, 2023 and 2024, respectively. Our gross profit margin was 47.9%, 54.1% and 50.4% in 2022, 2023 and 2024, respectively.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	7,285,612	8,896,868	11,752,453
Total non-current assets	3,547,443	5,479,774	5,732,277
Total assets	**10,833,055**	**14,376,642**	**17,484,730**
Total current liabilities	1,204,122	2,879,065	4,427,367
Total non-current liabilities	71,564	116,074	187,179
Total liabilities	1,275,686	2,995,139	4,614,546
Net assets	**9,557,369**	**11,381,503**	**12,870,184**
Share capital	93,692	131,477	184,723
Reserves	9,462,687	11,249,049	12,684,503
Non-controlling interests	990	977	958
Total equity	**9,557,369**	**11,381,503**	**12,870,184**

Net Current Assets

Our net current assets remained relatively stable at RMB6,081.5 million and RMB6,017.8 million as of December 31, 2022 and 2023, respectively. Our net current assets increased by 21.7% from RMB6,017.8 million as of December 31, 2023 to RMB7,325.1 million as of December 31, 2024, primarily attributable to (i) an RMB763.5 million increase in trade receivables, (ii) an RMB617.9 million increase in cash and cash equivalents, (iii) an RMB561.9 million increase in inventories, (iv) an RMB506.6 million increase in time deposits, and (v) an RMB439.4 million increase in prepayments, other receivables and other assets, partially offset by an RMB1,325.7 million increase in trade and bills payables. Our net current assets increased from RMB7,325.1 million as of December 31, 2024 to RMB8,629.1 million as of April 30, 2025, primarily attributable to (i) an RMB1,607.5 million increase in inventories, (ii) an RMB774.2 million increase in time deposits, (iii) an RMB385.7 million increase in prepayments, other receivables and other assets, and (iv) an RMB266.4 million increase in financial assets at fair value through profit or loss, partially offset by (i) an RMB1,051.4 million increase in trade and bills payable and (ii) an RMB300 million increase in borrowings.

Summary of Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	1,120,468	2,185,931	1,733,868
Net cash flows used in investing activities	(504,938)	(2,348,213)	(351,999)
Net cash flows generated from/(used in) financing activities	(202,397)	198,974	(800,169)
Net increase in cash and cash equivalents	413,133	36,692	581,700
Cash and cash equivalents at the beginning of year	346,903	779,943	828,409
Effects of exchange rate changes on cash and cash equivalents	19,907	11,774	36,154
Cash and cash equivalents at the end of year	**779,943**	**828,409**	**1,446,263**

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates/for the periods indicated:

	As of December 31,		
	2022	**2023**	**2024**
Current ratio[(1)]	6.1	3.1	2.7
Quick ratio[(2)]	5.5	2.8	2.3

	For the Year Ended December 31,		
	2022	**2023**	**2024**
Gross profit margin[(3)]	47.9%	54.1%	50.4%
Net profit margin[(4)]	17.9%	23.7%	16.6%
Return on equity[(5)]	13.1%	19.6%	16.3%
Return on assets[(6)]	11.5%	16.3%	12.4%

Notes:

(1) Current ratio is calculated as total current assets divided by total current liabilities.

(2) Quick ratio is calculated as total current assets less inventories divided by total current liabilities.

(3) Gross profit margin represents gross profit as a percentage of total revenue.

(4) Net profit margin represents profit for the year as a percentage of total revenue.

(5) Return on equity is calculated as profit for the year divided by the average of the opening and closing balances of total equity and multiplied by 100%.

(6) Return on assets is calculated as profit for the year divided by the average of the opening and closing balances of total assets and multiplied by 100%.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks involved in our business and industry and the [**REDACTED**], many of which are beyond our control. The details are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [**REDACTED**] in our H Shares. Some of the major risks we face include:

- We participate in highly competitive markets and we may not be able to compete successfully.

- If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

- Maintaining our brand image is critical to our success, and any failure to do so could severely damage our reputation and brands, which would have a material adverse effect on our business, financial condition and results of operations.

- If we fail to successfully introduce or upgrade products that adapt to evolving consumer needs and technological changes, our business may be adversely affected, and our investments in research and development may not yield the expected results.

- Our business currently depends significantly on our robot vacuums, and our sales growth and operating results would be adversely affected if we are unable to enhance and upgrade our current robot vacuums or develop new robot vacuums at competitive prices or in a timely manner.

- Our expansion into new product categories may expose us to new challenges and risks.

- If we fail to grow or retain our consumer base, or if consumer satisfaction declines, our business and operating results may be materially and adversely affected.

- We are subject to a variety of costs and risks due to our continued expansion internationally that could adversely affect our profitability and operating results.

- Our growth and profitability depend on economic conditions and the level of consumer spending in mainland China and our other key markets.

- Our profit margins fluctuated during the Track Record Period, and our past performance may not be indictive of our profitability in the future.

RECENT DEVELOPMENTS

Business Developments

In the first quarter of 2025, we launched the following major products across our two product lines. Capitalizing on our technological strength and in-depth user insights, these new products have gained widespread market recognition for their outstanding design and performance.

- *Robot vacuums*. We launched Saros Z70[(1)] and Saros 10, two premium models of our robot vacuums worldwide. Both models are equipped with our StarSight Autonomous System, the industry-first dual-transmitter solid-state LiDAR with 3D ToF technology, according to CIC. In addition, Saros Z70 is also the world's first mass-produced robot vacuum which is equipped with our OmniGrip Mechanical Arm, a foldable five-axis mechanical arm, designed for intelligent obstacle handling, according to the same source.

- *Other intelligent home cleaning products*. We launched A30 Pro Steam in mainland China, our innovative wet dry vacuum featuring dual steam and hot water dynamic mopping system. We also launched Z1 Max, our innovative washing and drying machine set that have been certified for both wool washing and drying cycles under the Woolmark Wool Care Program.

We were the No.1-selling robot vacuum brand worldwide in 2024, both in terms of GMV and sales volume, according to CIC. Benefiting from our market-leading position, we achieved a stronger revenue growth in the first quarter of 2025. We continue to expand the price band of our products to serve broader consumer segments, and expand the sales of our other intelligent cleaning products, such as wet dry vacuums and washer-dyers with lower margin. Furthermore, we continued to invest in R&D and intensify our sales and marketing efforts to solidify our global brand recognition and grow our customer base. These initiatives supported our revenue growth, while also placed a downward pressure on our overall net profit margin. Nevertheless, we believe these efforts will secure our competitive edge and a long-term success. We believe these efforts will increase the competitiveness of our products and business in the long run.

Dividend Distribution

A proposed final dividend of RMB197.6 million in respect of the year ended December 31, 2024 and the Capitalization Issue were approved by our shareholders in April 2025. The distribution of the aforementioned cash dividend and the Capitalization Issue were completed on June 24, 2025. For details, please refer to "—Dividend Policy."

Note:

(1) Unless the context otherwise requires, we refer to our robot vacuums by their overseas model names in this document.

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the latest date of our consolidated financial statements as set out in Appendix I to this document, and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

OUR LISTING ON THE SSE STAR MARKET

Since February 2020, our A Shares have been listed on the SSE STAR Market. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respect and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Adviser is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable.

[**REDACTED**]

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are [**REDACTED**] pursuant to the [**REDACTED**], (ii) the [**REDACTED**] are not exercised, and (iii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**]:

	Based on an [REDACTED] of [REDACTED] per H Share
[**REDACTED**] of our H Shares	[**REDACTED**]
[**REDACTED**] of our Shares(1)	[**REDACTED**]
[**REDACTED**] attributable to owners of the parent per Share(2)	[**REDACTED**]

Notes:

(1) The total market capitalization of the Company is calculated based on (i) 258,760,658 A Shares as of June 24, 2025 at the closing price of the A Shares of the Company on June 24, 2025 at RMB143.75 (or approximately HK$157.48) per Share, and (ii) the expected [**REDACTED**] of the Company's H Shares at [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The [**REDACTED**] attributable to owners of the parent per Share is arrived at after the adjustments referred to in the section headed "[**REDACTED**]" in Appendix II to this document and on the basis of [**REDACTED**] Shares in issue, assuming that the [**REDACTED**] and the capitalization issue of 73,907,541 A Shares in June 2025 had been completed on December 31, 2024 , but does not take into account any Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**].

(3) No other adjustment has been made to reflect any trading results or other transactions entered into by our Group subsequent to December 31, 2024.

[**REDACTED**]

FUTURE PLANS AND [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**], at an [**REDACTED**] of [**REDACTED**] per H Share, assuming the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**], or [**REDACTED**], will be used to expand our international business and strengthen our brand recognition;
- Approximately [**REDACTED**], or [**REDACTED**], will be used to strengthen our R&D capabilities and broaden our product portfolio;
- Approximately [**REDACTED**], or [**REDACTED**], will be used to invest in scaling up overseas production capabilities, while dedicating to rigorous quality management; and
- The remaining amount of approximately [**REDACTED**], or [**REDACTED**], will be used to provide funding for our working capital and other general corporate purposes.

Please refer to the section headed "Future Plans and [**REDACTED**]" for further details.

DIVIDEND POLICY

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to our dividend policy under our Articles of Association, if our Company records a positive net profit during the relevant financial year and has positive cumulative undistributed profits, the total amount of cash dividends (including any interim cash dividends) shall not be less than 10% of the net profit attributable to shareholders of our Company for that financial year.

In 2022, 2023 and 2024, we declared final dividends of RMB140.3 million, RMB119.0 million and RMB614.5 million in respect of the years ended December 31, 2021, 2022 and 2023, respectively. In addition, in 2023, we declared an interim dividend of RMB120.8 million in respect of the six months ended June 30, 2023. As of the Latest Practicable Date, we had paid these dividends in full. In April 2025, our shareholders approved a proposal of our Board to declare a cash dividend of RMB197.6 million to holders of our A Shares on the relevant record date in respect of the year ended December 31, 2024 and to conduct the Capitalization Issue. The distribution of the aforementioned cash dividend and the Capitalization Issue were completed on June 24, 2025. See "Financial Information—Dividend Policy" for more information on factors affecting our dividend distribution, and "Appendix VI—Statutory and General Information—A. Further information about our Group—2. Changes in our share capital" for details of the Capitalization Issue.

[**REDACTED**]

[**REDACTED**]

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"Accountants' Report"	the report of our Company's reporting accountant, Ernst & Young, the text of which is set out in Appendix I to this document
"affiliate(s)"	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 conditionally adopted on June 23, 2025 with effect from the [**REDACTED**], a summary of which is set out in Appendix V 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"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compound annual growth rate

[**REDACTED**]

"Capitalization Issue"	the capitalization of capital reserve of the Company on June 24, 2025, pursuant to which the Company issued 4 new A Shares for every 10 existing A Shares to all Shareholders

[**REDACTED**]

"China" or "the PRC"	the People's Republic of China
"CIC"	China Insights Industry Consultancy Limited (灼識企業管理諮詢(上海)有限公司), our industry consultant
"CIC Report"	the report prepared by CIC
"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 "Beijing Roborock"	Beijing Roborock Technology Co., Ltd. (北京石頭世紀科技股份有限公司), a joint stock company with limited liability established in the PRC on July 4, 2014, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 688169)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT"	the enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"ESG"	environmental, social and governance
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by the government of Hong Kong in the case of occurrence of a super typhoon or other natural disasters of a substantial scale that seriously affects the working public's ability to resume work or bring safety concern for a prolonged period

[**REDACTED**]

"First Phase Stock Ownership Incentive Plan"	the first phase stock ownership plan of our Company, as approved by our Board and Shareholders on April 21, 2022 and May 17, 2022, respectively

[**REDACTED**]

"Group", "our Group", "the Group", "we", "our" or "us"	our Company and its subsidiaries from time to time or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023, and as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] in Hong Kong dollars, and for which an [**REDACTED**] has been made for [**REDACTED**] and permission to [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"Hong Kong Takeovers Code" or "Takeover Codes"	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board

DEFINITIONS

"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in the "Directors and Parties Involved in the [**REDACTED**]" section of this document

"Latest Practicable Date"	June 20, 2025, being the latest practicable date for ascertaining certain information contained in this document before its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Chang", "Single Largest Shareholder"	Mr. Chang Jing (昌敬), our executive Director, chairperson of our Board, general manager and chief executive officer, who is a substantial shareholder and the single largest shareholder of our Company
"NDRC"	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
"NPC"	National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"Overseas Listing Trial Measures"	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》) promulgated by the CSRC on February 17, 2023, as amended, supplemented or otherwise modified from time to time
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, modified and/or otherwise supplemented from time to time
"PRC GAAP"	generally accepted accounting principles in mainland China

"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Legal Adviser"	Commerce & Finance Law Offices, our legal adviser as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Restricted Share Incentive Plans"	the 2022 Restricted Share Incentive Plan, 2023 Restricted Share Incentive Plan and 2024 Restricted Share Incentive Plan, the principal terms of which are set out in "Statutory and General Information—D. A Share Incentive Plans—1. Restricted Share Incentive Plans" in Appendix VI to this document
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has now been merged into the SAMR
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and upon [**REDACTED**], our H Shares
"Shareholder(s)"	holder(s) of the Shares
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"SSE STAR Market"	the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板)

[**REDACTED**]

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

"Stock Ownership Plans"	the First Phase Stock Ownership Plan, the 2023 Stock Ownership Plan and the 2024 Stock Ownership Plan, the principal terms of which are set out in "Statutory and General Information—D. A Share Incentive Plans—2. Stock Ownership Plans" in Appendix VI to this document
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"Track Record Period"	the financial years ended December 31, 2022, 2023 and 2024

[**REDACTED**]

"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax

[**REDACTED**]

"%"	per cent
"2022 Restricted Share Incentive Plan"	the 2022 restricted share incentive plan of our Company, as approved by our Board and Shareholders on April 21, 2022 and May 17, 2022, respectively
"2023 Restricted Share Incentive Plan"	the 2023 restricted share incentive plan of our Company, as approved by our Board and Shareholders on June 5, 2023 and June 21, 2023, respectively

"2023 Stock Ownership Incentive Plan"	the 2023 stock ownership plan of our Company, as approved by our Board and Shareholders on June 5, 2023 and June 21, 2023, respectively
"2024 Restricted Share Incentive Plan"	the 2024 restricted share incentive plan of our Company, as approved by our Board and Shareholders on June 20, 2024 and July 8, 2024, respectively
"2024 Stock Ownership Incentive Plan"	the 2024 stock ownership plan of our Company, as approved by our Board and Shareholders on June 20, 2024 and July 8, 2024, respectively

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

This glossary contains explanations of certain technical terms used in this document in connection with us and our business. As such, some of these terms and their meanings may not correspond to standard industry definitions or usage of these terms and may not be comparable to similar terms adopted by other companies.

"2D"	two dimensions of width and height
"3D"	three spatial dimensions of width, height and depth
"'618' shopping festival"	an annual online shopping festival in China. In 2025, it ran from Week 20 to Week 24
"AI"	artificial intelligence
"API"	application programming interfaces
"axis"	indicates a degree of freedom, where increasing the number of axes allows the robot to access a greater amount of space by giving it more degrees of freedom
"cloud-based"	referring to applications, services, or resources that are delivered and accessed over the internet rather than being hosted locally, allowing for remote data processing, storage, and management
"control system"	a system that manages, commands and regulates the behavior of a robot to achieve desired outcomes, which includes an embedded controller within the robot itself and cloud-based software
"CPU"	central processing unit, a primary component responsible for executing instructions and performing calculations that enable a computer to function
"EMS"	electronic manufacturing services
"GMV"	gross merchandise value
"GPS"	global positioning system, a space-based radio-navigation system consisting of a constellation of satellites broadcasting navigation signals
"GPU"	graphics processing unit, a specialized electronic circuit designed to accelerate the creation of images and videos

"GRI Standards"	a set of global sustainability reporting standards developed by the Global Reporting Initiative (GRI)
"IoT"	internet of things, the network of physical objects embedded with sensors, software, and other technologies for connecting and exchanging data with other devices and systems over the internet
"Kalman filter"	a mathematical algorithm used for estimating the state of a dynamic system from a series of noisy measurements
"LDS"	laser distance sensor, a device that uses a laser beam to measure the distance between itself and an object
"LED"	light emitting diode
"LiDAR"	light detection and ranging, a remote sensing technology that uses laser pulses to measure distances and create precise, high-resolution 3D maps of objects and environments
"LLMs"	large language models, artificial intelligence algorithms that use deep learning techniques and massively large data sets to understand, summarize, generate and predict new content
"mass production"	a large-scale production phase that adopts automated intelligent manufacturing and engineering facilities to ensure product consistency, reduce labor costs, enhance utilization, and achieve cost-efficiency
"NPI"	new product introduction
"OTA"	over-the-air, the wireless distribution of software updates, configurations, or data to connected devices
"Particle filter"	a Bayesian filter that uses a set of weighted samples, called particles, to represent the probability distribution of a system's state
"point cloud"	output of the scanning process, which contain a large number of points that together represent the site scanned
"QVGA"	quarter video graphics array, a display resolution of 320x240 pixels
"R&D"	research and development

"RGB camera"	camera designed specifically to capture visible light
"robot(s)" or "robotic(s)"	a programmable, actuated mechanism capable of movement with a certain degree of autonomy, designed to operate in specific environments to perform predefined tasks
"SLAM"	simultaneous localization and mapping, a computational technique used by robots to build a map of an environment while simultaneously determining their location within it which is essential for AMR navigation
"SOP"	standard operating procedure, a set of step-by-step instructions compiled by an organization to help workers carry out routine operations
"ToF"	time of flight, a technique for measuring distances by calculating the time it takes for a signal (usually light or sound) to travel to an object and back
"vacuum"	also known as a vacuum cleaner, is a device that uses suction, and often agitation, in order to remove dirt and other debris from carpets, hard floors, and other surfaces
"washer-dryer"	also known as a washer-dryer combo or laundry center, is a single appliance that combines the functions of both a washing machine and a clothes dryer
"WCAR"	weekly cleaning activity rate, expressed as a percentage, which is calculated as the ratio of days on which at least one cleaning cycle was initiated over a seven-day period
"wet dry vacuum"	a device that typically uses a combination of both suction/vacuuming and filtration to clean both wet and dry debris

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will," "expect," "anticipate," "estimate," "believe," "going forward," "ought to," "may," "seek," "should," "intend," "plan," "projection," "potential," "could," "vision," "goals," "aim," "aspire," "objective," "target," "schedules" and "outlook") are not historical facts, are forward looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our business prospects;
- our business strategies and plans to achieve these strategies, including our global expansion plans;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and future developments, trends and conditions in the industries and markets in which we operate;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel, and recruit qualified staff;
- the actions of and developments affecting our competitors; and
- all other risks and uncertainties described in the section headed "Risk Factors."

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution [**REDACTED**] against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements contained in this document are expressly qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this document and, in particular, the risks and uncertainties described below, before making an [**REDACTED**] *in our H Shares. We are affected materially by requirements and restrictions that arise under laws, regulations, judicial interpretations and government policies in nearly all aspects of our businesses in the jurisdictions where we operate.*

The risks described below are not the only risks that may affect us or our [**REDACTED**]. *Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, results of operations, financial condition and growth prospects. If any of the possible events described below occurs, our business, results of operations, financial condition and growth prospects could be materially and adversely affected. The* [**REDACTED**] *of our H Shares could decline owing to any of these risks, and you may lose all or part of your* [**REDACTED**].

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We participate in highly competitive markets and we may not be able to compete successfully.

We compete in highly competitive markets characterized by brand recognition, perceived product quality, price, performance, product features and enhancements, frequent introduction of new products, rapid adoption of technological and product advancements. Significant new competitors or increased competition from existing competitors may adversely affect our business, results of operations and financial condition. We cannot assure you that we will be able to compete effectively in the highly competitive global markets of our products.

We face substantial competition from well-established companies that have significant technical, marketing, distribution and other resources, as well as established supplier relationships. Additionally, our competitors may compete with us using lower selling prices or in collaboration with other alliances to offer solutions that are more competitive. Some of our competitors have greater experience, brand recognition, product breadth and distribution channels than we do. Our competition is increasing as the technology and markets mature. Existing competitors and new market entrants may also seek to develop new product offerings, technologies or capabilities that could render many of our product offerings obsolete or less competitive, and may adopt more aggressive pricing policies or allocate more resources to marketing and promotional campaigns. The occurrence of any of these circumstances may result in stronger competition for us, hinder our growth, reduce our market share and harm our brand recognition. If we fail to respond to these circumstances in a timely and effective manner, our business, results of operations, financial condition and prospects may be materially and adversely affected.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We have experienced rapid and consistent growth in our business operations and the scope and complexity of our business has increased substantially over the past several years. In particular, we have made, and expect to continue to make, significant investments in our research and development efforts and in our sales and marketing activities, including with respect to future product offerings and to expand our operations and infrastructure across different geographies where we operate.

This growth has placed, and may continue to place, significant demands on our management, our personnel and our operational and financial infrastructure. For example, our consumers may increasingly rely on our support services to resolve any issues related to the use of our products and smart features. Providing a high-quality consumer experience is vital to our success in strengthening our brand recognition and expanding our consumer base.

Furthermore, continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain consumer satisfaction. Any failure to effectively manage the growth of our business and operations could negatively affect our reputation, business, financial condition and results of operations.

Maintaining our brand image is critical to our success, and any failure to do so could severely damage our reputation and brands, which would have a material adverse effect on our business, financial condition and results of operations.

Our "Roborock" brand name and related brand images are integral to the growth of our business, as well as to the implementation of our strategies for expanding into new categories and markets. Maintaining and enhancing the image of our brands in our focused markets is important to expanding our consumer base.

Our brands, reputation and product sales could be harmed if our products fail to meet expectations of our consumers or contain defects or fail. See "—Our products are complex and could have unknown defects or errors. We may be subject to warranty claims that could result in significant direct or indirect costs, which may diminish our brand or divert our resources from other purposes." In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine consumer confidence in us and reduce long-term demand for our products. See "—If we become a party to litigation, arbitration, legal disputes, claims or administrative proceedings, it may divert our management's attention, result in costs and liabilities and damage our reputation."

Further, our success in maintaining and improving our brand image depends on our ability to adapt to a rapidly changing media ecosystem, including our increasing reliance on social media and the online dissemination of advertising campaigns. Negative posts or comments about us on social networking platforms and other websites that spread rapidly through such forums, even if factually incorrect, could seriously damage our reputation and brand image. In order to attract and retain consumers, we may need to substantially increase our expenditures to create and maintain brand loyalty. As a result, our sales and marketing-related expenses may increase significantly. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our products, it may be difficult to maintain and grow our user base, and our business and growth prospects may be materially and adversely affected.

If we fail to successfully introduce or upgrade products that adapt to evolving consumer needs and technological changes, our business may be adversely affected, and our investments in research and development may not yield the expected results.

Consumer demands, preferences and lifestyle trends across markets where we sell our products may change from time to time and depend upon various factors, including, among other things, lifestyle trends, consumption patterns, disposable income, customer confidence and other factors beyond our control. Our success in turn also depends on our ability to anticipate, identify and respond in a timely manner to these trends. To meet evolving consumer needs, we continually improve the performance characteristics and product features of our existing products and introduce new products that address everyday cleaning challenges. The success of product upgrades and new product introductions, however, depends on a number of factors, such as timely and successful completion of development efforts, successful production ramp-ups and market acceptance of the products. Any failure to launch upgraded or new products in a timely manner may lead to declines in our overall sales volume and adversely affect our business, results of operations and prospect.

Furthermore, the success of our business depend significantly on our ability to continue to appropriately fund our research and development efforts to keep pace with technological developments. The market of intelligent home cleaning products is characterized by rapid technological changes and evolving industry standards. Our ability to attract new consumers and increase revenues from existing consumers depends significantly on our ability to accurately anticipate technological advancements. We stay ahead of our industry by capitalizing on advanced technologies and constant innovation. However, if any of our competitors implement new technologies before us, those competitors may be able to provide products that are more effective or with more user-friendly features than ours, possibly at lower prices, which could adversely impact our sales and our market share. Any delay or failure in our adaptation to technological changes and implementation of technological enhancements to our products may harm our competitiveness, or even result in obsolescence of any products made with obsolete technologies.

However, our efforts to innovate technologies, develop and commercialize upgraded products or new product offerings, including entering into markets or product categories in which we have limited or no prior experience, involve inherent risks. These risks include the costs involved, such as development and commercialization expenses, product development or launch delays and the failure of new products to achieve anticipated levels of market acceptance or growth in sales or operating income. In 2022, 2023 and 2024, we incurred research and development expenses of RMB488.6 million, RMB619.0 million, and RMB971.4 million, respectively. Our investments in product upgrades or new product offerings, while potentially significant, may not increase our competitiveness or generate financial returns in the short term, or at all, and we may not succeed in adopting and implementing new technologies. In addition, sales generated by new products could cause a decline in sales of our existing products. If new product development and commercialization efforts are not successful, our business, financial condition and results of operations could be adversely affected.

Our business currently depends significantly on our robot vacuums, and our sales growth and operating results would be adversely affected if we are unable to enhance and upgrade our current robot vacuums or develop new robot vacuums at competitive prices or in a timely manner.

In 2022, 2023 and 2024, we derived 96.0%, 93.6% and 91.0% of our revenue from the sale of robot vacuums and related accessories, respectively. While we are diversifying into new product categories, we expect that a significant portion of our revenue will continue to be derived from the sales of robot vacuums in the near future. Accordingly, our future success depends upon our ability to further penetrate the domestic and international robot vacuum markets, to enhance and upgrade our existing robot vacuums and to develop and introduce new models offering enhanced performance and functionality at competitive prices, which involves substantial time, costs and risks. Our inability to achieve significant sales of our existing robot vacuums, or to enhance, develop and introduce new robot vacuums in a timely manner, or at all, would materially harm our sales growth and operating results.

Our expansion into new product categories may expose us to new challenges and risks.

In recent years, we introduced a range of intelligent home cleaning products. We strive to continue to expand and diversify our product offerings to leverage the latest achievements of our technological innovation and cover different needs and preferences of our consumers. Expanding into new product categories and substantially increasing our product lines involve new risks and challenges. Our potential lack of familiarity with new product offerings and lack of relevant consumer feedback relating to these product offerings may make it more difficult for us to anticipate user demand and preferences. We may misjudge market demand, resulting in inventory buildup and possible inventory write-downs. We may not be able to effectively control our costs and expenses in rolling out these new product categories. We may have certain quality issues and experience higher return rates on new products, receive more consumer complaints and face costly product liability claims, such as injury allegedly or actually caused by our products, which would harm our brand and reputation as well as our financial performance.

Furthermore, we may need to price our new product offerings more aggressively to penetrate new markets, and gain market share or remain competitive. It may be difficult for us to achieve profitability in the new product categories and our profit margin, if any, may be lower than we anticipate, which would adversely affect our overall profitability and results of operations. We cannot assure you that we will be able to recoup our investments in introducing these new product categories.

If we fail to grow or retain our consumer base, or if consumer satisfaction declines, our business and operating results may be materially and adversely affected.

A broad consumer base and a high level of consumer satisfaction are critical to our success. Our business has been depending and will continue to significantly depend on our consumers and their loyalty in and level of satisfaction with our products. If consumers no longer view our products as useful and attractive as compared to competing offerings, we may not be able to increase or maintain our consumer base and the level of satisfaction. A number of factors could negatively affect consumer growth, retention and satisfaction, including:

- despite our continual research, monitoring and analysis of consumer needs, we may be unable to identify and meet evolving consumer demands;

- we may not be able to timely develop and introduce new or updated products, or the new or updated products we introduce may not be favorably received by consumers;

- we may fail to update existing technology or develop new technology in time to stay ahead or abreast of market advances;

- we may not be able to continue to successfully drive organic growth of consumer base, which may require us to devote more additional resources to acquire consumers;

- we may be unable to prevent or combat inappropriate use of our products, which may lead to negative public perception of us and damage our brand or reputation;

- we may encounter technical or other problems that prevent our products from operating in a smooth and reliable manner or otherwise adversely affect consumer experience;

- our competitors may launch or develop similar or disruptive products with better consumer experience, which may result in loss of existing consumers or decline in new consumers growth;

- we may fail to address consumer concerns related to privacy and communication, data safety, security or other factors; and

- we may be compelled to modify our products to address requirements imposed by legislation, regulations, government policies or requests from government authorities in manners that may compromise user experience.

We are subject to a variety of costs and risks due to our continued expansion internationally that could adversely affect our profitability and operating results.

International expansion plays a significant role in driving our business growth. Overseas markets contributed to 52.7%, 48.9% and 53.6% of our total revenue in 2022, 2023 and 2024, respectively. International expansion also represents an attractive opportunity to further grow our business and enhance our competitive position, and is one of our core strategies. We may enter into new geographic markets where we have limited or no experience in marketing, selling, localizing, and deploying our products. International expansion has required and will continue to require us to invest significant capital and other resources and our efforts may not be successful. International sales and operations may be subject to risks such as:

- limited brand recognition;
- costs associated with our promotional efforts, expanding our DTC channels and our distribution network;
- foreign consumers' preferences and customs;
- difficulties in staffing and managing foreign operations;
- burdens of complying with a wide variety of local laws and regulations, including packaging and labeling;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash;
- political and economic instability;
- trade restrictions;
- differing employment practices and laws and labor disruptions;
- the imposition of government controls;
- lesser degrees of intellectual property protection;
- adverse changes in, or our failure or the failure of our suppliers to comply with customs laws, regulations, tariffs and quotas set by the local government and PRC government when we import raw materials and components or export our products among the different countries or jurisdictions where we do business; and
- a legal system subject to undue influence or corruption.

The occurrence of any of these risks could negatively affect our international business and consequently our business and operating results. In addition, the concern over these risks may also prevent us from entering into or releasing certain of our products in certain markets.

Our growth and profitability depend on economic conditions and the level of consumer spending in mainland China and our other key markets.

Our products are discretionary items for consumers. Therefore, the success of our business depends, to a significant extent, on economic factors and trends in consumer spending in the markets where we sell our products. There are a number of factors that influence consumer spending on our products. These factors include actual and perceived economic conditions, consumer confidence, inflation levels, disposable consumer income, consumer credit availability, unemployment and tax rates in the markets where we sell our products. Consumers also have discretion as to where to spend their disposable income and may choose to purchase other products if we do not continue to provide compelling, and high-quality products at appropriate price points.

As global economic conditions continue to be volatile and economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and consumer spending levels may be subject to declines. Any of these factors could harm discretionary consumer spending, resulting in a reduction in demand for our products, decreased prices and harm to our business, financial condition and results of operations. Moreover, consumer purchases of discretionary items, such as our products, tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may adversely affect our net sales and profits and slow our growth. A downturn in the economies in markets in which we sell our products may materially harm our sales, profitability and financial condition.

Our profit margins fluctuated during the Track Record Period, and our past performance may not be indictive of our profitability in the future.

While our revenue and gross profit were on a steady growth during the Track Record Period, our overall gross profit margin and net profit margin fluctuated. In particular, our gross profit margin increased from 47.9% in 2022 to 54.1% in 2023, but decreased to 50.4% in 2024. The decrease of our gross profit margin from 2023 to 2024 was primarily due to lower margins associated with overseas sales mainly as a result of increased tariffs and freight costs related to overseas sales. Our net profit margin increased from 17.9% in 2022 to 23.7% in 2023, but decreased to 16.6% in 2024. The decrease of our net margin from 2023 to 2024 was primarily due to the increase in our operating expenses in order to support our business growth.

Our margins and profitability during the Track Record Period only reflected our past performance and may not serve as an indication of our profitability in the future. Our future performance may be adversely affected by a number of factors that are beyond our control, including increased competition, or changes in technology trends that make our product less profitable. Meanwhile, we expect our costs and expenses to continue to increase in the future, as we continue to invest in our R&D, manufacturing capacity and sales and marketing initiatives. There is no guarantee that we will be able to generate sufficient revenue, or we will be able to maintain our profit margins at levels similar to that achieved during the Track Record Period on an ongoing basis. Any failure to increase revenue or to manage our costs and expenses would prevent us from maintaining profitability, which would cause our business, financial condition, and results of operations to suffer.

We have a limited operating history, making it difficult to forecast our future results of operations.

We were established in July 2014 and launched our first product in September 2016. As we operate in a rapidly evolving industry and only have a limited history of operating our business at its current scale, it is difficult to evaluate our future prospects, including our ability to plan for future growth. Our limited operating experience and other economic factors beyond our control may reduce our ability to accurately forecast demand for our products and, accordingly, our quarterly or annual revenues. As such, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or had operated in a more developed and predictable market.

Higher U.S. tariffs applicable to our products will negatively affect us, and any general deterioration in economic conditions, including as a result of escalating trade tensions, may adversely affect our business.

We sell our products globally, and higher tariff rates, such as those recently imposed by the United States, could negatively affect our revenue and profitability. The United States has, through several rounds of increases, imposed higher tariffs on a wide range of goods imported from multiple countries, with most of these actions taking place in early 2025. The U.S. tariff increases on goods from China are particularly high, with tariffs announced in early April 2025 on most goods of 145%. China responded to the U.S. actions with retaliatory tariffs on most U.S. goods of 125% from April 12, 2025; China also implemented export restrictions on certain critical minerals and related products and took other regulatory measures aimed at the Unites States. On May 12, 2025, following bilateral negotiations, the United States and China jointly announced that each country would reduce its tariffs on goods of the other country by 115% for a 90-day period beginning May 14, 2025, and that the two sides would continue negotiations.

Following these developments, our robot vacuums exported to the United States are now subject to an effective tariff rate of 55%, which consist of (i) a 10% "baseline" tariff applicable to most imports regardless of country of origin, (ii) a 20% fentanyl-related tariff applicable to imports from Canada, Mexico and China effective on March 4, 2025, and (iii) a 25% tariff imposed on certain robotic vacuum cleaners designed for residential use under Section 301 of the Trade Act of 1974 (the "**Section 301 Tariffs**") since June 15, 2024. There is uncertainty regarding the level of U.S. tariffs that will be appliable to our products, including because we do not know if further negotiations between the United States and China will prevent the higher level of tariffs resuming after the ongoing 90-day suspension. Also, unlike the Section 301 Tariffs, the additional tariff increases announced by the United States are based on presidential authority under the U.S. International Emergency Powers Act of 1977, as amended, and the legal bases for those tariffs are subject to ongoing litigation, the results of which are uncertain. In 2024, overseas markets contributed to 53.6% of our total revenue, and the United States was and remains one of our most important markets. Accordingly, higher tariffs applicable to our sales in the United States will negatively affect both our revenue and profitability, especially if tariff rates similar to the currently suspended 115% additional tariffs previously announced were to be imposed.

In addition to directly affecting our sales, recent international trade disputes and the uncertainties created by these types of disputes may disrupt cross-border flows of goods and significantly undermine the stability of the global and Chinese economies, thereby harming our business. Changes to trade policies, treaties, and tariffs in the jurisdictions in which we operate or are contemplating operating, or the perception that these changes could occur, could adversely affect cross-border operations, our financial condition and results of operations. For example, trade disputes, increased tariffs or other restrictive trade policies between other countries and China may inhibit our ability to import and trade goods and could materially impact our business. We may face an inability to meet customers' demands, or experience an increase in our operating costs, which may lead to a decrease in our profits. Tariffs and other trade restrictions are expected to reduce trade volumes, cross-border investment, technological exchange, and other economic activities between major economies, and have a material adverse effect on global economic conditions and the stability of global financial and stock markets. A trade war, further governmental action related to tariffs or international trade policies, or additional tax or other regulatory changes could occur, which could adversely affect our business, results of operations, financial condition and prospects.

We are strengthening our manufacturing capacity worldwide to enhance manufacturing flexibility, while mitigating exposure to geopolitical risks, including tariff and trade restrictions. In the fourth quarter of 2024, we launched our first overseas production facilities in our Vietnam contract manufacturing operation. However, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments regarding tariffs or other trade policies. These tariffs and other trade restrictions are expected to reduce trade volumes, cross-border investment, technological exchange, and other economic activities between major economies, and have a material adverse effect on global economic conditions and the stability of global financial and stock markets. A trade war, further governmental action related to tariffs or international trade policies, or additional tax or other regulatory changes of international trade industry in the future could occur, which could adversely impact our business, results of operations, financial condition and prospects.

Our intellectual property rights are fundamental to our business and we may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, patents, domain names, proprietary technologies, and similar intellectual property as critical to our success, and we rely on copyright, trademark and patent law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. We may become an attractive target for counterfeiting and intellectual property theft activity because of our brand recognition. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological change in our industry, we may from time to time utilize technologies developed or licensed by third parties, and we may not always be able to obtain or continue to obtain such technologies from third parties at all or on reasonable terms.

It is often difficult to register, maintain and enforce intellectual property rights. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure to maintain, protect, or enforce our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Various other issues may arise with respect to our intellectual property portfolio. We may not have sufficient intellectual property rights in all countries and regions where unauthorized third-party copying or use of our proprietary technology may occur, and the scope of our intellectual property may be more limited in certain countries and regions. Our existing and future patents may not be sufficient to protect our products, technologies or designs and/or may not prevent others from developing competing products, technologies or designs. We cannot predict the validity and enforceability of our patents and other intellectual property with certainty.

Claims by third parties that we are infringing their intellectual property and other litigation could adversely affect our business.

Intellectual property rights, such as trademarks, copyrights, patents, domain names, and proprietary technologies, protect brand images, product formulations and other valuable rights. If any trademark or brand name infringement or other intellectual property claims against us are successful, we may not have a legal right to continue to use or sell products that are adjudicated to have infringed third parties' intellectual property rights. We may be legally required to expend significant resources to review and revise our business and operations so that they do not infringe third parties' intellectual property rights or we may be required to obtain relevant licenses to avoid further infringements. Intellectual property litigations, proceedings and other patent prosecution process against us could significantly disrupt our business, divert our management's attention or consume much of our financial resources.

In addition, if the size of our markets increases, we would be more likely to be subject to additional claims that our technologies infringe upon the intellectual property or other proprietary rights of third parties. We may not be able to withstand third-party infringement claims. Any claims, with or without merit, could be time-consuming and expensive, and could divert our management's attention away from the execution of our business plan. Moreover, any settlement or adverse judgment resulting from the claim could require us to pay substantial amounts or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. There can be no assurance that we would be able to obtain a license from the third party asserting the claim on commercially reasonable terms, if at all, or that we would be able to develop alternative technology on a timely basis, if at all. Further, there is no guarantee that we would be able to obtain a license to use a suitable alternative technology to permit us to continue offering, and our consumers to continue using, our affected product. In addition, we may be required to indemnify our distribution partners for third-party intellectual property infringement claims against them, which would increase the cost to us of an adverse ruling in such a claim.

Our products are complex and could have unknown defects or errors. We may be subject to warranty claims that could result in significant direct or indirect costs, which may diminish our brand or divert our resources from other purposes.

Intelligent home cleaning products are controlled by a combination of hardware and software based on rule-based algorithms. Despite testing, our new or existing products have contained defects and errors and may in the future contain defects, errors or performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our consumers for a period of time. These problems could result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements, significant increases in our service and maintenance costs, our exposure to liability for damages, damaged consumer relationships and harm to our reputation, any of which could materially harm our results of operations and ability to achieve market acceptance. In addition, increased development and warranty costs could be substantial and could reduce our operating margins. The existence of any defects, errors, or failures in our products could also lead to warranty claims or lawsuits against us. A successful warranty claim could result in substantial cost, diminish our brand and divert management's attention and resources, which could have a negative impact on our business, financial condition and results of operations.

Our reputation and profitability may be adversely affected if our products and accessories are counterfeited or imitated in the market.

Our products and accessories may be counterfeited in the market, such as unauthorized imitation, replication of our design, infringement of trademarks, or labeling by third parties, which may affect our reputation and profitability. Despite the fact that we are not aware of any substantial counterfeiting and imitation of our products or accessories during the Track Record Period, we cannot assure you that counterfeiting and imitation would not occur, or if it does occur, that we would be able to detect and address the problem effectively. We will closely monitor to see whether there will be any unauthorized use of our design and trademarks, counterfeiting or imitation of our products or accessories. A significant presence of counterfeit products or accessories in the market could have a negative impact on the value and image of our brand, lead to loss of consumer confidence in our brand and materially and adversely affect our business, results of operations and financial condition.

Our success depends on the continuing efforts of our key management and experienced and capable personnel as well as our ability to recruit new talent. If we fail to hire, train, retain or motivate our staff, our business may suffer.

Our future success is significantly dependent upon the continuous service of our key management as well as experienced and capable personnel generally. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any of our key management joins a competitor or forms a competing business, we may lose customers, know-how and key professionals and staff members.

Our growth also requires us to hire, train, and retain a wide range of talents who can adapt to a dynamic, competitive and challenging business environment and are capable of helping us stay at the forefront of technological advancement, develop innovative products, and conduct effective branding and marketing activities, among others. We will need to continue to attract, train and retain talent at all levels, as we expand our business and operations globally. We may need to offer attractive compensation and other benefits package, including share-based compensation, to attract and retain them. We also need to provide our employees with sufficient training to help them to realize their career development and grow with us. Any failure to attract, train, retain or motivate key management and experienced and capable personnel could severely disrupt our business and growth.

If we become a party to litigation, arbitration, legal disputes, claims or administrative proceedings, it may divert our management's attention, result in costs and liabilities and damage our reputation.

We have been, and may from time to time become, involved in litigation, arbitration, legal disputes, claims or administrative proceedings arising in the ordinary course of business with our customers, suppliers, business partners, employees, competitors, regulatory agencies, or other parties in respect of contractual, commercial, labor, intellectual property, or other matters. Such involvement can distract our management's attention and consume our time and other resources. Furthermore, any litigation, arbitration, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate due to various factors, such as the facts and circumstances of the cases, the likelihood of winning or losing, the monetary amount at stake and the parties concerned, and such factors may result in these cases becoming of material importance to us.

Negative publicity arising from litigation, arbitration, legal disputes, claims or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities, and suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We cooperate with EMS providers to manufacture our products. If we encounter issues with them, our business and results of operations could be materially and adversely affected.

We cooperate with certain EMS providers to produce our products. We may experience operational difficulties with our EMS providers, including reductions in the availability of production capacity, failure to comply with product specifications, insufficient quality control, failure to meet production deadlines, increases in manufacturing costs and longer lead time. Our EMS providers may experience disruptions in their manufacturing operations due to equipment breakdowns, labor strikes or shortages, natural disasters, component or material shortages, cost increases, violation of environmental, health or safety laws and regulations, or other problems. We may be unable to pass the cost increases to our consumers. We may have disputes with our EMS providers, which may result in litigation expenses, divert our management's attention and cause supply shortages to us. We may not be able to renew contracts with our EMS providers for our existing products. In addition, if our EMS providers breach or terminate their agreement with us or otherwise fail to perform their obligations in a timely manner, we may be severely delayed or fully prevented from selling our products. If any of these happens, it may take up a significant amount of time for us to identify and onboard a new manufacturer that has the capability and resources to build our products to our specifications in sufficient volume, and our business and results of operations could be materially and adversely affected.

While we have implemented a stringent quality assurance program in collaborating with EMS providers, any failure of them to perform an effective quality control may have a material negative impact on supply of finished goods to our satisfaction, affect our delivery schedule, damage our reputation and our relationships with our customers. Furthermore, although we enter into confidentiality agreements with our EMS providers and we have adopted security protocols to ensure know-how and technologies for manufacturing our products could not be easily leaked or plagiarized, we cannot guarantee the effectiveness of these efforts and, any leakage or plagiarism of our know-how and technologies could be detrimental to our business prospects and results of operations.

We rely on a limited number of suppliers for hardware components and raw materials. If critical components of our products become unavailable, we may incur delays in shipment, which could damage our business.

We primarily source hardware components and raw materials used to produce our products from third-party suppliers, and some of the hardware components and raw materials used in our products are sourced from a limited number of suppliers. The cost, quality and availability of these components are important to the successful production and sale of our products. We typically do not have any long-term agreements with these suppliers obligating them to continue to sell components or products to us. We are subject to the risk of shortages and long lead times in the supply of these components and other materials, and the risk that our suppliers may discontinue or modify, or increase the price of, the components used in our products. In the past, we experienced shortages in the supply of certain electronic components used in our products due to disruptions caused by global health emergencies. Although such shortages had not materially and adversely affected our business and results of operations, we cannot assure you that we will not experience any supply shortages in the future, which may lead to production delays, increased procurements costs, or constraints on our ability to meet customer demand. If the supply of these components and raw materials were to be delayed or constrained, or if one or more of our main suppliers were to go out of business, alternative sources or suppliers may not be available on acceptable terms or at all. Further, if there were a shortage of supply, the cost of these components may increase and harm our ability to sell our products on a cost-effective basis. In the event that any of our suppliers were to discontinue production of our key product components, developing alternate sources of supply for these components may be time consuming, difficult, and costly. This may harm our ability to meet market demand and could materially and adversely affect our brand, image, business, prospects and operating results.

We face risks related to sales through distributors.

We have entered into agreements with our distributors to help market and sell our products. We do not, however, exercise complete control over the practice and manner of the ultimate retail sales by our distributors, their sub-distributors or the retail outlets which they operate. For us to effectively work with a distributor, we may need to provide proper economic incentives to the distributor, as well as contend effectively for the time, energy and focus of such distributor given the other products the distributor may be carrying, which potentially includes those of our competitors. If we fail to be effective with new or existing distributors, our financial performance may suffer. Poor management by, or loss of further resell network of, the distributors may cause loss of consumers and damage to our brands. Our distributors may also face financial difficulties, including loss of market share, insolvency, or strikes and other work stoppages, which could harm our collection of trade receivables and financial results.

In addition, because we compete with many other providers of consumer products for placement and promotion of products in the channels of our distribution partners, the success of our distribution partners and their willingness to promote our products successfully are important to our success. Our current agreements with partners and other third parties generally do not prohibit them from working with our competitors or from selling competing products. Our competitors may be more effective in providing incentives to our distribution partners to favor our competitors' products and promote their sales. Furthermore, adverse competition or cannibalization among the various channels may have a negative impact on the relationship with our distribution partners, which could have a material adverse effect on our business and results of operations.

Moreover, in the event that a significant number of our distributors cease or reduce their purchases of our products, or terminate their relationships with us, our sales volumes and business prospects could be adversely affected. The loss of a key distribution partner would require us to identify and contract with alternative distribution partners, or to rely more heavily on direct-to-consumer sales, which we may be unable to do or could be time-consuming and expensive. Pursuing, establishing and maintaining relationships with our distribution partners requires significant time and resources. If, for any reason, our relationship with our distribution partners deteriorates, our business and results of operations may be materially and adversely affected. We plan to invest additional resources in expanding and diversifying our sales channels, which may not happen as fast or as successfully as we expect.

Our efforts to manage and expand our DTC sales may not be successful.

Under our direct-to-consumer, or DTC, model, we sell our products to end consumers through our Roborock web stores and self-operated stores on leading e-commerce platforms worldwide. Our future growth relies, in part, on our ability to attract consumers through these DTC sales channels, which requires significant expenditures in marketing and infrastructure. If we are unable to drive traffic to, and increase sales through our DTC sales channels, our business, financial condition and results of operations could be harmed. In addition, the success of our DTC sales is subject to risks associated with the e-commerce marketplace, many of which are outside of our control. We may not be able to adequately respond to these risks and uncertainties or to successfully maintain and expand our DTC business, which may have an adverse impact on our business, financial condition and results of operations.

Furthermore, our DTC sales rely on online channels to reach customers. While we currently operate online stores on e-commerce platforms such as Amazon and JD.com., there can be no assurance that we will be able to maintain or expand these collaborations on commercially reasonable terms, or at all, in the future. If we are unable to maintain our collaboration with these platforms, our sales volume may decrease significantly, which could adversely affect our business and results of operations.

If our logistics service providers fail to provide reliable and timely logistics services, our business, financial condition and results of operations may be materially and adversely affected.

We use third-party logistics service providers to ship our products. Disputes with or a termination in our contractual relationships with one or more of our logistics service providers could result in delayed delivery of products, increased costs or customer dissatisfaction. There can be no assurance that we can continue or extend relationships with our current logistics service providers on terms acceptable to us, or that we will be able to establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. Freight rates may fluctuate according to our agreements with logistics service providers. We cannot guarantee that no interruptions would occur which could materially and adversely affect our business, prospects or results of operations.

In addition, as we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. Also, services provided by these logistics service providers could be interrupted by unforeseen events beyond our control such as poor handling provided by these logistics service providers, natural disasters, pandemics, adverse weather conditions, riots, labor strikes and mishandling of products. If there is any delay in delivery, damage to products or any other issue, we may lose consumers and sales and our brand image may be tarnished.

Our sales and results of operations are subject to seasonal variations.

Our business is subject to seasonal fluctuations. Our sales are generally higher in the second and fourth quarters due to major e-commerce promotional events taking place during those periods, while the first quarter typically generates the lowest sales, as consumer demand tends to soften following the year-end peak shopping season in the preceding quarter. In addition, any one of the factors below, or the cumulative effect of some of these factors may result in significant fluctuations in our operating results. Many of these factors are outside of our control and may be difficult to predict, including:

- fluctuations in demand for our products, including seasonal variations;
- the timing and success of new product introductions, which products initially tend to have a lower gross margin;
- the timing and success of new product introductions by our competitors;
- promotional events hosted by our distributors;
- fluctuations in levels of channel inventory; and
- amount and timing of sales and marketing and other operating expenses related to maintenance and expansion of our business.

Furthermore, our rapid growth may obscure the extent to which seasonality trends have affected our business. Accordingly, yearly or quarterly comparisons of our operating results may not be useful and our results in any particular period will not necessarily be indicative of the results to be expected for any future period.

Our operating results could be materially harmed if we are unable to accurately forecast consumer demand for our products or manage our inventory.

To ensure adequate supply for our products, we must forecast consumer demand for our products. Our ability to accurately forecast demand for our products could be affected by many factors, including changes in consumer perception of our products or our competitors', sales promotions by us or our competitors, our sales channel inventory levels, and unanticipated changes in general market and economic conditions, among others.

Our inventory primarily includes raw materials, consigned materials and finished goods. We manage our inventory by constantly monitoring and tracking our current inventory levels based on our forecast consumer demand. If we fail to accurately forecast consumer demand, we may experience excess inventory levels or a shortage of products available for sale. During the Track Record Period, our inventory turnover days were 68.4 days, 74.7 days, and 74.6 days in 2022, 2023, and 2024, respectively. We may not be able to accurately track our inventory level or to identify any excessive build-up or insufficient stock of inventory at various levels of our global network. We may misjudge market demand. Inventory levels in excess of consumer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which may cause our gross margin to suffer and could impair the strength of our brand. Conversely, a shortage of products may prevent us from meeting the demand for our products, and our business and operating results could be adversely affected. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, which could adversely impact our business, financial condition and results of operations.

Our liquidity and financial condition may be materially and adversely affected if we fail to collect trade receivables from our distributors and retailers in a timely manner, or at all.

Our trade receivables primarily arise from sales to e-commerce platform customers, to whom we typically grant a credit period of 14 to 90 days. Our trade receivables turnover days were 12.5 days, 12.7 days and 20.1 days in 2022, 2023 and 2024, respectively, in line with our business growth. We cannot assure you that these customers will consistently make timely and full payments to us. If we fail to collect all or part of such payments in a timely manner, or at all, or if they extend their trade receivables turnover days, our liquidity and financial condition may be materially and adversely affected.

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

We handle product returns in accordance with our policies, independently or with the support of e-commerce platforms when necessary. We generally do not allow product returns, unless due to product quality issues, product recalls or other specified circumstances. For example, consumers are allowed to return our products purchased online for any reason within certain period (e.g., seven days in mainland China) as required under applicable laws and regulations from the date of purchase.

In addition, we may voluntarily or be required by applicable laws and regulations to adopt new or amend our existing return and exchange policies from time to time. These policies improve consumers' shopping experience and promote user loyalty, which in turn helps us acquire and retain consumers. However, these policies also subject us to additional costs and expenses which we may not recoup through increased revenues. If our delivery, return and exchange policies are misused by a significant number of consumers, our costs may increase significantly and our results of operations may be materially and adversely affected. If we revise these policies to reduce our costs and expenses, our consumers may be dissatisfied, which may result in the loss of existing consumers or failure to acquire new consumers at a desirable pace, which may materially and adversely affect our results of operations.

Higher labor costs and increasing raw material prices may adversely affect our business and our profitability.

Labor costs in mainland China have risen in recent years as a result of the enactment of new labor laws and social development. Given that the substantial majority of the manufacturing of our products is currently conducted in mainland China, rising labor costs in mainland China may increase our costs and expenses. In addition, global inflation may adversely affect our costs of raw materials. We may not be able to pass on rising costs as a result of higher labor costs and increasing raw material prices to end consumers in the form of higher retail sale prices. Accordingly, our profitability may be adversely affected if labor costs and raw material prices continue to rise in the future.

Our financial performance may be subject to risks of fluctuation in foreign exchange rates.

International expansion plays a significant role in driving our business growth. Fluctuations in the value of Renminbi ("**RMB**") against local currencies could result in currency exchange gains or losses. Changes in the value of foreign currencies could increase our RMB costs for, or reduce our RMB revenue from, our foreign operations. Margins on sales of our products in international markets which include components procured with RMB could be materially and adversely affected by foreign currency exchange rate fluctuations. In some circumstances, for competitive or other reasons, we may decide not to raise local prices to fully offset RMB's strengthening, or at all, which could adversely affect our financial condition and results of operations.

In addition, our consolidated financial results are affected by currency exchange rate fluctuations. Our financial information is presented in RMB. In connection with the preparation of our financial information, the results of operations of subsidiaries, which are initially prepared in their respective local functional currencies, such as U.S. dollars, are translated into RMB. As a result, changes in the exchange rate between our functional currencies, particularly U.S. dollars as one of our major operating currencies, and RMB could materially impact our reported results of operations and distort period to period comparisons. The fluctuation of foreign exchange rates also affects the value of our monetary assets and liabilities denominated in foreign currencies. To the extent that non-RMB-denominated monetary assets do not equal the amount of our foreign currency-denominated monetary liabilities, foreign currency gains or losses could arise and materially impact our financial statements. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations.

To minimize our exposure to exchange rate volatility, historically, we have used foreign exchange forward contracts to hedge foreign exchange exposure. Where possible, we may continue to use a variety of methods to manage our exposure to exchange rate volatility. Nonetheless, it is not practical for us to mitigate all of our foreign currency exposure, nor are we able to accurately predict the possible impact of future foreign currency exchange rate fluctuations on our results of operations. As we continue to expand our global operations, our exposure to foreign currency risk could become more significant.

The fair value of our financial assets at fair value through profit or loss may face uncertainties and be subject to fluctuations as the valuation of its fair value involves the use of unobservable inputs.

During the Track Record Period, we had certain financial assets at fair value through profit or loss, which mainly included investments in wealth management products, investments in asset management plans, and equity investments with preferred rights. As of December 31, 2022, 2023 and 2024, our financial assets at fair value through profit or loss amounted to RMB3,795.5 million, RMB5,024.4 million and RMB4,990.7 million, respectively. 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 recognized in profit or loss, and therefore directly affect our results of operations. We recorded fair value losses on financial instruments of RMB30.7 million in 2022, and fair value gains on financial instruments of RMB177.1 million and RMB195.8 million in 2023 and 2024, respectively.

For financial reporting purposes, fair value measurement of financial assets and liabilities at fair value through profit or loss is categorized into Level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial assets and liabilities classified in Levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of Level 3 financial assets and liabilities is based on valuation techniques and various assumptions of inputs that are unobservable which inherently involve a certain degree of uncertainty. For details, see "Material Accounting Policy Information —Fair value measurement" in Note 2.3 to the Accountants' Report included in Appendix I to this document. Given the use of unobservable inputs, our financial assets at fair value classified as Level 3 financial instruments are subject to uncertainties in valuation. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use, thereby affecting the fair value of these assets and liabilities. These factors include general economic conditions, changes in market interest rates, and stability of the capital markets. Any of these factors could cause our estimates to vary from actual results and cause the fair value of our financial assets and liabilities to fluctuate substantially, which may in turn have a material adverse effect on our financial position and results of operations. Moreover, the value ultimately realized by us on disposal of these investments may be lower than their current fair value. Any of these factors could have an adverse impact on our results of operations and financial condition.

We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any changes in our pricing policy, marketing initiatives, or investments we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to obtain a credit facility or sell additional equity or debt securities. The sale of additional equity securities could result in dilution of our existing shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Our business may be impacted by political events, war, terrorism, public health issues, natural disasters and other outbreaks of contagious diseases or business interruptions.

War, terrorism, geopolitical uncertainties, public health issues and other business interruptions have caused and could cause damage or disruption to the economy and commerce on a global or regional basis, which could have a material adverse effect on us, our suppliers, logistics providers, EMS providers, and customers. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues and related events, demonstrations, and other events beyond our control. Such events could decrease demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to make and deliver products to our customers, or to receive components or products from our suppliers, and create delays and inefficiencies in our supply chain. While our suppliers are required to maintain safe working environments and operations, an industrial accident could occur and could result in disruption to our business and harm to our reputation. Should major public health issues, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional limitations in freight services, governmental actions limiting the movement of products between regions, delays in production ramps of new products and disruptions in the operations or production facilities of our EMS providers, component suppliers and logistics providers. In the event of a natural disaster, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

We rely on our information technology systems for our suppliers, sales and other functions and to maintain our research and development data. If our information technology systems fail to adequately perform these functions, or if we experience an interruption in their operation, our business and results of operations could be adversely affected.

Exploring growth opportunities by expanding our user base is one of our key strategies. We have and will implement security policies and measures, including asymmetric encryption technology, to protect our proprietary data and user information. However, our information systems may be targets of attacks, such as viruses, malware, or phishing attempts by cyber criminals or other wrongdoers seeking to steal our user data for illegal gain or to harm our business operations or reputation. The loss, misuse, or compromise of such information may result in costly investigations, remediation efforts and notification to affected users. If such content is accessed by unauthorized third parties or deleted inadvertently by us or third parties, our brand, reputation and our sales could be adversely affected. Cyber-attacks could also adversely affect our operating results, consume internal resources, and result in litigation or potential liability for us and otherwise harm our business. Furthermore, network security and data security are governed by relevant laws and regulations. While we have adopted measures to ensure compliance with these legal requirements, full and continuous compliance cannot be guaranteed. Non-compliance may lead to adverse consequences, including but not limited to legal penalties, reputational damage, and operational disruptions.

Our business is subject to a variety of local and overseas laws, rules, policies and other obligations regarding data protection. Any losses or unauthorized access to or releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

Our business requires us to use and store confidential information, including, among other things, personal information with respect to our customers and employees. We are subject to local and overseas laws relating to the collection, use, retention, security and transfer of personal information. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Noncompliance could result in significant penalties or legal liability.

To ensure our compliance with these laws and regulations relating to the collection, use, retention, security and transfer of personal information, we have established relevant protocols and mechanisms with respect to how we collect, store, process and use user personal data and information. For example, we strictly control and minimize the scope of user data collection, and we collect the data for purposes of providing services to users. Any failure by us to comply with local or overseas privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others. In addition to reputational impacts, penalties could include ongoing audit requirements and significant legal liability. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data, including through the use of encryption and authentication technologies. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities. For example, third parties may attempt to fraudulently induce employees or users into disclosing user names, passwords or other sensitive information, which may in turn be used to access our information technology systems. To help protect customers and ourselves, we monitor our servers and systems for unusual activity and may freeze accounts under suspicious circumstances, which, among other things, may result in the delay or loss of customer orders or impede customer access to our products.

Under the Cybersecurity Review Measures (2021), promulgated by the Cyberspace Administration of China (the "**CAC**") on December 28, 2021 and became effective on February 15, 2022, and the Regulations on the Administration of Cyber Data Security, promulgated by the State Council on September 30, 2024 and effective on January 1, 2025, our PRC Legal Adviser made a telephone consultation on a named basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (the "**CCRC**") which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotline. The CCRC confirmed that the term "listing in a foreign country" under the Cybersecurity Review Measures (2021) does not apply to listings in Hong Kong, and thus the obligation to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the proposed [**REDACTED**].

Existing and new anti-monopoly and anti-unfair competition laws and regulations may impose higher compliance cost on us and may affect our business, financial condition and results of operations.

We are subject to applicable antitrust and competition laws in the jurisdictions in which we operate, and we may be subject to certain regulatory scrutiny procedures and investigations, from time to time, by antitrust or competition regulatory authorities relating to claims of infringement of antitrust or competition laws, or civil lawsuits and criminal proceedings with respect to anticompetitive behaviors, in certain of these jurisdictions. Such regulatory scrutiny procedures and investigations, may be carried out by the relevant antitrust or competition regulatory authorities on an individual entity or a group of entities within an industry or a segment of an industry and may relate to a range of activities including acquisitions, pricing and other behaviors. These investigations and scrutiny procedures may be carried out by antitrust or competition regulatory authorities in confidence and we may not become aware of the details of such scrutiny procedures or investigations until we are formally notified of the outcome. In addition, our competitors may resort to making allegations or complaints against us to regulators without our knowledge which may give rise to further scrutiny and investigations. Such scrutiny procedures, investigations, lawsuits and proceedings may result in fines, civil liability or criminal liabilities or may result in a change in the way we operate. Further, there can be no assurance that our business, results of operations and financial condition will not be adversely affected by the introduction of new antirust or competition laws in the jurisdictions in which we operate, the interpretation of existing antirust or competition laws, or the enforcement of existing antitrust or competition laws by competent regulatory authorities or civil antitrust litigation by private parties against us or our subsidiaries.

As we are a company incorporated under the PRC laws, we are subject to anti-monopoly and anti-unfair competition laws and regulations of mainland China. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the Ministry of Commerce, the NDRC and the SAIC. Since its inception, the SAMR has continued strengthening enforcement under the PRC Anti-Monopoly Law and the PRC Anti-unfair Competition Law. Pursuant to the PRC Anti-Monopoly Law, the relevant operators of a concentration of undertakings which reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council. The PRC Anti-Monopoly Law has been amended in 2022 which further strengthens supervision on concentration of undertakings and empower the anti-monopoly law enforcement authority of the State Council to require a declaration for a concentration of undertakings that does not reach the threshold of declaration as prescribed in certain circumstances. For more information on PRC Anti-Monopoly Law, see "Regulatory Overview—Laws and Regulations Relating to Anti-unfair Competition" in this document. We endeavor to comply with the PRC Anti-monopoly Law or the PRC Anti-unfair Competition Law. Nonetheless, we may be required by competent regulatory authorities to adjust our business practices or may be subject to penalties, such as confiscation of incomes or potential fines, if any of our past or future acquisitions or investments, or any other business practices involving us, is deemed to be non-compliant with the PRC Anti-monopoly Law or the PRC Anti-unfair Competition Law. We may also be subject to claims from our competitors or users, which could affect our business and operations. The PRC authorities may keep supervising the competition compliance issues, and we may receive greater scrutiny and attention from regulators and more frequent and rigid investigations or reviews by regulators, which may increase our compliance costs and subject us to heightened risks and challenges. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with our products and services as well as our investments in our ordinary business course to avoid any failure to comply with these laws and regulations.

In particular, legal proceedings, including regulatory actions, may result from antitrust scrutiny of market practices for anti-competitive conduct in foreign jurisdictions where we operate our businesses. As we expand our operations globally, antitrust or competition regulatory authorities in certain jurisdictions may find our cooperation with other entities, or our conduct of business with other entities in a coordinated way, is not compliant with certain antitrust or competition laws and regulations. Consequently, we may be subject to certain antitrust investigations, lawsuits or regulatory proceedings, and may be subject to fines, civil liability or criminal liability. Any failure or perceived failure by us to comply with the anti-monopoly and anti-unfair competition laws and regulations may result in governmental investigations or enforcement actions, litigations or claims against us and could affect our business, financial condition and results of operations.

If our internal risk management and control system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

As of the Latest Practicable Date, we had a risk management and internal control system in place to monitor and control potential risk areas relevant to our business operations. In connection with the [**REDACTED**], we have examined our risk management and internal control system and made certain enhancements where appropriate. However, due to the inherent limitations in the design and implementation of our risk management and internal control system, it may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Further, the integration of various business operations from potential future acquisitions may give rise to additional internal control risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management and internal control system fails to detect potential risks in our business as intended, or is otherwise exposed to weaknesses and deficiencies, our business, financial condition, and results of operations could be materially and adversely affected.

Our risk management and internal controls also depend on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended, or that such implementation will not be subject to human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected.

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

We are subject to taxes in mainland China and other jurisdictions, where a number of our subsidiaries are organized. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation.

We are also subject to the examination of tax returns, tax residency status and other tax matters by tax authorities and governmental bodies in various jurisdictions. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected. Our tax expense and liabilities may also be affected by other factors, such as past or future changes in our business operations or ownership structure, acquisitions, investments, entry into new businesses and geographies. Significant judgment is required in evaluating and estimating our tax expense and liabilities. We may be exposed to additional tax liabilities arising out of transactions and calculations for which the ultimate tax determination is uncertain.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

We have limited insurance coverage. In line with general market practice, we do not maintain any business interruption insurance, which is not mandatory under laws in mainland China. We also do not maintain key-man life insurance or insurance policies covering damages to our IT infrastructure or IT systems. Any disruption in our IT infrastructure or IT systems or natural disasters may cause us to incur substantial costs and divert our resources, and we have no insurance to cover such losses. We cannot assure you that our insurance coverage is sufficient. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to risks relating to some of the properties we lease.

We lease several properties in mainland China primarily used as office premises. Some of the lessors have not provided us with sufficient documentation to prove their ownership of the properties or their rights to lease the properties to us for our intended use. Therefore, we cannot assure you that these lessors are entitled to lease the properties to us. If the lessors are not entitled to lease the properties to us and the lawful owners of such properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights under such agreements against the owners. In the event that the lawful owners challenge the validity of these lease agreements and claim them to be null and void, we could be required to vacate the premises, incur relocation costs and have limited legal recourse. Furthermore, we are required under applicable PRC laws and regulations to register our lease agreements with local land authorities. As of the Latest Practicable Date, we had not completed such registration for 18 of the lease agreements for the leased properties. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed timeframe after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority.

RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We are required to complete filing procedures with the CSRC for the [REDACTED] and the [REDACTED] of our H Shares on the Hong Kong Stock Exchange, and we may be subject to additional regulatory requirements under new laws and regulations on overseas securities [REDACTED] and [REDACTED] issued by the PRC government authorities for our future [REDACTED].

On July 6, 2021, the General Office of the State Council together with another authority jointly promulgated the Opinion on Severely Punishing Illegal Activities in Securities Market, which calls for the enhanced administration and supervision of overseas-listed PRC-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "**Overseas Listing Trial Measures**") and five supporting guidelines, which took effect on March 31, 2023. According to the Overseas Listing Trial Measures, we, as a PRC domestic company seeking to [**REDACTED**] and [**REDACTED**] securities in overseas markets, are required to file with the CSRC within three working days after submitting the [**REDACTED**] documents to the overseas supervisory authorities. In addition, pursuant to the Overseas Listing Trial Measures, issuers are also required to submit subsequent reports to the CSRC on relevant information or material events, such as change of control or voluntary or forced delisting of the issuers who have completed overseas [**REDACTED**] and [**REDACTED**].

Given that the Overseas Listing Trial Measures are relatively new, their interpretation, application, and enforcement are still evolving and we are closely monitoring how they will affect our operations and our future financing. In addition, 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 [**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.

Changes in the economic, political or social conditions or government policies of the jurisdictions where we operate could have a material adverse effect on our business and operations.

Our business, financial condition, results of operations and prospects are substantially affected by political, economic and legal developments both in the PRC and overseas markets where we operate. Economic growth in these markets has been uneven, varying both geographically and across different sectors within the economies.

Changes in the political environment could also increase our costs, heighten our exposure to legal and business risks, disrupt our operations and affect our results of operations. Government authorities in mainland China and other jurisdictions implement various measures to encourage economic growth. These measures may include differential policies towards specific groups of companies. In addition, the overall economic growth in jurisdictions where we operate is influenced by government regulations and policies related to capital investments, monetary policies, regulation of financial services and institutions, preferential treatment to particular industries or companies. Any changes in these regulations and policies could affect the business environment in the jurisdictions where we operate, thus impacting our business and our growth prospects. Furthermore, any economic downturn could create an uncertain economic outlook in markets where we currently operate or may operate in the future, which may adversely affect our business, financial condition and results of operations.

U.S. outbound investment regulations and other foreign laws and regulations could have a negative impact on our ability access to capital in the future.

The U.S. government has implemented various regulations and policies restricting outbound investment in China. These regulations and policies are increasingly designed at exerting greater U.S. government oversight over certain U.S. direct and indirect investments involving China in certain identified technology sectors. In October 2024, the U.S. Department of the Treasury (the "**Treasury**") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**OIR**"). The OIR, effective on January 2, 2025, targets U.S.-person investments involving persons and entities associated with "Countries of Concern," currently only mainland China, Hong Kong and Macau. The OIR imposes investment prohibitions and notification requirements by U.S. persons on a wide range of investments, including acquisitions of equity, in companies engaged in activities relating to three sectors: (i) advanced microchips and microelectronics, (ii) quantum information technologies, and (iii) AI systems. Certain AI systems, depending on their end use and the computing power used to train them, fall under the OIR's definitions for prohibited and notifiable transactions. In particular, under the OIR, an AI system intended to be used for the control of robotic systems is covered under the definition of a notifiable transaction.

Under the OIR, entities with meaningful ties with a country of concern and engaged in activities relating to specified technologies in the above-listed three sectors are defined as "Covered Foreign Persons." Subject to certain exceptions, equity investments by a U.S. person, as broadly defined in the OIR, in a Covered Foreign Person, are subject to prohibition or notification requirements, depending on the technology involved. Investments by U.S. persons subject to these regulations are defined as "Covered Transactions." For notifiable transactions, the OIR's notification requirements also apply to U.S. person-entities that are the parents of non-U.S. entities that enter into transactions that would be notifiable transactions if entered into by a U.S. person. U.S. persons that either enter into a notifiable transaction or are the parent of a non-U.S. person that enters into a notifiable transaction are required to file notifications regarding such transactions with Treasury no later than 30 days after the relevant purchase. There are certain exceptions for a transactions to be otherwise considered a prohibited transaction or a notifiable transaction, as applicable, including for investments in securities that are publicly traded on a U.S. or non-U.S. stock exchange or over-the-counter markets, the "Publicly Traded Securities Exception." Failing to comply with the OIR's prohibitions or notification requirements or failing to provide accurate and complete information in a filing may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value and US$377,700 (as such amount may be adjusted for inflation), and—for willful violations—criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years.

We are not involved in any of the technologies specified under the OIR's prohibitions, and do not believe that any of our technologies are covered under the definition of notifiable transaction. In our business, to enhance the functionality and user experience of our robot vacuums, we have developed AI algorithms for object recognition, which the path planning module of our robot vacuums can access for recognition tasks, such as image object detection and floor type recognition. In addition, for one model of our robot vacuums that features a mechanical arm to move items out of the unit's path, we developed an AI-based module that determines where the arm should latch onto the item to move it. Although we have integrated these AI systems in our robot vacuums, these AI systems do not control the units, and the control is instead accomplished through a combination of hardware and non-AI rule-based algorithms. Accordingly, we do not believe we are a Covered Foreign Person subject to the OIR. However, neither "robotic system" nor "control" is defined under the OIR. We cannot assure you that the Treasury will not reach a different conclusion, which could implicate the notification requirements under the OIR for U.S. persons. [**REDACTED**] should consult their legal counsel regarding the applicability of the OIR to this [**REDACTED**].

Adverse changes to foreign laws or regulations could also limit out access to capital. The U.S. government may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers, including us. For example, in January 2025, the U.S. government issued a broadly worded "America First Trade Policy," which directs the Treasury and several other executive departments and offices to review a range of international trade and investment policies and rules, including its outbound investment regulations. Subsequently, in February 2025, U.S. President Donald Trump released the America First Investment Policy Memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving "foreign adversaries" including China. The policy memorandum contemplates changes to U.S. international investment policies and rules to a wider range of technologies and a wider range of investments, including publicly traded securities. Upon completion of our [**REDACTED**], the Publicly Traded Securities Exception will be applicable to the [**REDACTED**] of our H Shares on the Hong Kong Stock Exchange based on the current U.S. regulations. Nevertheless, adverse changes to outbound investment regulations and policies may have a material negative impact on our future capital raising efforts, our cross-border collaboration and the [**REDACTED**] of our Shares.

We are subject to governmental economic sanctions and export controls laws that could subject us to liability and impair our ability to compete in overseas markets. Geopolitical tensions resulting in worsening relationship between countries and regions in which we operate may further negatively affect our business and results of operations.

Our global operations subject us to various sanctions and export controls regulations that may be applicable to us. We have exported our products to a large number of countries and regions and derive significant sales from these export sales. Furthermore, we source from certain overseas suppliers components and raw materials for the assembling of our products. If any of the suppliers, countries or regions from which we procure these items imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or components supplied to us, we may not be able to obtain a steady supply of necessary components or raw materials at competitive prices, and our business and operations may be materially and adversely affected.

Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products to certain countries or regions, governments, entities and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products to countries or regions, governments, entities and persons on their respective target list. We take precautions to prevent our products from being provided in violation of these sanctions. However, sanctions and similar laws are complex and our systems may not in all cases prevent violations of these laws. Any non-compliance with these laws could have negative consequences, including government investigations, penalties and reputational harm. 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.

In recent years, there have been heightened complexity in international relations. These types of 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 consumers' business, prospects, financial condition, and results of operations. In addition, as our business depends on markets and supplies located overseas, economic sanctions, export controls, 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 secure the supply of raw materials and key components necessary for our operations and our ability to continue to sell to global consumers and further grow our user base. For details, please see "—Changes in the economic, political or social conditions or government policies of the jurisdictions where we operate could have a material adverse effect on our business and operations."

We are subject to various laws, regulations and regulatory standards and any inability to comply with such requirements and standards may subject us to liabilities.

We are subject to various laws and regulations in the PRC and other jurisdictions in which we operate and are required to comply with all relevant requirements and standards. For example, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in mainland China. According to the Regulation on the Administration of Housing Provident Funds, a mainland China enterprise is required to set up housing provident fund accounts and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law, a mainland China enterprise is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. Contributions by certain of our PRC subsidiaries for some of their employees to the social security and housing provident funds may not have been in compliance with relevant PRC regulations. We had not been subject to any administrative penalties in connection with our contribution of social insurance plans and housing provident fund during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Adviser, based on the applicable PRC regulations, the likelihood that we would be required by relevant authorities to pay the shortfall actively for social insurance and housing provident fund contributions collectively or being subject to material administrative penalties is remote. However, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in mainland China mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period, and to pay penalties if we fail to do so related to social insurance plans and housing provident fund.

In addition, we are required to comply with laws related to outsourcing of work and labor dispatch. Pursuant to the Labor Contract Law of the PRC and the Interim Provisions on Labor Dispatch, the number of dispatched labor that an employer may employ must not exceed 10% of the total number of its employees (i.e., the sum of employees under labor contracts with such employer and the number of labor dispatch used by such employer). As we continue to develop and expand our business, there is no assurance that the number of dispatched labor we use will at all times not exceed 10% of the total number of our employees. The employers who fail to comply with the relevant requirements on labor dispatch shall be ordered by the competent authorities to make correction within a stipulated period. Where the necessary correction is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous and may involve substantial financial resources as well as other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, among other things. Such events could impact our results of operations and financial condition.

Any failure to maintain necessary permits and licenses to operate our business operations under applicable laws and regulations could materially and adversely affect our business and results of operations.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies may create substantial uncertainties to our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in mainland China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations.

We are also subject to evolving laws and regulations governing the intelligent home cleaning industry in mainland China and other markets where we operate. Laws and regulations that are recently enacted in our industry may not comprehensively cover all aspects of economic activities within intelligent home cleaning markets. In particular, the interpretation and enforcement of these laws and regulations may be subject to future implementations. We cannot predict the effect of future legislative developments in the PRC and other jurisdictions on the intelligent home cleaning industry, including the enactment of new laws, amendments to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws.

In addition, we are subject to various laws and regulations of mainland China and other jurisdictions in which we operate and are required to obtain and comply with various permits, licenses, certificates, consents and other approvals from administrative authorities. Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have an adverse effect on our operations. We are also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licenses or certificates. There can be no assurance that we will be able to fulfill the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations. There may be delays on the part of relevant administrative bodies in reviewing our applications and granting approvals.

Changes to laws and regulations applicable to our industry could lead to new and unexpected challenges. The history of prior enforcement activity, or lack of enforcement activity, cannot be predictive of future enforcement actions. Therefore, our business operations are subject to increased uncertainties and risks. Any enforcement actions against us could have a material adverse effect on us. Any litigation or governmental investigation or enforcement proceedings may be protracted and may result in substantial cost, diversion of resources and management attention, negative publicity, and damage to reputation. As a result, our business, results of operations and financial condition may be adversely affected.

Laws and regulations over foreign currency conversion and on the remittance of funds into and out of the PRC may affect our utilization of our revenue and our ability to remit dividends.

Laws and regulations over foreign currency conversion and on the remittance of funds into and out of the PRC may affect our utilization of our revenue and our ability to remit dividends. The PRC government imposes laws and regulations on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of funds into and out of the PRC. Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, can be made in foreign currencies without prior approval of the State Administration of Foreign Exchange of the PRC ("**SAFE**") by complying with certain procedural requirements and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to satisfy our foreign currency demands, and we may not be able to pay dividends in foreign currencies to the holders of our H Shares.

Dividends received by foreign holders of our H Shares and gains derived from the disposition of our H Shares by such holders may be subject to PRC taxation.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to taxes with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not effectively connected to such establishments or premises, are subject to the enterprise income tax of the PRC at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, unless a treaty or similar arrangement provides otherwise. Taxes may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides.

Under the PRC Individual Income Tax Law and its implementation rules, non-PRC resident individuals are generally subject to PRC individual income tax with respect to PRC-sourced income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments.

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) dated June 28, 2011, issued by the State Administration of Taxation of the PRC (the "**SAT**" or the "**State Administration of Taxation**"), domestic non- foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC resident individual holders of H Shares whose name appear on the register of member of H Shares may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if we know the identity of the individual shareholder and the tax rate applicable thereto.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to verification by PRC tax authorities.

Pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares issued by the Ministry of Finance of the PRC (the "**MOF**" or "**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. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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

You may have limited resources in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC against us or our Directors or senior management members named in this document based on Hong Kong or other foreign laws.

Our business operations are primarily conducted in the PRC. In addition, a substantial majority of our Directors and senior management members reside in the PRC. Therefore, it may be difficult for [**REDACTED**] to effect service of process upon those persons residing in the PRC or to enforce against us or them in PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside mainland China may be difficult or even impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (the "**Arrangement**"). Under the Arrangement, a party with an enforceable final court judgment rendered by any designated people's court of mainland China or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people's court of mainland China or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute did not agree to enter into a choice of court agreement in writing. In addition, the Arrangement has expressly provided for "enforceable final judgment," "specific legal relationship" and "written form." As a result, it may be difficult or impossible for [**REDACTED**] to effect service of process against certain of our assets, Directors, or senior management members in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between mainland China and Hong Kong (the "**New Arrangement**"). The New Arrangement will broaden the scope of judgments that may be enforced between mainland China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement will replace the Arrangement when the former becomes effective. The New Arrangement became effective on January 29, 2024 both in mainland China and in Hong Kong. However, the Arrangement remains applicable to a written choice of court agreement within the meaning of the Arrangement that was made before the effective date of the New Arrangement. Under the New Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has been signed, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a PRC court.

RISKS RELATED TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of the PRC and Hong Kong.

As we are listed on the Shanghai 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 an exemption is available. Accordingly, we may incur additional costs and resources in continuously complying with all applicable listing rules and other regulatory regimes in the two jurisdictions.

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

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [**REDACTED**] on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**Hong Kong Stock Exchange**"). Under the current PRC laws and regulations, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. The H Share and A Share markets have different trading characteristics, each have different 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, and the historical prices of our A Shares may not be indicative of the [**REDACTED**] of our H Shares. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, vice versa. Therefore, you should not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] decision in our H Shares.

There has been no prior [REDACTED] for our H Shares, and their liquidity and [REDACTED] maybe volatile, which could lead to substantial losses to [REDACTED].

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate [**REDACTED**] and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. The [**REDACTED**] for our H Shares to the [**REDACTED**] will be the result of negotiations between us and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. We have applied to the Stock Exchange for the [**REDACTED**] of, and permission [**REDACTED**] in, the H Shares. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and [**REDACTED**] market for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of our H Shares will not decline following the [**REDACTED**].

Furthermore, the [**REDACTED**] and [**REDACTED**] volume of our H Shares may be volatile. The following factors, among others, may affect the volume and [**REDACTED**] at which our H Shares will [**REDACTED**]

- variations in our revenue, earnings and cash flow;
- announcement of new investments, business collaborations, strategic alliances or acquisitions;

- any unexpected business interruptions resulting from epidemics, natural disasters or power shortages;
- any major changes in our Directors, senior management or other key personnel;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete with our competitors effectively;
- political, economic, financial and social developments; or
- fluctuations in market prices for our products or raw materials.

Moreover, shares of other companies [**REDACTED**] on the Stock Exchange with operations and assets in mainland China have experienced significant [**REDACTED**] volatility in the past. It is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance and as a result, [**REDACTED**] in our H Shares may suffer substantial losses.

Future sales or perceived sales of substantial amounts of our Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future.

Substantial future sales or the expectation of substantial sale of our Shares in the [**REDACTED**] following the [**REDACTED**] could materially and adversely affect the [**REDACTED**] of our H Shares. Future sales of a significant number of our Shares by our Shareholders in the [**REDACTED**] after the [**REDACTED**], or the perception that these sales could occur, could cause the [**REDACTED**] of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our Shares. We cannot assure you that our Shareholders will not dispose of Shares held by them or that we will not [**REDACTED**] Shares pursuant to the general mandate to [**REDACTED**] shares granted to our Directors or otherwise. We cannot predict the effect, if any, that any future sales of Shares by our Shareholders or the issuance of Shares by the Company may have on the [**REDACTED**] of the H Shares. Sale or issuance of a substantial number of Shares by our Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing [**REDACTED**] of the H Shares.

In addition, while [**REDACTED**] subscribing shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they subscribed [(except as disclosed in "[**REDACTED**]")], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold either immediately, or within certain period upon the completion of the [**REDACTED**] for legal and regulatory, business and market, or other factors. Any sale of the H Shares subscribed by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material adverse effect on the [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

[As the [REDACTED] of our H Shares is higher than our consolidated net tangible asset per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [**REDACTED**] per Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if we [**REDACTED**] additional H Shares in the future to raise additional capital.]

Our Single Largest Shareholder may have substantial influence over the Company and their interests may not be aligned with the interests of other Shareholders.

Our Single Largest Shareholder has 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 following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the number of repurchased A Shares held in our Company's stock repurchase account and the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue), our Single Largest Shareholder will hold approximately [**REDACTED**] of the total issued Shares (excluding treasury shares) of our Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their H Shares as part of a sale of the Company and might reduce the [**REDACTED**] of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interest of our Single Largest Shareholder may differ from the interests of our other Shareholders. It is possible that our Single Largest Shareholder 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.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will declare and pay dividends in the future.

We have declared dividends in the past. However, we cannot make any assurance that dividends of any amount will be declared or distributed by us in any period in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. 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. For further details of our dividend policy, see "Financial Information—Dividend Policy." No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of the PRC, payments of current account items, including profit distributions, interest payments and trade, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange regulations affect our ability 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. Further, we cannot assure you that new regulations will not be promulgated in the future that could affect the remittance of Renminbi into or out of mainland China.

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

As our A Shares are listed on the Shanghai 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 us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in the PRC, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective [**REDACTED**] in our H Shares should be reminded that, in making their [**REDACTED**] decisions as to whether to [**REDACTED**] in our H Shares, 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**].

Certain facts, forecast and other statistics in this document are derived from various publicly available sources, which have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various publicly available sources, including government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. 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. Nevertheless, information from government and official sources has not been independently verified by us, the Joint Sponsors, [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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 "aim," "anticipate," "believe," "could," "predict," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and the negative of these terms as well as 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 publicly to update or otherwise revise the forward-looking statements in this document, 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.

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

We may be subject to press and media coverage prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the [**REDACTED**]. The press and media may include certain financial information, industry comparisons, profit forecasts and other information about us that does not appear in this document.

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 the H Shares. 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 ourselves or the [**REDACTED**].

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, reports or publications. Accordingly, prospective [**REDACTED**] should not rely on any such information, reports or publications in making their [**REDACTED**] decisions regarding the [**REDACTED**].

In making their decisions as to whether to [**REDACTED**] in our H Shares, prospective [**REDACTED**] should only rely on the financial, operational and other information included in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong. 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, the [**REDACTED**] and any formal announcements made by us in Hong Kong.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our Group's management, business operations and assets are primarily based outside Hong Kong. The headquarters and senior management of our Group are primarily based in the PRC, where the Group's management is best able to attend to its functions. Our Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Group and therefore would not be in the best interests of our Company and Shareholders as a whole. Accordingly, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. In order to maintain regular and effective communication with the Stock Exchange, we will put in place the following measures:

- we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Ms. Sun Jia ("**Ms. Sun**"), our executive Director and secretary to the Board, and Mr. Ng Tung Ching Raphael ("**Mr. Ng**"), our joint company secretary (together, the "**Authorized Representatives**"). The Authorized Representatives will be readily contactable by the Stock Exchange by telephone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

- each of the Authorized Representatives will have all necessary means to contact the Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;

- 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;

- our Company will retain a Hong Kong legal adviser to advise on matters relating to the application of the Listing Rules and other applicable Hong Kong laws and regulations after [**REDACTED**];

- Lego Corporate Finance Limited, our compliance adviser, will act as an additional channel of communication with the Stock Exchange, and we will ensure that the compliance adviser will have access to our Authorized Representatives, Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the compliance adviser may need or may reasonably request in connection with the performance of the compliance adviser's duties as set forth in Chapter 3A of the Listing Rules; and

- pursuant to Rule 3.20 of the Listing Rules, each Director will provide his or her telephone number, mobile phone number, facsimile number, email address, residential address and correspondence address, where available, to the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their 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:

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

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

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

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

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

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

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

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Sun, our executive Director and secretary to the Board, and Mr. Ng Tung Ching Raphael of Computershare Hong Kong Investor Services Limited, as the joint company secretaries of our Company. Please see the section headed "Directors and Senior Management—Joint Company Secretaries" in this document for their biographies.

Mr. Ng is an associate member of both The Hong Kong Chartered Governance Institute (the "**HKCGI**", formerly known as the Hong Kong Institute of Chartered Secretaries) and 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.

Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. Sun, who is a member of the senior management and an employee of our Company and who has day-to-day knowledge of our Company's affairs. Ms. Sun has the necessary nexus to the Board and close working relationship with the management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied 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 for a three-year period from the [**REDACTED**], in accordance with paragraphs 11 to 17 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Mr. Ng is appointed as a joint company secretary to assist Ms. Sun in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; (ii) the waiver will be revoked immediately if Mr. Ng, during the three-year period, ceases to provide assistance to Ms. Sun as a joint company secretary; and (iii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Sun will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Our Company will further ensure that Ms. Sun has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer [**REDACTED**] on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Ms. Sun and the need for on-going assistance of Mr. Ng will be further evaluated by our Company. We will demonstrate that Ms. Sun, having benefited from the assistance of Mr. Ng 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 Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Chang Jing (昌敬)	13-3-901 Guofeng Meitang Complex Changping District Beijing PRC	Chinese
Mr. Quan Gang (全剛)	Room 201, Unit 2, 2/F Building 6, Yard 20 Anju Road Shigezhuang Subdistrict Office Changping District Beijing PRC	Chinese
Ms. Sun Jia (孫佳)	Room B202 Courtyard 5 Liye Road Changping District Beijing PRC	Chinese
Non-executive Director		
Mr. Wu Qi (吳奇)	Dormitory Building 06 1881 Jiyin Avenue Jiangning District Nanjing City Jiangsu Province PRC	Chinese
Independent Non-executive Directors		
Dr. Liu Fei (劉飛)	Room 207, Building 10 Yuetan Subdistrict Xicheng District Beijing PRC	Chinese

Name	Address	Nationality
Mr. Chan Fan Shing (陳帆城)	Flat C, 6/F Chiap Thong Building 321 To Kwa Wan Road To Kwa Wan, Kowloon Hong Kong	Chinese (Hong Kong)
Dr. Ma Lijun (馬黎珺)	2-1-702 Courtyard 2 Jianxing Street Shijingshan District Beijing PRC	Chinese
Dr. Zhang Yanan (張亞男)	Room 503, Unit 7 Building 5, Courtyard 31 Xitucheng Road Haidian District Beijing PRC	Chinese

Please refer to the section headed "Directors and Senior Management" in this document for further details.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**J.P. Morgan Securities (Far East) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway Hong Kong

[REDACTED]

Legal Advisers to Our Company	*As to Hong Kong and U.S. laws:* **Cleary Gottlieb Steen & Hamilton (Hong Kong)** 37/F, Hysan Place 500 Hennessy Road Causeway Bay Hong Kong
	As to PRC law: **Commerce & Finance Law Offices** 12-15/F, China World Office 2 No. 1 Jianguomenwei Avenue Beijing PRC

Legal advisers to the Joint Sponsors and [REDACTED]	*As to Hong Kong and U.S. laws:* **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B Jing'an International Center 88 Puji Road, Jing'an District Shanghai PRC

[**REDACTED**]

Registered office and Headquarter	Room 1001, Floor 10, Building 3 Yard 17, Anju Road Changping District Beijing PRC
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's website	**www.roborock.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Ms. Sun Jia (孫佳)** Room 1001, Floor 10, Building 3 Yard 17, Anju Road Changping District Beijing PRC **Mr. Ng Tung Ching Raphael (吳東澄)** *(ACG HKACG)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Ms. Sun Jia (孫佳)** Room 1001, Floor 10, Building 3 Yard 17, Anju Road Changping District Beijing PRC **Mr. Ng Tung Ching Raphael (吳東澄)** 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Audit Committee	Mr. Chan Fan Shing (陳帆城) *(Chairperson)* Dr. Liu Fei (劉飛) Dr. Zhang Yanan (張亞男)

Remuneration and Evaluation Committee	Mr. Chan Fan Shing (陳帆城) *(Chairperson)* Mr. Quan Gang (全剛) Dr. Ma Lijun (馬黎珺)
Nomination Committee	Dr. Liu Fei (劉飛) *(Chairperson)* Ms. Sun Jia (孫佳) Mr. Chan Fan Shing (陳帆城)
Strategy and ESG Committee	Mr. Chang Jing (昌敬) *(Chairperson)* Mr. Quan Gang (全剛) Dr. Liu Fei (劉飛) Mr. Chan Fan Shing (陳帆城)

[**REDACTED**]

Compliance Adviser	**Lego Corporate Finance Limited** Room 1505, 15/F Wheelock House 20 Pedder Street Central Hong Kong
Principal Banks	**China Merchants Bank Co., Ltd.** **Beijing Datun Road Branch** 1st Floor, Building 1 Yard 66, Nanshatan Chaoyang District Beijing, PRC **Bank of Ningbo Co., Ltd.** **Beijing Zhongguancun Branch** Room 501, 5th Floor & Room 103, 1st Floor Building 1, Haidian Street Haidian District Beijing, PRC **Bank of Communications Co., Ltd.** **Beijing Huizhongli Branch** Building 413, Huizhong Beili Chaoyang District Beijing, PRC

*The information and statistics set out in this section and other sections of this document were extracted from a report prepared by China Insights Consultancy ("**CIC**"), which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the* [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Joint Sponsors,* [**REDACTED**], *any of their respective directors, employees, agents or advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy, fairness and completeness. For a discussion of the risks relating to our industry, see "Risk Factors." Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the CIC Report that would qualify, contradict or have a material impact on the information in this section.*

GROWTH AND OPPORTUNITIES OF INTELLIGENT HOME CLEANING PRODUCTS

Overview

Cleaning has long been an essential aspect of modern living. The demand for more efficient, hassle-free, and time-saving cleaning products continues to grow as people place greater importance on maintaining tidy and well-organized spaces for fast-paced living, working, and entertaining. The home cleaning industry encompasses a wide range of equipment designed for residential use to remove dust, stains, hair, and debris from floors, walls, and furniture surfaces. This industry spans from traditional manual tools to more advanced semi-automated and fully automated devices, catering to a diverse array of household cleaning needs.

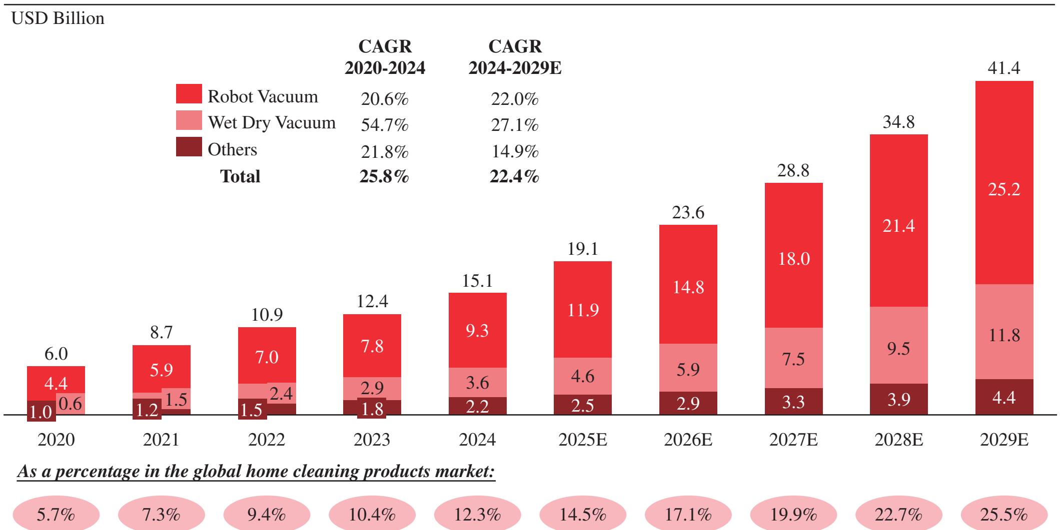
Intelligent home cleaning products represent the latest evolution in this industry, integrating automation, intelligent control, and sensor-based technologies. These products include robot vacuums, wet dry vacuums, as well as other specialized products. Unlike traditional home cleaning products, intelligent home cleaning products minimize manual effort by leveraging automation and innovations. Key innovations in both software and hardware have significantly improved their utility, driving continued consumer adoption.

Market Size

Globally, the market size of the home cleaning products in terms of GMV increased from US$105.5 billion in 2020 to US$122.1 billion in 2024, representing a CAGR of 3.7%, and is expected to increase to US$162.0 billion in 2029, representing a CAGR of 5.8% from 2024 to 2029.

The market for intelligent home cleaning products has been witnessing a faster growth. Globally, the market size of intelligent home cleaning products increased from US$6.0 billion in 2020 to US$15.1 billion in 2024, representing a CAGR of 25.8%, and is expected to increase to US$41.4 billion in 2029, representing a CAGR of 22.4% from 2024 to 2029. A shift in consumer preference toward smarter home cleaning solutions has driven the growing market share of intelligent home cleaning products, which increased from 5.7% in 2020 to 12.3% in 2024, and is expected to reach 25.5% by 2029. The following chart shows the market size of intelligent home cleaning products globally in terms of GMV by product category for the periods indicated.

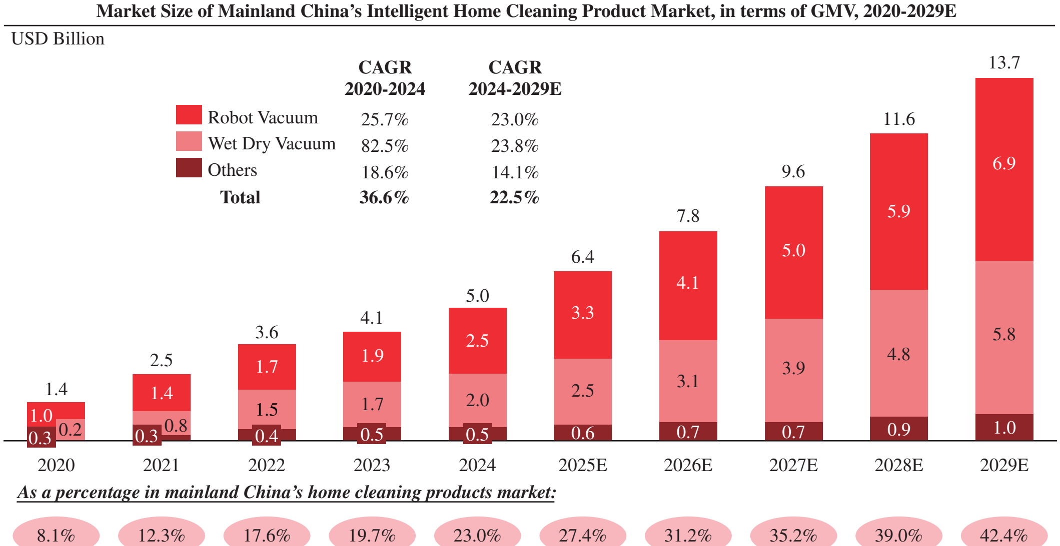
Market Size of the Global Intelligent Home Cleaning Product Market, in terms of GMV, 2020-2029E



Source: CIC

In 2024, mainland China has the largest market for intelligent home cleaning products. The market size of intelligent home cleaning products in mainland China in terms of GMV increased from US$1.4 billion in 2020 to US$5.0 billion 2024, representing a CAGR of 36.6%. It is expected to further increase to US$13.7 billion in 2029, representing a CAGR of 22.5% from 2024 to 2029. Within the overall home cleaning products market in mainland China, intelligent home cleaning products accounted for 23.0% in 2024, a significant increase from 8.1% in 2020. This share is expected to further increase to 42.4% in 2029, in line with the anticipated rising adoption of intelligent home cleaning products in mainland China. The following chart shows the market size of intelligent home cleaning products in mainland China in terms of GMV by product category for the periods indicated.

Market Size of Mainland China's Intelligent Home Cleaning Product Market, in terms of GMV, 2020-2029E



Source: CIC

ROBOT VACUUM MARKET

Overview

Among the major categories of intelligent home cleaning products, robot vacuums stand out as the largest subsegment with strong growth potential. Robot vacuums automate floor cleaning and ease high-frequency, time-consuming, and labor-intensive household tasks. New generations of robot vacuums are being rolled out continuously, aiming at optimizing cleaning experience by reducing manual intervention, delivering consistently effective cleaning performance, and minimizing maintenance requirements.

Technological advancements play a crucial role in the evolution of robot vacuums, expanding their functionality and redefining performance boundaries. The following diagram shows the four main stages of technological advancements of robot vacuums.

	Stage I (Before 2016)	Stage II (2016–2018)	Stage III (2018–2020)	Stage IV (After 2020)
Milestone	• Emergence of home robot vacuums	• Global path planning and obstacle avoidance	• Single-function docking station	• All-in-one docking station
Navigation and Obstacle Avoidance	• No path planning • Mechanical collision-based avoidance	• Global path planning • SLAM + LiDAR • Infrared- or laser-based avoidance	• Global path planning • SLAM + LiDAR • Vision based avoidance	• Global path planning • SLAM + LiDAR / 3D ToF + structured light • Multi-sensor fusion • Automatic chassis lift • ...
Cleaning Performance	• Weak suction power (~1,000 Pa)	• Weak suction power (1,000 - 2,000 Pa)	• Mediocre suction power (up to 2,500 Pa) • Automatic recharge and resume cleaning • Vacuuming and mopping integration	• Strong suction power (up to 20,000+ Pa) • Automatic recharge and resume cleaning • Vacuuming and mopping integration • Edge cleaning • Smart stain detection • …
Self-Maintenance	• Manual dustbin emptying • Manual hair removal	• Manual dustbin emptying • Manual hair removal	• Automatic dust collection • Manual water refill and detergent dispensing for mop cleaning • Manual hair removal	• Automatic dust collection • Automatic water refill, detergent dispensing and drying for mop cleaning • Anti-tangle brush systems • …
Other Smart Functions	• N/A	• N/A	• Voice assistance	• Voice interaction and remote control • Multi-floor mapping memory • Mechanical arms • …

Weak/Low → Strong/High

Source: CIC

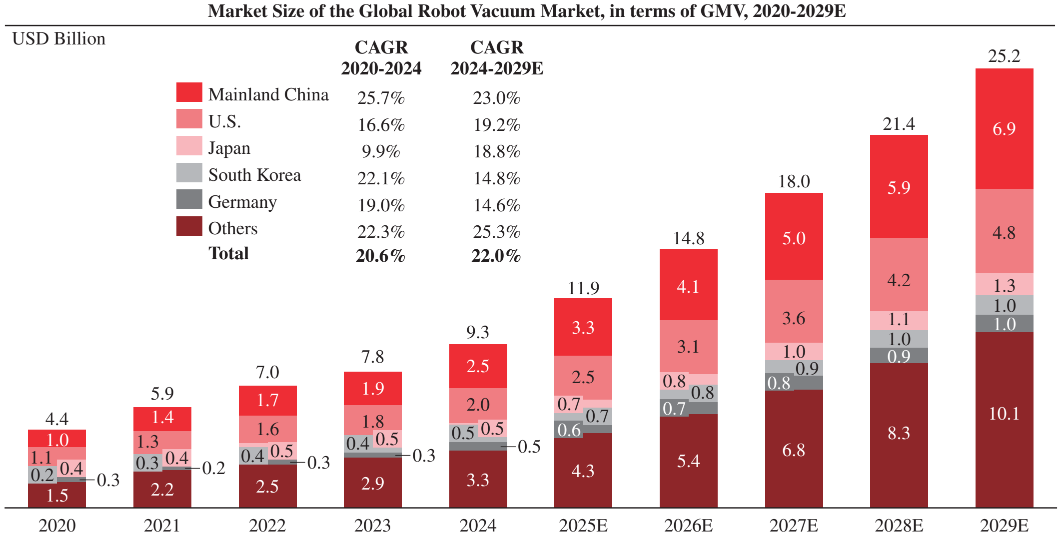
Major milestones, such as global path planning and obstacle avoidance, single-function docking stations and all-in-one docking stations, have continuously enhanced the functionality and user convenience of robot vacuums. More recent innovations, such as advancements in natural user interaction and the integration of mechanical arms, have further expanded their capabilities beyond basic floor cleaning, positioning them as potential hubs for interaction and coordination within the modern smart home ecosystem.

Today, global consumers are embracing a wider range of feature-rich robot vacuums that meet their diverse needs. In particular, although high-end models are typically positioned at higher price points, consumer acceptance and willingness to invest in such products continue to grow, driven by the enhanced user experience they offer. As a result, the global average selling price of robot vacuums increased from US$308 in 2020 to US$452 in 2024, and is expected to increase further as new technological breakthroughs and product features continue to drive consumers' willingness to pay for more advanced models that support premium pricing.

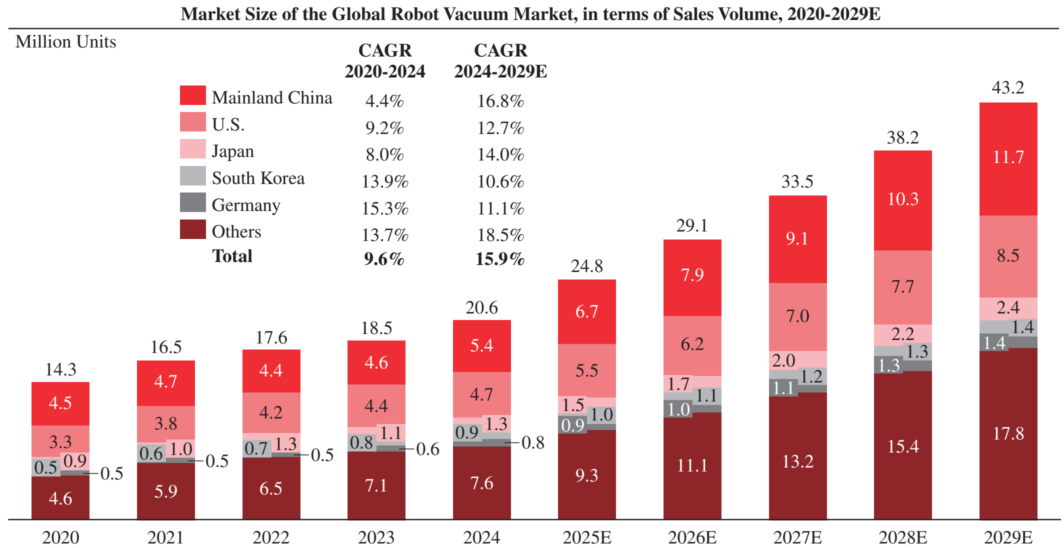
Market Size

Globally, the market size of robot vacuums in terms of GMV increased from US$4.4 billion in 2020 to US$9.3 billion in 2024, representing a CAGR of 20.6%, and is further expected to increase to US$25.2 billion in 2029, representing a CAGR of 22.0% from 2024 to 2029. The global sales volume of robot vacuums increased from 14.3 million units in 2020 to 20.6 million units in 2024, representing a CAGR of 9.6%, and is expected to further increase to 43.2 million units in 2029, representing a CAGR of 15.9% from 2024 to 2029. The following charts show the market size of robot vacuums globally in terms of GMV and sales volume, respectively, for the periods indicated.

Market Size of the Global Robot Vacuum Market, in terms of GMV, 2020-2029E



Source: CIC



Source: CIC

In terms of market size, mainland China, the United States, Japan, South Korea and Germany were the five largest markets of robot vacuums in 2024. The following sets forth major characteristics of each market:

- ***Mainland China.*** Mainland China has the largest robot vacuum market. Chinese consumers actively embrace new models that offer full automation, strong cleaning performance, and a seamless user experience. This market is highly competitive, driven by rapid product innovation and iteration.

- ***United States.*** The U.S. robot vacuum market is characterized by strong local brand loyalty. Local consumers prioritize ease of use, reliability, and integration with broader smart home ecosystem.

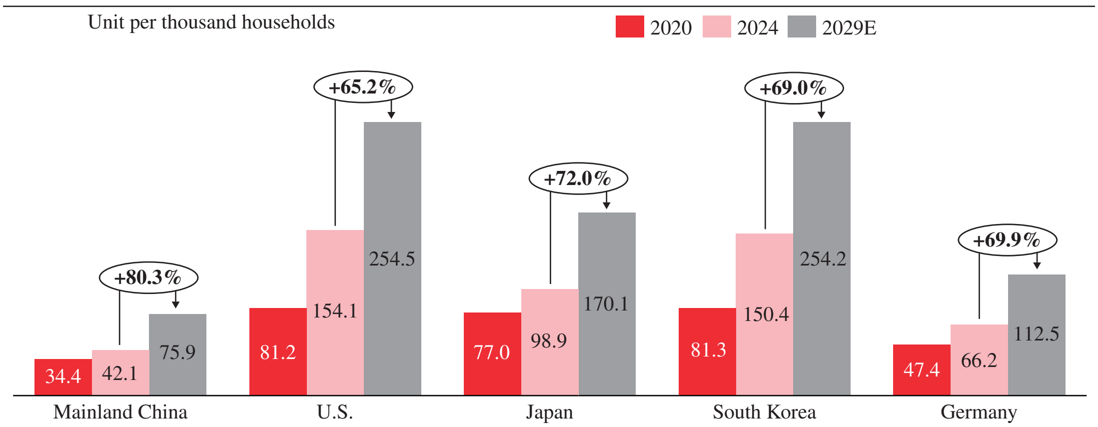
- ***Japan.*** Japan's robot vacuum market is quality-sensitive. Compact designs and low-noise performance are particularly valued, due to the smaller layouts of local households. Brand trust and localized usability remain crucial for success in this market.

- ***South Korea.*** South Korea's robot vacuum market was traditionally dominated by local consumer electronics giants, with consumers prioritizing high-end, high-specification electronics. Key factors influencing consumers' purchasing decision in this market include high product quality, easy-to-use innovation, robust reliability, high standards, and localized after-sales service.

- ***Germany.*** Germany's robot vacuum market values product quality and reliability. As interest grows in high-specification and high-value brands, competition shifts towards user experience. Automation, cleaning precision, and smart home integration are becoming key differentiators.

Global adoption of robot vacuums has been rapidly increasing, as evidenced by rising household penetration rates. The following chart shows the household penetration rates of robot vacuums in mainland China, the United States, Japan, South Korea, and Germany, for the periods indicated. Among these five largest markets, the household penetration rate of robot vacuums in the other four markets are higher than that in mainland China, as robot vacuums were introduced earlier and have benefited from longer consumer education cycles. The household penetration rate of robot vacuums in mainland China remains relatively low, as robot vacuums are still in early stage of democratization, leaving significant potential for further growth.

Household Penetration of Robot Vacuums in the Five Largest Markets, 2020-2029E



Source: CIC

The penetration of robot vacuums across major markets is expected to continue, driven by enhanced product competence and rising consumer awareness. Ongoing technological advancements are also expected to transform robot vacuums from discretionary purchases into essential household appliances. In addition, the expansion of omni-channel distribution and retail networks is expected to further accelerate global market growth.

Competitive Landscape

Globally, the market for robot vacuums is relatively concentrated. In 2024, the top five brands, in aggregate, accounted for 73.1% and 61.5% of the market, in terms of GMV and sales volume, respectively. In 2024, our robot vacuums captured a market share of 23.4% by GMV and 16.7% by sales volume, ranking first globally in the robot vacuum industry on both metrics. The following table sets forth the global market shares of the top five robot vacuum brands in 2024.

Rank	Brand	Global Robot Vacuums Market Share by GMV, 2024	Global Robot Vacuums Market Share by Sales Volume, 2024
1	Roborock	23.4%	16.7%
2	Brand A[(1)]	15.1%	13.5%
3	Brand B[(2)]	12.2%	13.7%
4	Brand C[(3)]	11.7%	8.0%
5	Brand D[(4)]	10.8%	6.6%

Notes:

(1) Brand A is operated by a smart home robotics company founded in mainland China in 1998. The company primarily focuses on home cleaning robots, smart home appliances, and commercial service robots. It is listed on the Shanghai Stock Exchange.

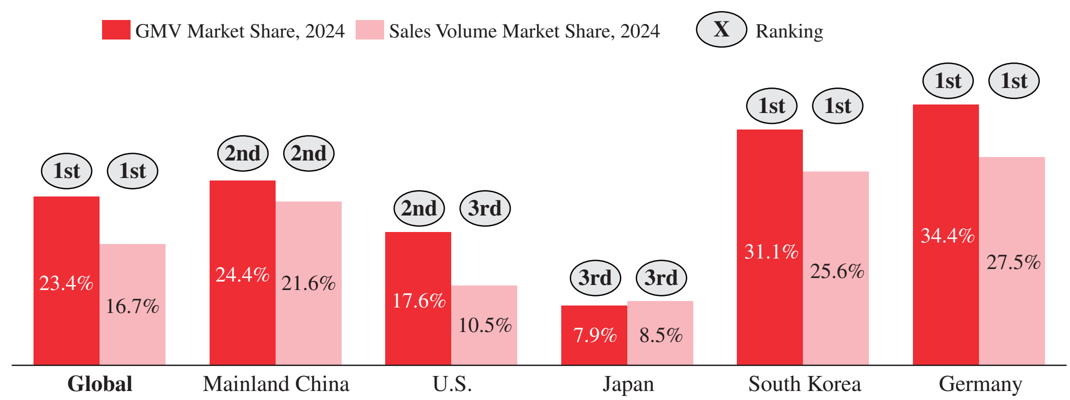
(2) Brand B is operated by a consumer robot company founded in the U.S. in 1990. The company primarily focuses on robot vacuums, robot mops, air purifiers, and handheld vacuums. It is listed on the NASDAQ Stock Exchange.

(3) Brand C is operated by a smart home cleaning appliances company founded in mainland China in 2017. The company primarily focuses on robot vacuums, robot mops, cordless vacuums, wet dry vacuums, and high-speed hair dryers. It is a private company.

(4) Brand D is operated by a smart home robotics company founded in mainland China in 2016. The company primarily focuses on robot vacuums and wet dry vacuums. It is a private company.

Notably, we ranked among the top three robot vacuum brands, both in terms of GMV and sales volume, in each of the world's five largest markets of robot vacuums in 2024, as shown in the following chart.

Roborock's Rankings in the Five Largest Global Markets, 2024



Source: CIC

In 2024, we were the No. 1-selling robot vacuum brand in South Korea, securing a 31.1% market share by GMV and 25.6% by sales volume, according to CIC. In 2024, our robot vacuums also captured approximately 40% share, in term of GMV, from the over ₩1 million segment in South Korea, according to CIC. Additionally, in 2024, we ranked the second by GMV with a market share of 17.6% and the third by sales volume with a market share of 10.5% in the United States. In 2024, our robot vacuums also took over 50% share, in terms of GMV, from the over US$800 segment in the United States, according to CIC.

Looking into the future, the market size of the other countries and regions as measured by GMV is expected to grow at CAGR of 25.3% from 2024 to 2029, a faster pace than the global average, indicating massive market growth opportunities.

Growth Drivers

Major factors driving the growth of the robot vacuum market include:

- ***Faster-paced urban lifestyles.*** Rapid urbanization has accelerated the pace of life. As time available for routine household chores becomes increasingly limited, demand for convenient, low-maintenance, and intelligent cleaning solutions has grown. Robot vacuums, with their autonomous operation and time-saving capabilities, are well-positioned to meet the needs of urban consumers seeking to maintain cleanliness with minimal effort.

- ***Technological innovation.*** Advanced sensors such as LiDAR, combined with AI-enabled obstacle avoidance systems, enable precise localization, comprehensive mapping and reliable navigation. Other innovations, such as integrated docking stations that automate dust collection, mop washing, and drying, have further enhanced the functionality and utility of robot vacuums. These innovations enable robot vacuums to cover comprehensive cleaning scenarios and optimize the cleaning process.

- ***Evolving demands from consumers.*** As consumer demands evolve, robot vacuums designs have been continually enhanced to better align with these changes. To meet shifting demands, robot vacuums have been designed with enhanced mobility, mechanical arms and intelligent systems enabling command recognition. These innovations significantly expand the relevance of robot vacuums across diverse user profiles and household scenarios, driving broad adoption across varying home layouts, cleaning needs and lifestyles.

- ***E-commerce expansion.*** The rapid growth of e-commerce platforms has accelerated the adoption of robot vacuums. Online marketplaces such as Amazon, Tmall, and other regional retailers offer consumers convenient access to a range of models catered to varying needs and budgets. E-commerce platforms enable competitive pricing and targeted promotional campaigns, and facilitate consumer purchasing decisions through access to comprehensive product information, thereby supporting broader adoption of robot vacuums. In addition, e-commerce channels reduce geographic barriers and allow brands to expand into emerging markets such as Southeast Asia and Latin America.

- ***Functions beyond basic floor cleaning.*** Robot vacuums have evolved beyond basic floor cleaning, transforming into multifunctional intelligent devices capable of interacting with objects in the three-dimensional space. In addition, by interacting with other intelligent home products, robot vacuums are also becoming central components in the broader smart home ecosystem.

Entry Barriers

The market for robot vacuums is characterized by high barriers to entry, including:

- ***Technological capabilities.*** Industry leaders benefit from years of accumulated expertise in technology, supported by large multidisciplinary teams driving the development of core patents. Technological advancements and innovations in the industry often involve deep integration of mechanical design and control logic as well as deep insights into algorithms. New entrants need to either license processes and technology from established companies or invest substantial capital in an attempt to match the capabilities of established companies.

- ***Engineering capabilities.*** Industry leaders possess strong engineering capabilities that enable the seamless integration of advanced features into compact and unified systems while maintaining durability, reliability, and cost-efficiency. The ability to translate technological breakthroughs into commercially viable designs is essential in achieving success in this industry. New entrants need to demonstrate comparable engineering capabilities to ensure the performance and quality of their products.

- ***Strong brand awareness.*** The global robot vacuum market is relatively concentrated, making brand recognition and consumer loyalty critical competitive factors. Strong brand recognition not only reflects consumer trust but also contributes to sustained long-term competitiveness. The established market position of existing, well-known brands, as well as the time and financial resources required to build brand recognition, may create a substantial barrier to entry.

- ***Product localization and global distribution networks.*** When entering local markets, brands need to tailor their products to meet specific regional preferences and needs to ensure their success. To support this, brands leverage local sales centers and multilingual digital support platforms to provide after-sale services, enhancing brand loyalty and ensuring a consistent user experience across regions. To strengthen market penetration across multiple regions, brands also need to establish global distribution networks, partnering with both mainstream e-commerce platforms and major offline retailers in different markets. However, this may require significant time and financial resources, posing a challenge for new entrants.

- ***Supply chain and production integration.*** Industry leaders leverage extensive production know-how and tightly integrated supply chains that support both scaled production and agility. Established supply chain networks and material sourcing capabilities drive ongoing cost optimization in existing product lines and rapid scaling for new product launches. New entrants face significant operational barriers as they need to develop both manufacturing expertise and responsive supply chain infrastructure.

WET DRY VACUUM MARKET

Overview

While robot vacuums effectively address consumer demand for routine floor cleaning, it remains challenging to conduct deep cleaning, such as removing food residues, liquid spills, sticky dirt, and stubborn stains. Wet dry vacuums are gaining popularity in households, driven by innovative features introduced to address these pain points and meet specific cleaning needs. Together with robot vacuums, they offer consumers effective and comprehensive household surface care.

Key innovations include self-cleaning docking stations, automatic hot-water refill systems, steam cleaning and zero hair-tangle designs. User experience is further elevated through features such as extended battery life and installation-free setup.

The core value proposition of wet dry vacuums includes:

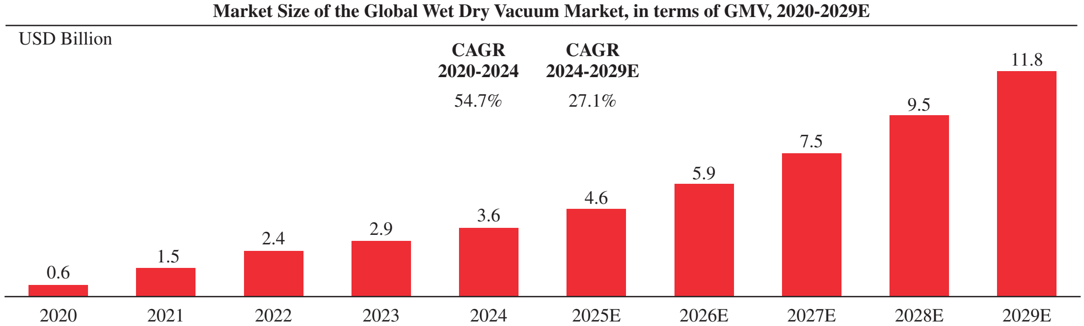
- ***Tailored for specific cleaning demand.*** Wet dry vacuums are well-suited for tackling stubborn stains. For example, the real-time brush-rinsing mechanism enables continuous brush cleaning during operation, preventing re-contamination of the floor. Other features such as strong suction power, precise detergent dosing and rapid brush drying also contribute to optimal deep-cleaning performance.

- ***Precision cleaning.*** Wet dry vacuums offer targeted, high-precision cleaning. Their ergonomic handles and low-profile heads enable users to perform precision cleaning tasks by manually guiding the device along walls, furniture edges, and into tight corners. Their narrow nozzles and specialized corner-cleaning attachments enable users to adjust suction power and water spray to tackle dirt and stains in crevices that may otherwise be hard-to-reach.

Market Size

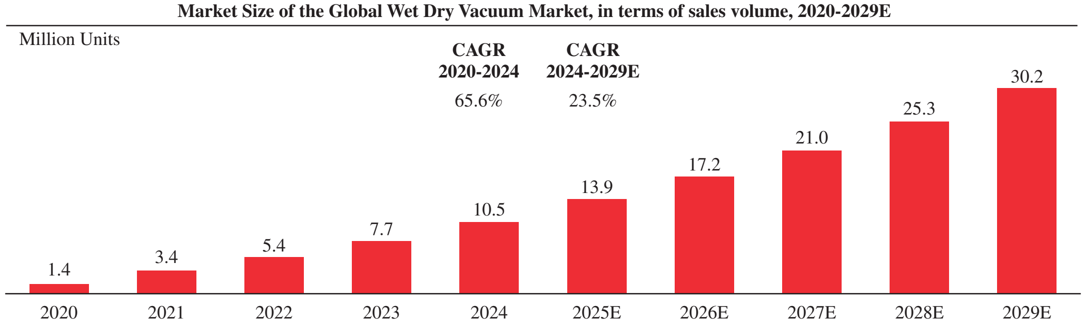
Globally, the market size of wet dry vacuums in terms of GMV increased from US$0.6 billion in 2020 to US$3.6 billion in 2024, representing a CAGR of 54.7%, and is expected to increase to US$11.8 billion in 2029, representing a CAGR of 27.1% from 2024 to 2029. Globally, the sales volume of wet dry vacuums increased from 1.4 million units in 2020 to 10.5 million units in 2024, representing a CAGR of 65.6%, and is expected to increase to 30.2 million units in 2029, representing a CAGR of 23.5% from 2024 to 2029. The following charts show the market size of wet dry vacuums globally in terms of GMV and sales volume, respectively, for the periods indicated.

Market Size of the Global Wet Dry Vacuum Market, in terms of GMV, 2020-2029E



Source: CIC

Market Size of the Global Wet Dry Vacuum Market, in terms of sales volume, 2020-2029E



Source: CIC

Growth Drivers and Trends

Major factors driving the growth of the wet dry vacuum market include:

- ***Continuously Evolving Product Features.*** A growing number of innovative features are expected to drive the adoption of wet dry vacuums:
  - **Intelligence.** Wet dry vacuums have been designed to integrate intelligent functions such as voice guidance, remote app control, and AI-enabled natural-language interpretation;
  - **Low maintenance.** Convenience for wet dry vacuums are enhanced through advanced docking station, anti-tangle and quick drying functions to improve their day-to-day usability;
  - **Long endurance.** Upgrades in battery capacity, water tank volume, and motor efficiency are extending run time and enhancing sustained performance of wet dry vacuums;
  - **Noise optimization.** As users are becoming increasingly sensitive to acoustic comfort in indoor environments, noise reduction has emerged as a key design focus of wet dry vacuums, particularly for homes with children, pets, or shared spaces; and
  - **Strong suction power.** Enhanced suction power has become a primary focus of evolution, enabling deeper waste extraction, markedly improved efficiency and user satisfaction.
- ***Expanding Cleaning Scenarios.*** To address challenges in diverse cleaning scenarios, more brands increasingly focus on developing wet dry vacuums tailored to different home sizes, floor types, and special-use areas. For example, new generations of wet dry vacuums are designed to effectively adapt to real-world cleaning scenarios, featuring low-profile and flat-laying designs. These improved designs enable wet dry vacuums to clean under beds, sofas, and cabinets with ease.
- ***Growth of Online Channels.*** E-commerce livestreams and short video platforms are becoming increasingly influential in shaping consumer behavior and driving sales. These online channels offer real-time product demonstrations, showcasing, comparing and introducing differentiated features of wet dry vacuums. These demonstrations enhance consumer awareness by enabling them to observe the functionality, performance, and differentiated features of the product in action. As a result, purchase conversion rates in the industry have significantly improved, especially among digital-native audiences who favor interactive, on-demand content over traditional advertising.

OTHER INTELLIGENT HOME CLEANING PRODUCTS

Other intelligent home cleaning products include window cleaning robots, mite removers, and fabric cleaners, which address home cleaning scenarios beyond floor care. Window cleaning robots offer a safe and efficient alternative for high-risk glass surfaces, while mite removers and fabric cleaners improve cleanliness and maintenance of soft furnishings. Technological advancements, such as strong adhesion, and smart mite- and dirt-sensing capabilities enhance the utility of these products and accelerate their household adoption. As demand for comprehensive cleaning solutions and household hygiene continues to grow, this segment is expected to achieve sustained penetration in urban markets.

The growing popularity of outdoor living spaces and rising labor costs are driving demand for intelligent outdoor robots. These products are becoming increasingly autonomous and reliable, fueled by technological advancements such as GPS-based navigation, AI-enabled terrain recognition, and cloud-based remote control. Intelligent outdoor robots aim to tackle labor-intensive maintenance tasks in garden and pool environments. Examples include robot lawn mowers and pool cleaning robots, which automate grass trimming, garden edge maintenance, and pool cleanliness. The global market size of robot lawn mowers and pool cleaning robots, in aggregate, in terms of GMV reached US$3.8 billion in 2024, and is expected to grow to US$11.8 billion in 2029, at a CAGR of 25.6%.

Major appliances, including washing machines, refrigerators, and air conditioners, are undergoing rapid transformation through digitalization, automation, and smart connectivity. By integrating smart sensing, personalized settings, remote control, and other intelligent features, these appliances now offer smart features that go beyond basic functionality, and are poised to become essential components in the creation of high-quality living environments in modern homes.

SOURCE OF INFORMATION AND RESEARCH METHODOLOGY

CIC was commissioned to conduct research, provide an analysis of, and to produce a report on the global intelligent home cleaning products industry, and other related economic data, at a fee of US$90,000. The commissioned report has been prepared by CIC independently without the influence from the Company or other interested parties. CIC offers industry consulting services, commercial due diligence and strategic consulting. With a consultant team actively tracking the latest market trends in various industries such as automotive, consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare, TMT and transportation, CIC possesses the most relevant and insightful market intelligence in these sectors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. We have also referred to certain information in the "Summary," "Risk Factors," "Business," and "Financial Information" sections to provide a more comprehensive presentation of the industry in which we operate.

CIC employed both primary and secondary research methods using a variety of resources. Primary research included interviews with key industry experts and leading participants, while secondary research involved analyzing data from publicly available sources, such as the National Bureau of Statistics and General Administration of Customs of the PRC. The market projections in the CIC Report are based on the following key assumptions during the forecast period: (i) that the overall global social, economic, and political environment is expected to maintain a stable trend over the next decade; (ii) that related key industry drivers are likely to continue driving growth in the global intelligent home cleaning industry during the forecast period; and (iii) that there is no extreme force majeure or set of industry regulations in which the market situation may be affected either dramatically or fundamentally.

OVERVIEW

We are a global leader in intelligent home robotics. We were the No.1-selling robot vacuum brand worldwide in 2024, both in terms of GMV and sales volume, according to CIC. We develop a variety of intelligent home cleaning products, including robot vacuums, wet dry vacuums and washer dryers, to meet daily needs of consumers worldwide. Our history can be traced back to July 2014 when we commenced operations through Beijing Roborock Technology Co., Ltd. Over the past decade of development, we have achieved notable global presence. As of December 31, 2024, our products have reached over 20 million households across more than 170 countries and regions.

Since February 2020, our A Shares have been listed on the SSE STAR Market with the stock code of 688169.

OUR KEY MILESTONES

The following table sets out a summary of the key milestones in our corporate and business development:

Year	Event
2014	We were founded as a limited liability company in Beijing.
2016	We launched our first robot vacuum.
2017	We launched Roborock S5, our first Roborock branded robot vacuum, which was the world's first LDS vacuuming and mopping robot.
2018	We officially began our overseas expansion, launching products in the North American and European markets, with more than double the number of units sold compared to the previous year.
2019	Our cumulative global sales volume exceeded 5 million units. We invested RMB190 million in technological innovation during the year.
	We launched S5 Max, with advanced feature that allows mopping with precision water control.
2020	In February, our Company was listed on the SSE STAR Market (stock code: 688169). We were selected for inclusion as a constituent in the SSE STAR Market 50 index in the same year.
	We launched S6 MaxV, which is equipped with industry-first advanced dual-camera obstacle avoidance feature.
	The S6 was shortlisted as one of the best smart home products in the world by the European Hardware Association.

Year	Event
2021	We launched S7, the world's first robot vacuum that combines ultrasonic mopping with intelligent mop lifting, which was subsequently recognized by TIME magazine as one of the Best Inventions of 2021.
	Our cumulative global sales volume exceeded 10 million units.
2022	We launched S7 MaxV Ultra, an industry-first robot vacuum system with hassle-free multipurpose dock, which won 17 best of CES media feature awards.
	We launched our wet dry vacuum, A10, which offers manual control and targeted performance needed for more intensive cleaning needs.
	We ranked first globally in terms of high-end robot vacuum sales volume.
2023	We launched our washer-dryer Zeo Lite, which incorporates Zeo-cycle, our proprietary molecular sieve low-temperature drying technology, pioneering a third drying technology in the industry.
	We put our manufacturing facility into operation in Huizhou, China, achieving an integrated layout for research, production and sales.
	We ranked first globally in terms of robot vacuum GMV.
2024	We ranked as the No.1-selling robot vacuum brand worldwide in 2024, both in terms of GMV and sales volume.
	In the fourth quarter, we launched our first overseas production facilities in our Vietnam contract manufacturing operation.
	Our Company was selected for inclusion as a constituent in the Shanghai Shenzhen CSI 300 index.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation of our Company

In July 2014, our Company was established in the PRC as a limited liability company with an initial registered share capital of RMB0.2 million contributed by Mr. Chang, our Company's largest shareholder at the time, and other then shareholders.

Our Company went through early rounds of share capital increases and received investment from external investors in 2015 and 2016. The consideration for the investments was determined based on arm's length negotiations between the relevant parties, taking into account our valuation and the Group's business operations and financial performance at the time.

Conversion into a Joint Stock Limited Liability Company

Upon the completion of several rounds of share transfer and capital injection, the registered capital of our Company reached RMB10 million. In December 2018, our Company accomplished all procedures required to convert from a limited liability company to a joint stock limited liability company and our registered share capital reached RMB50 million. After the conversion, the shareholding structure of our Company was as follows:

Name of the Shareholder	Number of Shares held	Approximate percentage of shareholding
		(%)
Mr. Chang	15,495,785	30.99
Mao Guohua (毛國華)(1)	2,459,335	4.92
Wu Zhen (吳震)(2)	1,589,585	3.18
Zhang Zhichun (張志淳)(3)	719,750	1.44
Wan Yunpeng (萬雲鵬)(4)	719,750	1.44
Ding Di (丁迪)(5)	3,950,085	7.90
Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥)) ("**Tianjin Jinmi**")	5,925,500	11.85
Lhasa Economic and Technological Development Zone Shunying Investment Co., Ltd. (拉薩經濟技術開發區順盈投資有限公司)	5,925,500	11.85
Beijing Shitou Shidai Information Consulting Partnership (Limited Partnership) (北京石頭時代信息諮詢合夥企業(有限合夥)) ("**Shitou Shidai**")(1)	5,000,000	10.00
Wuxi Woda Venture Capital Partnership (Limited Partnership) (無錫沃達創業投資合夥企業(有限合夥)) ("**Wuxi Woda**")	859,710	1.72
Banyan Consulting Limited ("**Gaorong**")	3,368,550	6.74
QM27 Limited ("**Qiming**")	2,925,025	5.85
City-Scape Pte. Ltd. ("**GIC**")	561,425	1.12
Shunwei Ventures III (Hong Kong) Limited ("**Shunwei**")	500,000	1.00
Total	**50,000,000**	**100.00**

Notes:

(1) Mr. Mao Guohua was then a director of the Company and the executive partner of Beijing Shitou Shidai Information Consulting Partnership (Limited Partnership) (subsequently renamed as Tianjin Shitou Shidai Enterprise Management Consulting Partnership (Limited Partnership) (天津石頭時代企業管理諮詢合夥企業(有限合夥))). As of the Latest Practicable Date, Mr. Mao serves as the supervisor of Beijing Roborock Innovation Technology Co., Ltd. (北京石頭創新科技有限公司), Shenzhen Rock Times Technology Co., Ltd. (深圳洛克時代科技有限公司), Shenzhen Roborock Innovation Technology Co., Ltd. (深圳洛克創新科技有限公司), Beijing Roborock Invision Technology Co., Ltd. (北京石頭啟迪科技有限公司), Huizhou Roborock Intelligent Manufacturing Technology Co., Ltd. (惠州石頭智造科技有限公司), all of which are wholly-owned subsidiaries of our Company.

(2) Mr. Wu Zhen was then a director of the Company and is an Independent Third Party as of the Latest Practicable Date.

(3) Mr. Zhang Zhichun was then the chairman of the supervisory board and employee representative supervisor of the Company and is an Independent Third Party as of the Latest Practicable Date.

(4) Mr. Wan Yunpeng was then a director of the Company and is an Independent Third Party as of the Latest Practicable Date.

(5) Ms. Ding Di is an Independent Third Party as of the Latest Practicable Date.

Listing on the SSE STAR Market

As approved by the CSRC, we completed the initial public offering and listing of our A Shares on the SSE STAR Market (stock code: 688169) (the "**A Share Listing**") in February 2020, pursuant to which we issued an aggregate of 16,666,667 A Shares, accounting for approximately 25.0% of our Company's share capital immediately following the A Share Listing. Following the A Share Listing, Mr. Chang held approximately 23.24% of our Company's total number of issued Shares at the time and has remained as our Company's largest shareholder since then. Immediately following this offering, our registered share capital increased to RMB66.67 million, and the shareholding structure of our Company was as follows:

Name of the Shareholder	**Number of Shares held**	**Approximate percentage of shareholding**
		(%)
Mr. Chang	15,495,785	23.24
Mao Guohua	2,459,335	3.69
Ding Di	3,950,085	5.93
Wu Zhen	1,589,585	2.38
Zhang Zhichun	719,750	1.08
Wan Yunpeng	719,750	1.08
Tianjin Jinmi	5,925,500	8.89
Shunwei	6,425,500	9.64
Shitou Shidai	5,000,000	7.50
Wuxi Woda	859,710	1.29
Gaorong	3,368,550	5.05
Qiming	2,925,025	4.39
GIC	561,425	0.84
Other public shareholders	16,666,667	25.00
Total	**66,666,667**	**100.00**

Since February 2020, our A Shares have been listed on the SSE STAR Market. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respect 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 SSE STAR Market. 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 our Company on the SSE STAR Market in any material respects. Our PRC Legal Adviser is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable.

Restricted Shares Issued under the Restricted Share Incentive Plans

Since our A Share Listing, we adopted the Restricted Share Incentive Plans in 2022, 2023 and 2024 to establish and improve our long-term incentive mechanism. Immediately after the Capitalization Issue, an aggregate of 2,548,521 restricted A Shares had been granted under such plans, of which 945,215 A Shares were issued to the respective grantees. There were no outstanding restricted A Shares which have not yet been granted under such plans. See "Appendix VI—Statutory and General Information—D. A Share Incentive Plans—1. Restricted Share Incentive Plans" in this document for more details.

OUR SINGLE LARGEST SHAREHOLDER

Immediately after the Capitalization Issue, 54,377,411 A Shares, representing approximately 21.02% of the total issued Shares (excluding the treasury shares) of our Company was held by Mr. Chang, our single largest Shareholder. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the number of repurchased A Shares held in our Company's stock repurchase account and the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue), Mr. Chang will hold approximately [**REDACTED**] of our total issued Shares (excluding treasury shares) and remain as our single largest Shareholder.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR MAJOR SUBSIDIARIES

Details of the major subsidiaries of our Company which, among other things, made a material contribution to our results of operations during the Track Record Period, are set out below.

Name of company	Date and place of establishment	Equity interest attributable to our Group	Principal business activities
Beijing Roborock Innovation Technology Co., Ltd. (北京石頭創新科技有限公司)	December 17, 2018 PRC	100%	Software development
Shenzhen Roborock Innovation Technology Co., Ltd. (深圳洛克創新科技有限公司)	December 23, 2020 PRC	100%	Development of intelligent cleaning products
Huizhou Roborock Intelligent Manufacturing Technology Co., Ltd. (惠州石頭智造科技有限公司)	June 24, 2022 PRC	100%	Production of intelligent cleaning products
Shenzhen Rock Times Technology Co., Ltd. (深圳洛克時代科技有限公司)	May 18, 2017 PRC	100%	Sales of intelligent cleaning products
Beijing Roborock Invision Technology Co., Ltd. (北京石頭啟迪科技有限公司)	April 29, 2019 PRC	100%	Sales of intelligent cleaning products
Roborock Technology Co.	November 13, 2018 US	100%	Sales of intelligent cleaning products
Shallwin Technology (HK) Limited (香港小文科技有限公司)	November 7, 2017 HK	100%	Sales of intelligent cleaning products
Roborock (HK) Limited (石頭世紀香港有限公司)	July 17, 2018 HK	100%	Sales of intelligent cleaning products

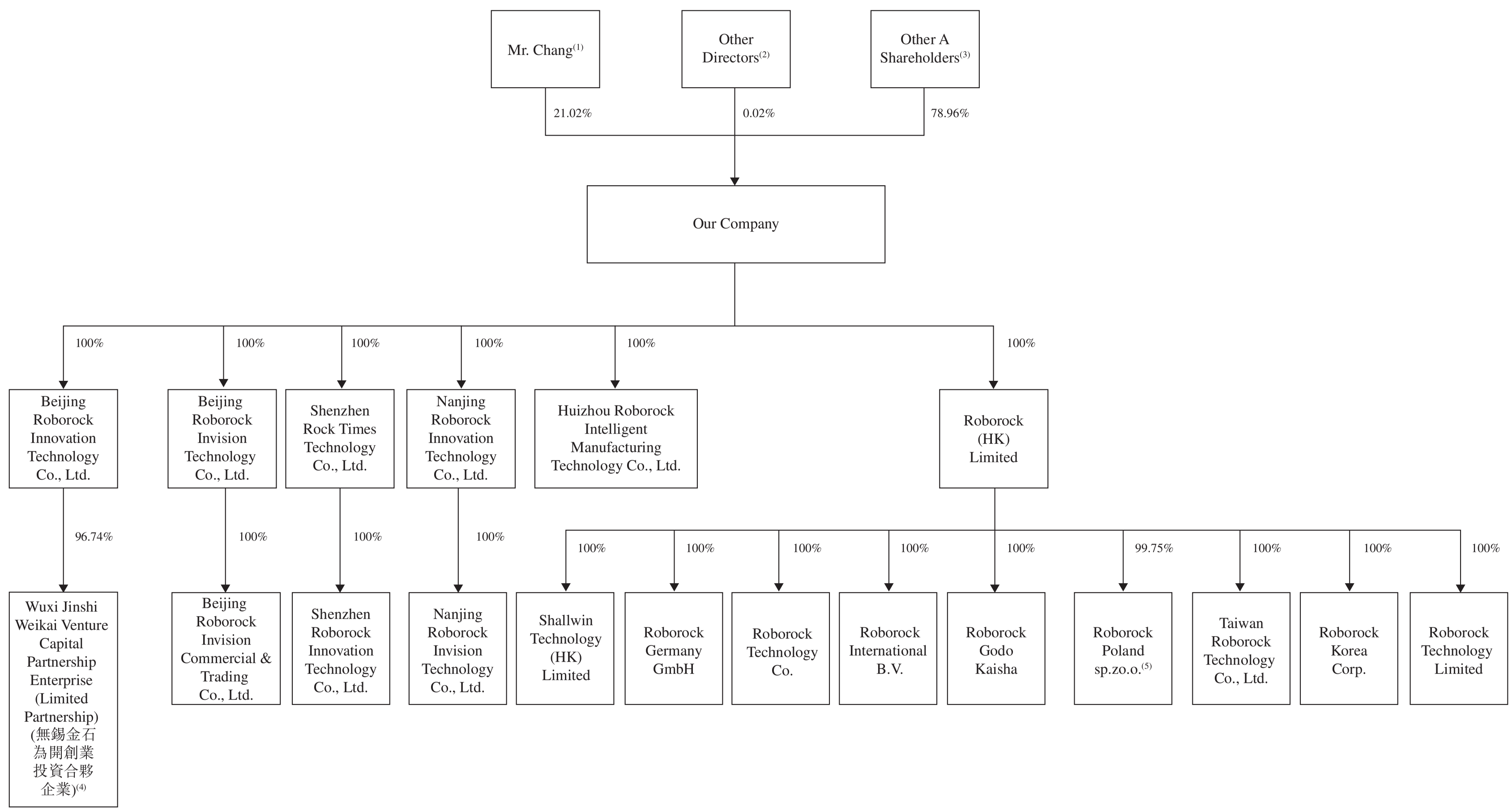
REASONS FOR THE [REDACTED] ON THE [REDACTED]

Our Company seeks to be [**REDACTED**] on the [**REDACTED**] in order to provide further capital for the development and expansion of our business, provide an additional fundraising platform for our Company should the need arise, further strengthen our business profile and market position in the industry, and better attract overseas [**REDACTED**] and talents. We currently intend to use the [**REDACTED**] from the [**REDACTED**] for expanding our international business and strengthening our global brand recognition; strengthening our R&D capabilities and broadening our product portfolio; investing in scaling up overseas production capabilities while dedicating to rigorous quality management; and working capital and other general corporate purposes. See "Business—Our Strategies" and "Future Plans and [**REDACTED**]" in this document for more details.

[**REDACTED**]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

The following chart depicts our simplified corporate and shareholding structure immediately after the Capitalization Issue:



Notes:

1. Immediately after the Capitalization Issue, Mr. Chang held 54,377,411 A shares, representing approximately 21.02% of the total issued Shares of our Company.

2. Immediately after the Capitalization Issue, Mr. Quan Gang (全剛) (one of our executive Directors) and Ms. Sun Jia (孫佳) (one of our executive Directors) held 34,682 and 11,154 A Shares, representing approximately 0.0134% and 0.0043% of the total issued Shares of our Company, respectively.

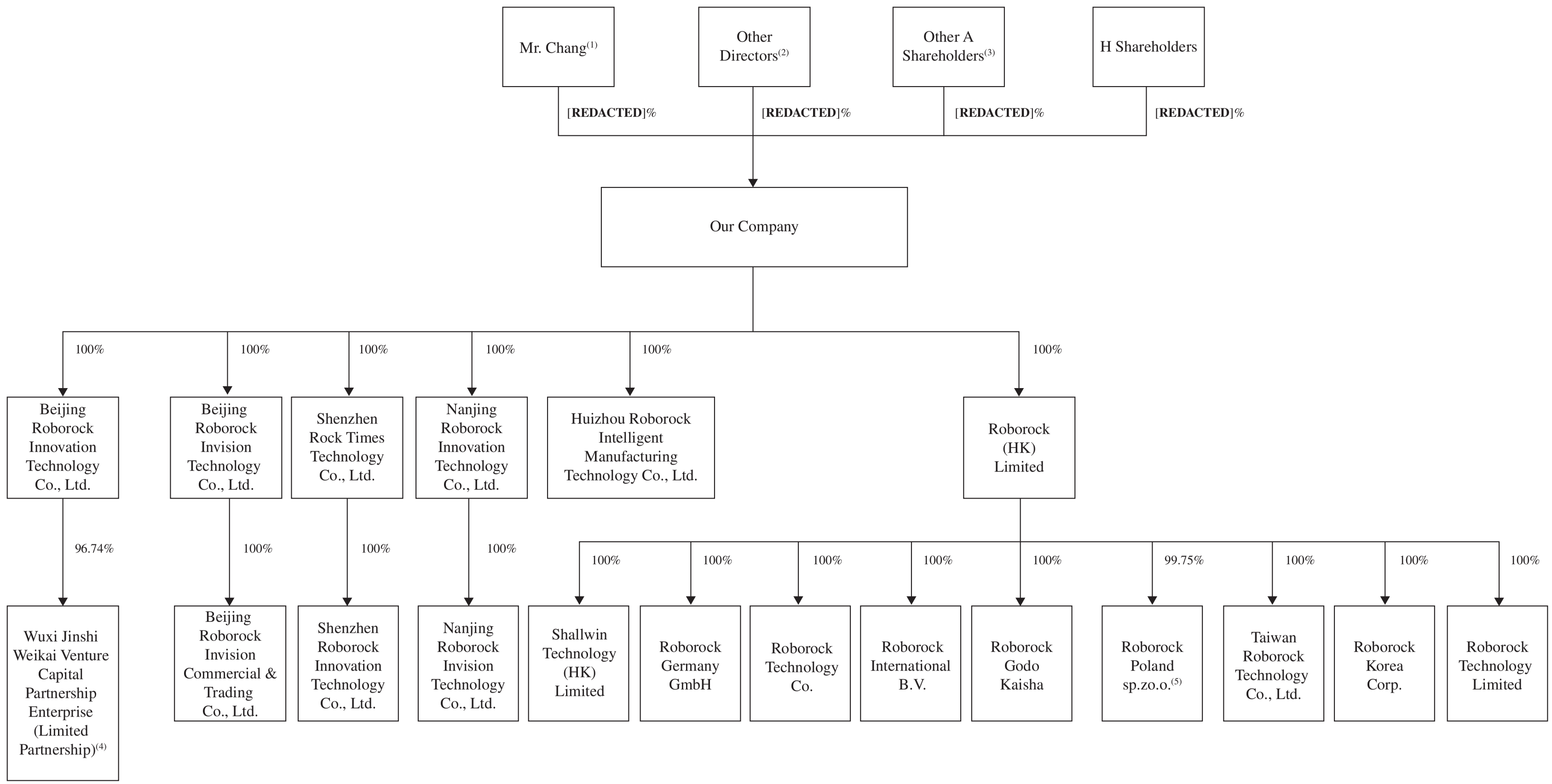
3. Immediately after the Capitalization Issue, 3,097,723 A Shares held by Mr. Mao Guohua and 12,894 A Shares held by Ms. Wang Xuan, respectively (being director or supervisor of certain subsidiaries of our Company), 644,219 A Shares held in the stock accounts under the First Phase Stock Ownership Plan and 2023 Stock Ownership Plan (being accustomed to take instructions from Mr. Quan and Ms. Sun), and 2,503,306 A Shares held by Shitou Shidai (a close associate of Mr. Mao Guohua and Ms. Hu Wenjia, each a director of certain subsidiaries of our Company), together representing approximately 2.42% of the total issued Shares of our Company, [**REDACTED**].

4. The remaining equity interest in Wuxi Jinshi Weikai Venture Capital Partnership Enterprise (Limited Partnership) is held as to 3.23% by Gongqingcheng Zhengji No.2 Investment Partnership Enterprise (Limited Partnership) (共青城正基二號投資合夥企業(有限合夥)) and 0.03% by Tibet Zhengji Fund Management Ltd (西藏正基基金管理有限公司), both of which are Independent Third Parties.

5. The remaining equity interest in Roborock Poland sp.zo.o. is held as to 0.25% by Mr. Wan Yunpeng, an Independent Third Party.

6. The shareholding structure is exclusive of 84,264 A Shares repurchased and held in our Company's stock repurchase account immediately after the Capitalization Issue. For details, please refer to the section headed "Share Capital" and sub-section headed "Statutory and General Information—A. Further Information About Our Group—2. Changes in our share capital" in Appendix VI to this document.

The following chart depicts our simplified corporate and shareholding structure immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the number of repurchased A Shares held in our Company's stock repurchase account and the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue):



Notes (1) to (6): Please refer to the details on the preceding page.

OUR MISSION

At Roborock, our mission is to redefine quality living, for everyone, through peerless innovation and engineering.

WHO WE ARE

We are a global leader in intelligent home robotics. We enrich lives with our innovative line of robot vacuums and other intelligent home cleaning products, including wet dry vacuums and washer-dryers. In 2024, Roborock ranked as the No.1-selling robot vacuum brand worldwide, both in terms of GMV and sales volume, according to CIC.

We began our journey in 2014, setting out to delight consumers with products and solutions that excel in their technology and functionality. At that time, most robot vacuums on the market employ basic navigations, such as random collision and inertial navigation. We introduced our PreciSense LiDAR Navigation System in 2016, being the first in our industry to mass-produce LDS laser navigation, which combines real-time mapping, precise localization, and visualized mapping display via mobile app, according to CIC.

Over the decade, we have been committed to bold innovation, continually pushing the boundaries of what technologies can offer. We have pioneered several industry-first technologies, according to CIC, including: (i) Reactive AI Obstacle Avoidance System, the industry-first twin-camera obstacle avoidance technology; (ii) StarSight Autonomous System, the industry-first dual-transmitter solid-state LiDAR with 3D ToF technology; and (iii) AdaptiLift Chassis, the industry-first liftable chassis system with independently adjustable three-wheel control. In January 2025, we launched robot vacuums with our OmniGrip Mechanical Arm, a foldable five-axis mechanical arm. We are the first in the robot vacuum industry to mass-produce this technology, according to the same source. Centered around consumer needs, we are transforming robotic cleaners into home helpers, assistants, and companions.

Today, we have established ourselves as a truly global brand. As of December 31, 2024, our products were available for sale on 12 Roborock web stores and 78 self-operated stores on major e-commerce platforms worldwide. The total number of our distributors across the globe was also nearly doubled from 2022 to 2024. As of December 31, 2024, our products have reached over 20 million households across more than 170 countries and regions. Our global sales volume of robot vacuums increased from approximately 2,246,000 units in 2022 to approximately 3,449,000 units in 2024, representing a CAGR of 24.9%.

The table below sets forth our key operating and financial highlights.

Market Leadership

Global No.1 Robot vacuum brand [(1)]	**No. 1** Market share in three of five largest robot vacuum markets globally [(2)]	**Global No.1** Sales volume of ~3.5 million units in 2024

Financial Highlights

34.2% Revenue CAGR for 2022-2024	**8.2%** R&D expenses as % of revenue in 2024	**~50%** Overseas revenue contribution in 2022-2024

Consumer Reach

20M+ Households globally [(3)]	**170+** Countries and regions [(3)]	**134** Distributors, nearly doubled from 2022 to 2024 [(4)]

Notes:

(1) Both in terms of GMV and sales volume. Specifically, in 2024, we captured a market share of 23.4% by GMV, ranking first globally in the robot vacuum industry, according to CIC.

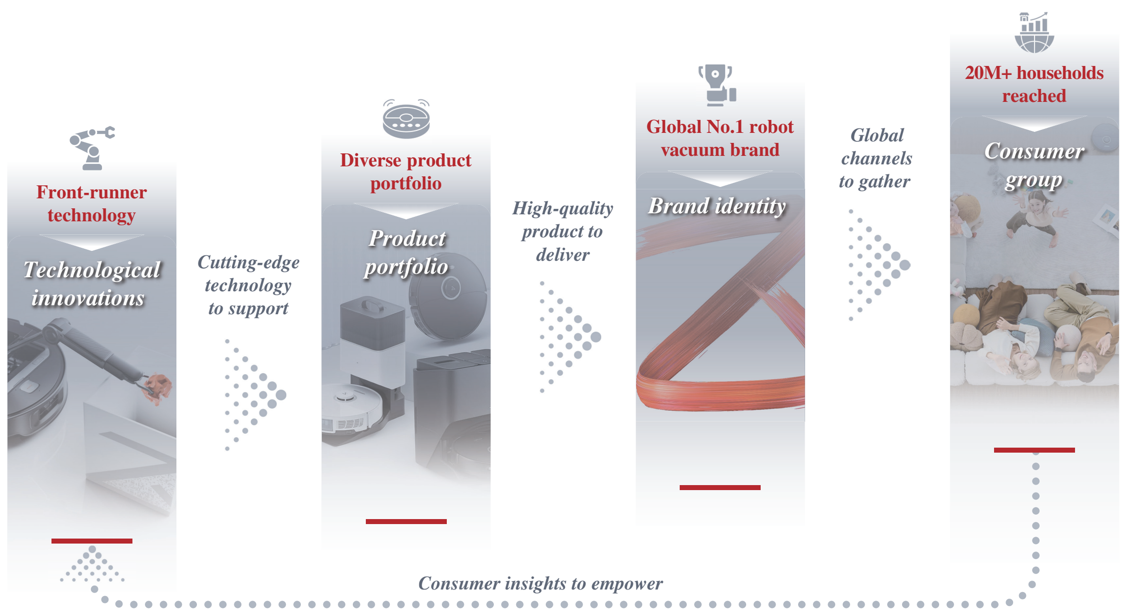
(2) In 2024, we were (i) the No. 1-selling robot vacuum brand in South Korea, securing a 31.1% market share by GMV and 25.6% by sales volume; and (ii) the No.1-selling robot vacuum brand in Germany, securing a 34.4% market share by GMV and 27.5% by sales volume. In 2025, during the "618" shopping festival, we were also the No.1-selling robot vacuum brand in mainland China in terms of GMV across e-commerce platforms, according to CIC.

(3) As of December 31, 2024.

(4) We had a total of 68, 79 and 134 distributors worldwide as of December 31, 2022, 2023 and 2024, respectively.

OUR BUSINESS MODEL

In 2024, we captured a market share of 23.4% by GMV and 16.7% by sales volume, ranking first globally in the robot vacuum industry on both metrics, according to CIC. Our industry leadership is supported by our consumer-centric, vertically-integrated business model across the full value chain.



As the global No. 1-selling robot vacuum brand operated in a fast-growing industry, we prioritize in identifying evolving consumer needs and continuously analyze their feedback to address their pain points. Our R&D efforts harmonize breakthrough technologies and iterative refinement, and deliver meaningful product improvements that enhance customers' daily life. This dual-focus R&D approach significantly boosts our ability to solve unforeseen problems and improves our existing products and solutions. It also allows us to introduce products with compelling value that consistently delight our consumers, while pioneering the industry with innovations that set technology standards. Notably, we had launched a total of 22 and 52 models of robot vacuums in mainland China and overseas markets, respectively, as of the Latest Practicable Date, with many of them among the top-performing household products worldwide.

An efficient integrated manufacturing and supply chain is an integral part of our business model. While partnering with trusted electronics manufacturing service providers, we strategically pivot to strengthen our in-house production capability. In April 2023, our ISO9001-certified facility in Huizhou, China was put into operation. This reflects our intensive focus on quality control and our proactive initiative to manage any potential supply-side fluctuation.

We advertise our products through locally tailored marketing campaigns, while maintaining a consistent brand identity and seamless shopping experience across all touchpoints. To meet customers wherever they shop, we employ an omni-channel strategy, combining various DTC channels and a strong network of online and offline distributors. As of December 31, 2024, our products were available for sale on 12 Roborock web stores and 78 self-operated stores on major e-commerce platforms worldwide, including Amazon, Tmall, and Douyin. We had a total of 68, 79 and 134 distributors worldwide as of December 31, 2022, 2023 and 2024, respectively. We collaborate with mainstream marketplaces such as Amazon, Tmall, and JD.com that attract the majority of online shopping traffic. In parallel, we partner with renowned retail chains to expand consumer reach and enhance brand visibility through their extensive online and offline channels. The user base of our products now spans over 170 countries and regions.

Leveraging our proven business model, we believe that we are well-positioned to embrace evolving consumer preferences and emerging trends, capture significant growth opportunities, and solidify our business success by simplifying everyday life through peerless innovations and engineering.

FINANCIAL PERFORMANCE

We have achieved significant financial growth, driven by our sustained leadership in robot vacuums, strategic diversification into new product categories, and strong momentum in global expansion.

Our revenue increased by 30.7% from RMB6,610.7 million in 2022 to RMB8,639.5 million in 2023, and further increased by 38.0% to RMB11,918.5 million in 2024. Specifically, our revenue from sales of robot vacuums increased by 27.4% from RMB6,346.1 million in 2022 to RMB8,085.4 million in 2023, and further increased by 34.2% to RMB10,848.3 million in 2024. We also achieved notable success in expanding our product portfolio beyond robot vacuums. Our revenue from sales of other intelligent home cleaning products, including wet dry vacuums and washer-dryers, increased significantly from RMB264.6 million in 2022 to RMB554.1 million in 2023, and further increased to RMB1,070.1 million in 2024, representing a CAGR of 101.1% from 2022 to 2024. Geographically, overseas markets contributed to 52.7%, 48.9% and 53.6% of our total revenue in 2022, 2023 and 2024, respectively. During the Track Record Period, our overseas revenue increased by 21.4% from RMB3,482.7 million in 2022 to RMB4,228.7 million in 2023, and further increased by 51.1% to RMB6,387.8 million in 2024.

Our profit for the year was RMB1,183.5 million, RMB2,051.2 million and RMB1,976.5 million in 2022, 2023 and 2024, respectively.

OUR PRODUCT PORTFOLIO

We have two major product lines—robot vacuums and other intelligent home cleaning products, including wet dry vacuums and washer-dryers. Our differentiated product portfolio spans multiple price points and functionalities, targets varieties of consumer segments, and addresses diverse cleaning scenarios for consumers worldwide. The following diagrams illustrate our select innovative product offerings:

Source: CIC

OUR COMPETITIVE STRENGTHS

We believe that the following strengths set us apart from our competitors.

Global No.1 Robot Vacuum Brand in a Fast-Growing Industry

We are a global leader in robot vacuums, dedicated to delivering intelligent and user-centric cleaning solutions. We were the No.1-selling robot vacuum brand worldwide in 2024, both in terms of GMV and sales volume, according to CIC. Over a decade of continuous innovation has enabled us to achieve remarkable success in both mainland China and overseas. As of December 31, 2024, our products had reached over 20 million households across more than 170 countries and regions. In 2024, we ranked among the top 3 robot vacuum brands, both in terms of GMV and sales volume, in each of the world's five largest markets of robot vacuums—mainland China, the United States, Japan, South Korea and Germany—with the No.1 position in South Korea and Germany. These achievements highlight the broad appeal of our products worldwide and the strength of our brand.

We pioneer in an industry that is witnessing a fast growth. The size of the global robot vacuum market in terms of GMV is expected to reach US$25.2 billion by 2029, representing a CAGR of 22.0% from 2024 to 2029, higher than the CAGR of 5.8% for global home cleaning products market, according to CIC. Consumers are increasingly seeking convenient, efficient and time-saving solutions to manage household tasks. As an industry leader, we constantly bring advancements to enhance robot vacuums' cleaning smarts, including AI-enabled object recognition, advanced SLAM and navigation algorithms, IoT connectivity, and mechanical arm dexterity. The novelty and tech-savvy nature of our robot vacuums, along with their ability to work in tandem with other smart devices, make them a central component of the modern smart home ecosystem. The global household penetration of robot vacuums is expected to increase from 36.1 units per thousand households in 2024 to 64.8 units per thousand households in 2029, according to CIC.

With our technological innovation, integrated value chain and talent advantages, our robot vacuums has gained popularity in the global market. Our robot vacuums captured approximately 23.4% and 16.7% of the market share of the global robot vacuum market, as measured by GMV and sales volume, respectively.

Front-Runner in Technological Innovations

A spirit of technological innovation and engineering excellence permeates our company and guides everything we do. We set out to solve suboptimal consumer experience with products and solutions that excel in their technology and functionality. We have pioneered several industry-first technologies, transforming robot vacuums into home helpers, assistants, and companions.

Our competitive edge in innovations is underpinned by our dual-focus R&D model, which enables us to discover and advance cutting-edge technologies while at the same time refining practical applications:

- We have a specialized pre-research team of over 100 seasoned experts who focus on exploring emerging technologies. Their pursuit of technological excellence and technological foresight have led to numerous industry-shaping innovations, such as the seamless integration of mechanical arms in our robot vacuums; and

- In parallel, we have built an applied R&D team of nearly 1,000 specialists. We benefit from their extensive expertise in different fields, such as software, electronics, and mechatronics, as well as in different product categories. In our quest for product perfection, they collaborate seamlessly with our product team to implement continuous incremental enhancements, translating technical breakthroughs and innovations into superior consumer experience.

Some of our technological innovations include the following:

PreciSense LiDAR Navigation System. In September 2016, we introduced our PreciSense LiDAR Navigation System, being the first in our industry to mass-produce LDS laser navigation, which combines real-time mapping, precise localization, and visualized mapping display via mobile app, according to CIC. At that time, most robot vacuums on the market employed basic navigations, such as random collision and inertial navigation. Equipped with PreciSense LiDAR Navigation System, our robot vacuums can intelligently plan the most efficient and effective working path, maximize automation and minimize manual intervention, thereby delivering superior cleaning experience.

Reactive AI Obstacle Avoidance System. In May 2020, we launched our proprietary Reactive AI Obstacle Avoidance System, the industry-first twin-camera obstacle avoidance technology, according to CIC. It combines structured light and also leverage AI technology to enable robot vacuums to detect and navigate up to 108 pre-programmed objects. Robot vacuums equipped with this technology can intelligently perform path planning around common household obstacles, such as forgotten toys, pet bowls, and power strips, while avoiding entanglement and missed cleaning areas. This reliable performance makes our robot vacuums ideal for active home environments that require uninterrupted cleaning.

StarSight Autonomous System. In March 2024, we launched our StarSight Autonomous System, the industry-first dual-transmitter solid-state LiDAR with 3D ToF technology, according to CIC. We believe this technology sets forth a new benchmark for robot vacuum performance. Our robot vacuums equipped with 3D ToF technology, such as Saros Z70, Saros 10R, and Roborock Qrevo Slim, can perform 3D scanning and achieve a sampling frequency 21 times higher than those by LDSs. This proprietary sensor technology leads to a transformative design of our LiDAR system, lowering the height of robot vacuums from an average of 10cm to below 8cm, thereby significantly expanding accessible cleaning areas.

AdaptiLift Chassis. In the third quarter of 2024, we launched AdaptiLift Chassis, the industry-first liftable chassis system with independently adjustable three-wheel control, according to CIC. It enables our robot vacuums to smoothly transition across different floor types for versatile cleaning. Roborock Qrevo Curv, our first robot vacuum powered by AdaptiLift Chassis, can effortlessly overcome thresholds of up to an impressive 4cm, ensuring uninterrupted movement across various surfaces.

OmniGrip Mechanical Arm. In January 2025, we launched Saros Z70, the world's first mass-produced robot vacuum that is equipped with our OmniGrip Mechanical Arm, a foldable five-axis mechanical arm, designed for intelligent obstacle handling. Our OmniGrip Mechanical Arm is equipped with precision sensors, a camera, and an LED light, enabling it to accurately assess its position, surroundings, and the weight of each object it grips. It is capable of intelligently grabbing and relocating light objects—such as slippers or socks—that could otherwise obstruct cleaning. This innovation extends robot vacuum capabilities beyond traditional 2D floor cleaning, enabling autonomous navigation and interaction with complex 3D home environments.

We see R&D as the backbone of our past commercial success, and we are committed to continuing to invest in R&D for our future. As of December 31, 2024, over 40% of our employees were engaged in R&D, and over 36% of our R&D team members hold a master's degree or a Ph.D. Our R&D expenses increased by 26.7% from RMB488.6 million in 2022 to RMB619.0 million in 2023, and further increased by 56.9% to RMB971.4 million in 2024. Our R&D expenses, as a percentage of our total revenue, maintained as high as 7.4%, 7.2% and 8.2%, for these respective periods.

Proficient Product Development Capability Oriented Towards Optimal User Experience

At the core of our product philosophy lies our steadfast commitment to addressing pressing problems faced by households worldwide. We employ a consumer-centric approach and prioritize identifying and solving consumer pain points.

We think. Capitalizing on our in-depth insights on consumer preferences, we explore where technologies can take us next. We believe that simply adding more functions to a product does not automatically translate to a better user experience. We leverage AI-powered models with advanced semantic understanding and classification capabilities to analyze consumer feedback. This allows us to precisely identify consumers' evolving needs and form actionable insights. In addition, we design and develop products tailored for specific countries and regions. For example, as Turkish homes often face the challenge of robot vacuums' tangling in tassel carpets, we developed a revolutionary cleaning system, featuring a main and a side brush engineered to prevent tangles and clogging. This solution has secured our market-leading position in Turkey. In 2024, we were the No.1-selling robot vacuum brand in Turkey, both in terms of GMV and sales volume, according to CIC.

We innovate fast. The speed of our innovation is matched by our focus on delivering meaningful improvements that enhance consumers' daily life. We constantly update and fine-tune our products through OTA firmware updates after our products are launched and sold. We typically release our OTA firmware updates on an average of once per month during the first six months after launching a product, and release subsequent updates once every two to three months. These updates enable our consumers to enjoy more functions and a better user experience, strengthening product stickiness. In addition, we maintain a streamlined development cycle that promotes rapid functional upgrades and new product launch. With a streamlined six- to eight-month development cycle, we outpace industry average across domestic and international markets. This allows us to ensure timely product iterations or new product releases, capitalizing on biannual shopping peaks such as "618" and "Double Eleven"/"Black Friday" shopping festivals. A strong testament is Roborock Qrevo Curv's record 6-month turnaround from project initiation to mass production.

Consumers love our robots. While functional specifications may drive initial engagement, we earn consumer loyalty and brand advocacy with superior user experience. We focus on developing products that excel in their technology, functionality, craftsmanship, and consumer accessibility. We use weekly cleaning activity rate ("**WCAR**") to measure the utilization frequency of activated robot vacuums. WCAR is expressed as a percentage, which is calculated as the ratio of days on which at least one cleaning cycle is initiated over a seven-day period. The WCAR of our robot vacuums launched in 2022, 2023 and 2024 were over 50%, 65% and 70%, respectively. This sustained usage pattern demonstrates high user satisfaction. In 2024, we captured a market share of 23.4% by GMV and 16.7% by sales volume, ranking first globally in the robot vacuum industry on both metrics, according to CIC. Our Roborock App has received a positive rating exceeding 90%, significantly above the industry average of approximately 60%, according to CIC.

As a testament to our engineering excellence, our products have earned widespread recognition, including some of the most prestigious international design and technology awards, such as the "International Design Excellence (IDEA) Award," "Red Dot Design Award," "Best of Internationale Funkausstellung (IFA) Berlin Award," and "Best of Consumer Electronics Show (CES)." Our brand has also been named among the "Kantar BrandZ Top 50 Chinese Global Brand Builders 2024 in Association with Google," "2024 Brand of the Year" by Douyin, "2024 China's Global Future Rising Star" by Fortune China, and "2023 Annual Leading Brand in Product Innovation" by Amazon.

Global Footprint Anchored by Trustworthy Products

Roborock has been established as a global brand. We unlock market opportunities through technological innovation, while constantly delivering quality products to sustain our growth across all markets. The user base of our products now spans over 170 countries and regions. Notably, we were a top performer both in terms of GMV and sales volume across the world's five largest markets of robot vacuums. Overseas markets contributed to 52.7%, 48.9% and 53.6% of our total revenue in 2022, 2023 and 2024, respectively.

We have adopted a product-led growth strategy to drive our success in overseas markets, particularly in the high-end robot vacuum segment. Product reliability serves as the cornerstone of our efforts to build consumer trust and brand advocacy. This approach has driven our remarkable growth in several key markets:

- *Germany*. In 2018, we entered the German market, a market characterized by consumers' stringent demand for product quality and reliability. While competitors' robot vacuums struggled with random navigation and collisions, our success in bringing LiDAR modules with sufficient precision and reliability into our products was a game changer. Over the years, with relentless pursuit of product reliability, we earned local consumers' trust in a diverse range of products across multiple price range. In 2024, we were the No.1-selling robot vacuum brand in Germany, winning a market share of 34.4% by GMV and 27.5% by sales volume, and five of our products ranked among the Top 10 best-selling robot vacuums on Amazon Germany in 2024, according to CIC.

- *United States*. In 2018, we entered the U.S. market, a challenging market then dominated by local players. We brought in easy-to-use products featured disruptive innovations, and that set us apart from traditional robot vacuum makers. From the very beginning, we introduced a complete product lineup featuring our signature LiDAR navigation system and 2-in-1 vacuum-mop functionality, even in entry-level models. This strategic differentiation established our premium brand positioning from the outset. In 2022, our then flagship model S7 MaxV Ultra, featured hassle-free all-in-one dock, again gained significant popularity, achieving an annual sales volume of nearly 50,000 units in the U.S. market. In 2024, our robot vacuums took over 50% share, in terms of GMV, from the over US$800 segment in the United States, according to CIC.

- *South Korea*. In 2019, we entered the South Korean market, a fiercely competitive market dominated by local consumer electronics giants, with consumers demanding exceptional quality, innovation, and after-sales service. To win the market, we intensively focuse on consumer behavior. We ran infomercials to deepen our channel penetration for broader consumer access. We leverage local teams to gain on-the-ground insights and achieve culturally resonant branding and agile market responsiveness. In 2024, we were the No.1-selling robot vacuum brand in South Korea, securing a 31.1% market share by GMV and 25.6% by sales volume, according to CIC. In 2024, our robot vacuums also captured approximately 40% share, in term of GMV, from the over ₩1 million segment in South Korea, according to CIC.

Our products cater to both consumers looking at entry-level price points and those willing to increase spending for enhanced functionality and performance. Consumers often realize that, compared to other brands, Roborock products stand out with better performance and more compelling value.

Efficient Operation Enabled by an Integrated Value Chain

We built an end-to-end integrated value chain to maximize operational efficiency across product development, manufacturing and distribution. Coupled with our in-depth insights in consumer preference, this approach enables the rapid commercialization of our products, resulting in many first-to-market innovations and their commercial success.

We follow an integrated product development ("**IPD**") framework that ensures rigorous market and technical validation at each stage—from initial feasibility studies, prototype verification, business case evaluation, mold testing, mass production validation, to mass production. This disciplined approach enables us to develop new products more efficiently and resulted in many successful first-to-market innovations.

Furthermore, we adopt a hybrid manufacturing approach that combines the stability of in-house operations with the scalability of strategic EMS partnerships. Like most appliance brands, we relied on contract manufacturing in our early stage of our development. As our business grows, we strategically pivot to in-house production. A strong in-house manufacturing capability allows us to effectively control the quality and costs of our production, while safeguarding our proprietary technologies and know-how. We started to build our manufacturing facility in Huizhou, China in July 2022, and the facility commenced commercial production in April 2023. In 2024, we manufactured nearly 40% of our total production volume in-house. The facility has also obtained ISO90001 certification for quality management. We believe that preserving such in-house production capability also makes us more resilient to any potential supply-side fluctuation.

We partner with trusted EMS providers to maintain operational flexibility. This approach allows us to ensure stable product supply and meet rising demands for our products. In 2022, 2023 and 2024, we engaged four, four and seven EMS providers with complementary functions. We carefully select and strategically diversify our suppliers. This approach enables us to maintain a competitive sourcing environment and secures favorable pricing across our entire supply chain. Moreover, we carefully review the performance of our suppliers on a regular basis to ensure the stability and quality of our products. More recently, to further strengthen supply chain resilience, we are actively diversifying our global manufacturing footprint. Our Vietnam contract manufacturing operation was launched in the fourth quarter of 2024. This made us the first Chinese robot vacuum manufacturer that has successfully established contract manufacturing capabilities overseas, according to CIC. These initiatives not only mitigate geopolitical risks but also optimize our ability to serve international markets with greater agility.

We have developed various DTC channels and a strong network of online and offline distributors. As of December 31, 2024, our products were available for sale on 12 Roborock web stores and 78 self-operated stores on major e-commerce platforms worldwide. We have also experienced a significant growth in our distribution network during the Track Record Period. As of December 31, 2022, 2023 and 2024, we had a total of 68, 79 and 134 distributors worldwide, respectively. We collaborate with mainstream marketplaces such as Amazon, Tmall, and JD.com that attract the majority of online shopping traffic. In parallel, we partner with renowned retail chains to expand consumer reach and enhance brand visibility through their extensive online and offline channels. For example, as of December 31, 2024, our products were sold in nearly 900 and 1,400 retail stores of Best Buy and Target, respectively.

Seasoned and Visionary Management Supported by Talent Pool

Our seasoned management team comprised highly experienced industry experts and R&D professionals. Their visionary leadership, broad industry insights, and complementary expertise are integral in driving our success.

In particular, Mr. Chang Jing, our CEO and founder, is a visionary industry veteran and serial entrepreneur. Nearly 20 years of experience sharpens his expertise in product innovation and business strategy, which drives our sustainable growth. Mr. Quan Gang, our president and deputy general manager, is a seasoned product development leader with prior experience at Nokia and Microsoft. Mr. Quan has spearheaded key projects such as first Roborock-branded robot vacuum, and led the establishment of our advanced product development framework. His strategic vision and operational expertise have guided us through periods of transformation and market challenges.

Our senior management team is supported by a strong and broad talent pool. With a strong emphasis on innovation, we believe that we have the best-in-class R&D talents among our industry peers. As of December 31, 2024, over 40% of our employees were engaged in R&D functions. Over 36% of our R&D team members hold a master's degree or a Ph.D. Our R&D team members are multidisciplinary, with extensive experience in hardware, software, quality control and testing.

Many of our core R&D professionals have prior work experience at leading tech companies, such as Microsoft, Foxconn and Sony, as well as renowned research institutes, such as Chinese Academy of Sciences, bringing us extensive multidisciplinary technical expertise and meaningful industry foresight.

We have developed a pragmatic corporate culture that values commitment to practicality, innovation, efficiency, and long-term value creation. We reward bold thinking and innovation. Our people are unwavering in their constant challenge of the status quo and in their pursuit of innovation and excellency that perfects our products and solutions for consumers.

OUR STRATEGIES

Our mission is to redefine quality living, for everyone, through peerless innovation and engineering. We intend to grow our business by implementing the following strategies.

Strengthen our Brand with Continuous R&D and Technological Innovation

We are committed to reinforcing our position as a trusted global brand through continuous R&D and technological innovation. With consumers at the center of our strategy, we strive to meet evolving consumer needs by introducing cutting-edge technologies into our premium product lines, while also ensuring that offerings across all price segments are equipped with high-performance, user-friendly, and thoughtfully engineered features.

Our R&D efforts combine both exploratory research into forward-looking technologies and the ongoing refinement of existing capabilities. We prioritize innovations grounded on actual user needs and real-world usage patterns, enabling us to create smarter, more responsive products that enhance everyday usability. To this end, we will continue to deepen our interdisciplinary research, with a focus on technologies such as obstacle recognition, navigation and path planning, and IoT connectivity. In addition, we intend to leverage shared technological modules, such as sensor arrays, mapping algorithms and robotics mechanics, across multiple verticals to create synergy across our product offerings, enhance our R&D efficiency and accelerate development timelines.

We will also continue to focus on enhancing key components and functions to further improve product performance and cleaning experience. These include compact, integrated navigation and obstacle avoidance modules, chassis systems with better obstacle-crossing and climbing capabilities, and cleaning systems optimized for pet hair and carpet performance. We are also advancing mopping technologies such as active water circulation, streak-free cleaning, and full-coverage functionality with no blind spots, all designed to deliver more powerful and seamless cleaning experience.

Furthermore, we remain focused on advancing next-generation technologies that will define the future of smart home robotics. These include the evolution of SLAM algorithms toward semantic SLAM, enhanced natural and adaptive human-machine interaction, and the development of high-performance mechanical arms with enhanced degrees of freedom. We believe that innovation in these areas will drive long-term growth, expand our product range, and further strengthen our market leadership and brand value.

Relentless Product Iteration Centered Around Consumer Needs

We regard continuous product iteration as a core component of our business strategy. We are dedicated to pioneering the industry trend, with the aim of developing products that redefine user expectations and shift the industry paradigm.

We intend to leverage data analytics tools, among others, to better analyze behavioral data across diverse geographic markets. This allows us to gain insights into usage pattern and preferences and develop foresights that inform our product iteration efforts, including in design, functionality and development of high-impact features. Through integrating multi-source consumer feedback and applying intelligent analysis, we are able to identify high-frequency demand patterns and strategically prioritize product features and enhancements.

Drawing on these insights, we intend to prioritize enhancements that improve functionality, ease of use and address specific user pain points. Our product roadmap includes both the ongoing refinement of core product categories and the launch of new models with greater adaptability and efficiency in complex home environments. In particular, we plan to deepen our presence in the wet dry vacuum segment and introduce more products tailored to diverse needs of different user groups.

We also intend to introduce next-generation robot vacuums and other intelligent home cleaning products that offer enhanced performance and greater versatility. A critical focus will be integrating modules with higher precision and incorporating cross-functional capabilities. This is exemplified by our innovative integration of a mechanical arm in robot vacuums, which unlocks new functionalities and delivers compelling value to users of our producers.

Accelerate Global Reach and Global Expansion

We intend to enhance our global presence by expanding our overseas user base and strengthening our brand recognition across key international markets. To achieve this, we will focus on the following core initiatives:

Channel coverage. In markets where we already have a strong presence—such as the United States, South Korea, Germany, and Northern Europe—we will deepen market penetration and promote synergy between online and offline channels. For emerging markets with substantial growth potential, including Latin America and the Middle East, and serve underpenetrated markets such as the United Kingdom, Ireland and the Benelux countries, we will prioritize utilizing mainstream sales channels to build brand awareness and accelerate market entry and penetration.

We will continue collaborating with global e-commerce platforms such as Amazon and eBay, as well as regional platforms in the Europe and Southeast Asia to drive online growth. This effort will be supported by investments in social-media based marketing, such as livestreaming and content-led marketing campaigns, to expand customer reach and drive conversion. Geographically, in markets such as the North America, we will also leverage our experience in channel expansion to drive both online and offline sales growth. In Europe, we will continue to enhance synergy and maximize consumer touchpoints across different channels. Furthermore, we aim to deepen partnerships with major retailers, such as Target, Best Buy and Costco in North America and MediaMarkt and Fnac in European markets. At the same time, we pursue a flexible, multi-channel distribution strategy, by expanding our distribution network, ensuring we meet demand wherever our consumers shop.

Local team buildup. We adopt a globally oriented organizational structure, with every function—from R&D to supply chain—designed to drive our international growth. To further this goal, we intend to build a deep bench of global talent pool with diverse skillsets to strengthen our local execution in key markets. Looking into the future, we aim to build up dedicated local teams by recruiting experienced talent in key markets. This allows us to better identify consumer preferences and respond to local market demand. We believe that strong local presence and on-the-ground customer support boost both consumer satisfaction and brand advocacy in each market we focus. To support this effort, we intend to appoint dedicated country managers in each key market. They will oversee the execution of our go-to-market strategy, particularly our commercial efforts in online marketplace operations, offline retails, and after-sales services, ensuring an agile market responsiveness and consumer satisfaction.

Overseas manufacturing. We will continue evaluating and investing in overseas production. In particular, we intend to expand collaboration with EMS providers across multiple locations, with a view of supporting our production of more product lines outside of China. These efforts will also allow us to increase manufacturing flexibility, reduce lead times and mitigate geopolitical risks.

In addition to organic growth, we will explore strategic acquisition opportunities overseas. Our key areas of acquisition focus include targets that offer operational synergies or provide access to complementary technologies, distribution channels, or established market positions. Through these efforts, we expect to accelerate our global expansion, strengthen our competitive edge, and drive long-term value creation.

Expand Product Offerings in New Categories

With technology as one of our core strengths, we remain committed to bold innovation, continually pushing the boundaries of what technologies can offer. We aim to expand the reach of our existing technologies into new product categories, and deliver comprehensive, intelligent solutions that simplify everyday life.

Compared to robot vacuums, wet dry vacuums offer manual control and targeted performance needed for more intensive cleaning needs. Recognizing this market need, we rapidly expand into the wet dry vacuum sector. Our market share in mainland China's wet dry vacuum market in terms of GMV surged from less than 3% in June 2024 to over 10% in March 2025, according to CIC.

We closely monitor market trends and leverage consumer insights to guide our technological innovation and product development efforts. A prime example is our development of Roborock Zeo Lite, an all-in-one washer-dryer launched in 2023. By adapting our proprietary molecular sieve low-temperature drying technology, it enables safe washing and drying of delicate clothing at moderate temperatures, while delivering superior washing performance.

We seek to further extend the reach of our technologies. For example, we are exploring to diversify our product offerings into outdoor cleaning scenarios, including courtyard maintenance, exterior surface cleaning and lawn care. We are seeking to expand into new product categories such as robotic lawn mowers and other smart outdoor cleaning appliances. We believe our efforts in enriching our product portfolio will create opportunities to further deepen our household penetration, drive cross-selling potential, strengthen the consumer value proposition, and reinforce our position as a leading smart home technology solution provider.

OUR PRODUCTS AND TECHNOLOGY

With a steadfast dedication to becoming a global leading smart appliance player, we enrich lives with our innovative line of robot vacuums and other intelligent home cleaning products, including wet dry vacuum and washer-dryers. The following table sets forth sales volume of our products by category for each of the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	(in thousand units)	*%*	*(in thousand units)*	*%*	*(in thousand units)*	*%*
Robot vacuums	2,246	94.8	2,595	91.0	3,449	84.8
Other intelligent home cleaning products . .	122	5.2	256	9.0	619	15.2
Total	**2,368**	**100.0**	**2,851**	**100.0**	**4,068**	**100.0**

Robot Vacuums

We launched our first robot vacuum in 2016, and our first Roborock branded robot vacuum, Roborock S5, in 2017. Subsequently, we had successfully launched a series of robot vacuum models that became market hits after their releases:

- In 2019, we launched S5 Max, with advanced feature that allows mopping with precision water control;
- In 2020, we launched S6 MaxV, equipped with the industry-first advanced dual-camera obstacle avoidance feature, according to CIC, taking the robot vacuum to another level of intelligence;
- In 2021, we launched S7, the first robot vacuum in the world to combine ultrasonic mopping with intelligent mop lifting (also known as VibraRise mopping system), according to CIC;

- In 2022, we launched S7 MaxV Ultra, an industry-first robot vacuum system featuring a multipurpose dock (also known as RockDock Ultra), according to CIC, winning 17 best of CES media feature awards during CES 2022, an influential annual trade show organized by the Consumer Technology Association, while recording sales success during Black Friday in the same year;

- In 2023, we launched S8 Pro Ultra, our first robot vacuum featuring dual rubber main brushes (also known as DuoRoller Riser Brush). In the same year, we launched Roborock Qrevo, our first robot vacuum featuring dual spinning mops. S8 Pro Ultra and Roborock Qrevo both won the 2023 Red Dot Design Award;

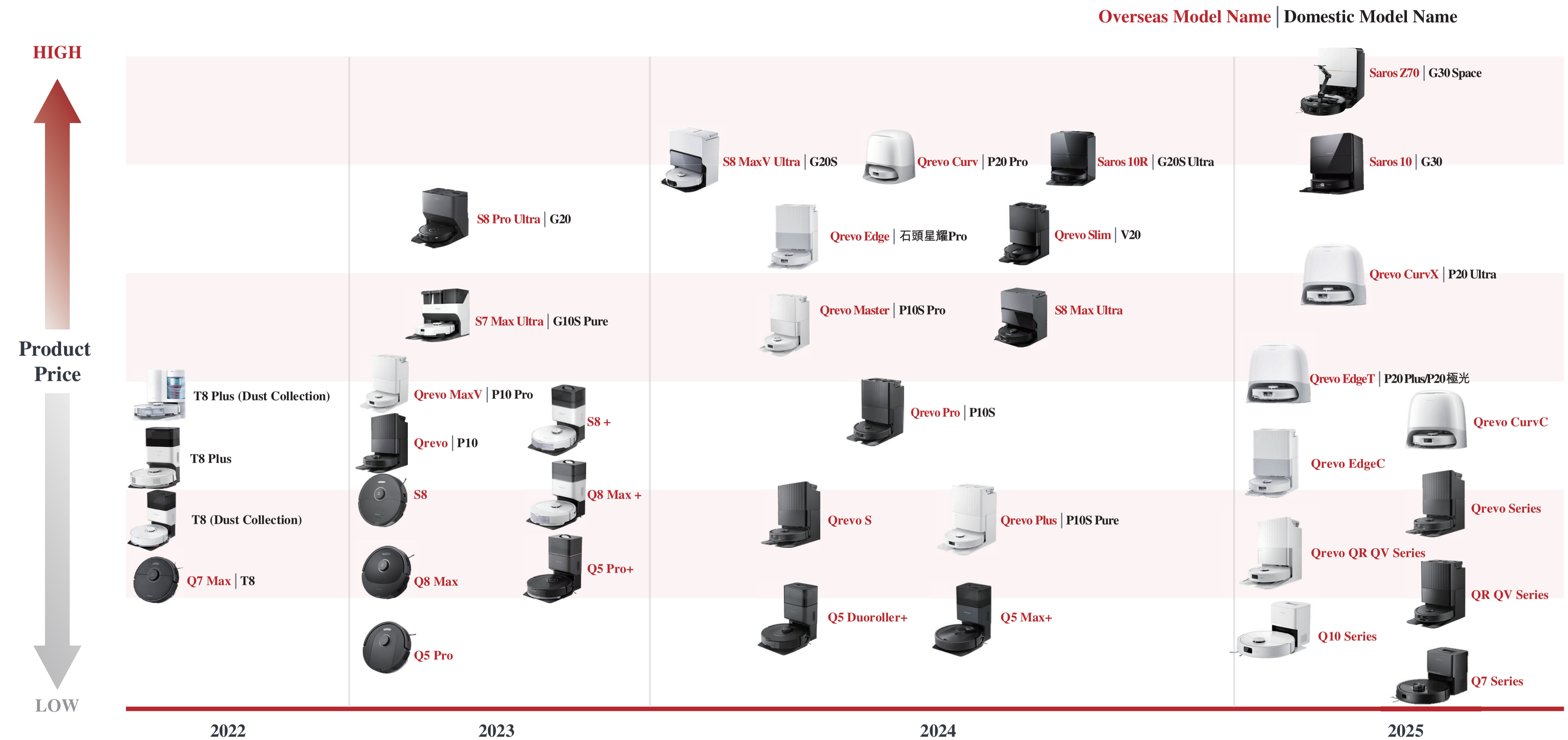
- In 2024, we launched S8 MaxV Ultra, enabling a revolutionary corner-to-edge cleaning. It is our first robot vacuum that is equipped with (i) a FlexiArm Design that automatically extends the side brush when corners and (ii) an innovative rotating side mop capable of moping closer to the edges with an impressive margin of less than 1.68mm. In the same year, we launched Roborock Qrevo Curv, equipped with the industry-first liftable chassis system with independently adjustable three-wheel control (also known as AdaptiLift Chassis), according to CIC. In addition, Roborock Qrevo Curv is equipped with our dual cantilevered spiral main brushes (also known as DuoDivide Main Brush) that effectively avoid hair tangling; and

- In January 2025, we launched Saros Z70, the world's first mass-produced robot vacuum that is equipped with a mechanical arm (also known as OmniGrip Mechanical Arm), according to CIC.

As of the Latest Practicable Date, we had launched a total of 22 and 52 models of robot vacuums in mainland China and overseas markets, respectively. Our offering allows consumers to progress from lower price points to more premium offerings. The price of our robot vacuums currently available for sale typically ranges from RMB2,799 to RMB6,999 in mainland China and US$289 to US$2,599 in overseas markets, respectively.

We were the No.1-selling robot vacuum brand worldwide in 2024, both in terms of GMV and sales volume, according to CIC. In 2024, we ranked among the top 3 robot vacuum brands, both in terms of GMV and sales volume, in each of the world's five largest markets of robot vacuums—China, the United States, Japan, South Korea and Germany—with the No.1 position in South Korea and Germany. We were also the No.1-selling robot vacuum brand in mainland China in terms of GMV across e-commerce platforms during the "618" shopping festival in 2025, according to CIC.

The following diagram illustrates the time of launch and price positioning of our robot vacuums that have been available for sale since the beginning of the Track Record Period:



The table below sets forth major specifications of select models of our robot vacuums.

Model	**Saros Z70**	**Roborock Qrevo CurvX**	**Q5 Pro+**
Overseas / **Mainland China**	**G30 Space**	**P20 Ultra**	**/**
Navigation	3D ToF	Liftable LDS	LDS
Obstacle avoidance	3D ToF, RGB camera	Structured light, RGB camera	Structured light
Obstacle recognition	Yes	Yes	/
Threshold crossing	4cm	4cm	2cm
Suction	22,000Pa	22,000Pa	5,500Pa
Main brush	FreeFlow Main Brush	DuoDivide Main Brush	DuoRoller Brush
Side brush	Extendable, Liftable	Extendable	Not extendable
Mops	Duo Spinning Mops	Duo Spinning Mops	Flat Mop
	Liftable (22mm)[(1)]	Liftable (17mm)[(1)]	/
	Retractable side mop	Retractable side mop	/
	Automatic detachment	/	/
Voice assistant	Yes	Yes	/
OTA firmware updates	Yes	Yes	Yes

Note:

(1) The mop modules of Saros Z70 and Roborock Qrevo CurvX can be lifted up to 22mm and 17mm away from the ground when the chassis is lifted, respectively.

Select key designs and technologies of our premium robot vacuums include:

OmniGrip Mechanical Arm

In January 2025, we introduced OmniGrip, a foldable five-axis mechanical arm, designed for intelligent obstacle handling. This innovation extends robot vacuum capabilities beyond traditional 2D floor cleaning, enabling autonomous navigation and interaction with complex 3D home environments.

The OmniGrip arm is designed with six degrees of freedom to mimic human arms' movement capabilities and enable precise tasks. We equip our OmniGrip arm with precision sensors, an RGB camera, and an LED light, enabling it to accurately assess its position, surroundings, and the weight of each object it grips.

We thoughtfully design our OmniGrip arm to balance strength and care, providing a secure hold while preventing excessive squeezing. It features a gentle-grip design, capable of securely holding objects without damage. A built-in weight sensor prevents it from lifting items over a safe threshold. For added convenience, the grip can be manually reversed to release objects effortlessly when needed.

Our OmniGrip arm is capable of intelligently grabbing and relocating light objects—such as slippers or socks—that could otherwise obstruct cleaning.

Scenario 1: Routine floor cleaning.

Robot vacuums with OmniGrip arm can perform routine floor cleaning and mark identifiable obstacles within the cleaning range. It can recognize 26 categories, totaling 108 types of items. After completing basic cleaning, the robot vacuum follows the room map to perform zone-based cleaning. It automatically extends OmniGrip arm to grip a marked obstacle (such as socks, sandals, and crumpled tissues), then move and place it in an already cleaned area. Afterwards, the robot vacuum goes back to clean the area where the obstacle was initially placed, before proceeding to the next zone to continue its cleaning task.

These procedures are illustrated as follows:

Scenario 2: Auto-arrangement.

Robot vacuums with OmniGrip arm can also perform auto-arrangement. OmniGrip arm can automatically grasp and relocate marked obstacles (excluding footwear) to a Roborock Store Box. Upon completing all cleaning tasks, the robot vacuum moves to the footwear zone and finally grasps and relocates shoes to a dedicated shoe storage area.

Obstacle Recognition and Avoidance

PreciSense LiDAR Navigation System. We introduced our PreciSense LiDAR Navigation System in 2016, being the first in our industry to mass-produce LDS laser navigation, which combines real-time mapping, precise localization, and visualized mapping display via mobile app, according to CIC. At that time, most robot vacuums on the market employed only basic navigations, such as random collision and inertial navigation. By combining real-time mapping and precise localization, our PreciSense LiDAR Navigation System enables our robot vacuums to intelligently plan the most efficient and effective working path, maximize automation and minimize manual intervention, thereby delivering superior cleaning experience.

Reactive AI Obstacle Avoidance System. In May 2020, we launched our proprietary Reactive AI obstacle avoidance system, the industry-first twin-camera obstacle avoidance technology. Our Reactive AI obstacle avoidance system combines structured light and we also leverage AI technology to enable robot vacuums to detect and navigate up to 108 pre-programmed objects. For details, see "—Robotics Engineering." Robot vacuums equipped with this technology can intelligently plan routes around common household obstacles, such as forgotten toys, pet bowls, and power strips, while avoiding entanglement and missed cleaning areas. This reliable performance makes our robot vacuums ideal for active home environments that require uninterrupted cleaning.

StarSight Autonomous System. In March 2024, we launched the industry's first dual-transmitter solid-state LiDAR, leveraging 3D Time-of-Flight (ToF) technology to achieve high-precision navigation. Compact construction, 3D imaging, ease-of-use, together with high accuracy and frame-rate makes ToF cameras an attractive solution for a wide range of applications. Our StarSight Autonomous System features three 3D ToF sensors on the front, rear-left, and top of the unit, which scans surroundings with lasers for instant mapping, obstacle avoidance (including the avoidance of overhead collisions of mechanical arm), and positioning. Using a QVGA ToF sensor with 21,600 sensor points, our robot vacuums equipped with StarSight Autonomous System, such as Saros Z70, Saros 10R, and Roborock Qrevo Slim, can perform 3D scanning and achieve a sampling frequency 21 times higher than those by LDSs. In addition, our StarSight Autonomous System is independent from mechanical rotation, which improves stability, reduces the height of the robot, and frees up space for other functions. It effectively reduces the height of our robot vacuums from an average of 10cm to below 8cm, thereby improving their overall cleaning performance, particularly for hard-to-reach spots like under beds, sofas, cabinets, and tight corners.

Dual Anti-Tangle Cleaning System

We design a dual anti-tangle cleaning system, featuring our innovative FreeFlow Main Brush and FlexiArm Arc Side Brush engineered to prevent tangles and clogging, for effortless cleaning.

FreeFlow Main Brush. The main brush features an integrated linkage-driven cutting mechanism. As the brush rotates, the blades perform interlaced cutting to shred entangled hair instantly. The main brush combines silicone and bristles in a 45° V-spiral pattern, guiding hair along the helical grooves to centralize it for efficient cutting. Additionally, both upper and lower blades are tucked inside serrated shields, eliminating direct contact with skin, pets, or cables for added safety.

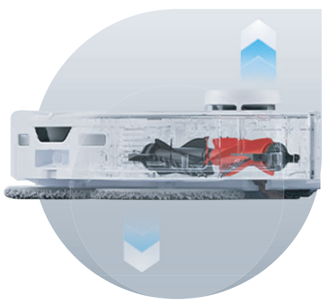
FlexiArm Arc Side Brush. The side brush arm adopts a spiral arc shape, guiding hair to flow along the direction of rotation towards the end of the bristles. This prevents hair from tangling into a tornado-like formation reaching the root. A soft rubber rib design in the middle of the side brush arm effectively blocks hair from entering upwards along the bristles, reducing the risk of tangling. During the cleaning process, these ribs gradually facilitate hair detachment. Compared to traditional side brushes, the longer bristles increase the tilt angle and downward pressure during rotation. This enhances centrifugal force to throw off hair more effectively, reducing the likelihood of hair slipping back. Additionally, the longer bristles expand the coverage area of the side brush, improving cleaning performance. The retractable side brush also features a wide coverage of edge cleaning, narrowing a side gap down to less than 1 mm.

FreeFlow Main Brush

FlexiArm Arc Side Brush

Liftable Chassis

We designed AdaptiLift Chassis, a liftable chassis system, to enhance escape capability, optimize carpet cleaning performance, and enable threshold crossing.



Mop-only mode for wet stains
Main brush and side brush lifted

Vacuum-only mode for carpets
Mop lifted

Up to 4cm thresholds crossing
Lift chassis for double-layer thresholds

Z-axis Escape. We introduce a liftable chassis system to complement our liftable mops, main brush and side brush. These four liftable designs, together, provide tailored solutions for different cleaning tasks. Notably, our liftable chassis provides an enhanced escape capability. When got stuck, traditional models of robot vacuums can only move side-to-side or spin in place. With chassis lifted designs, we add a third dimension to traditional escape methods, where our robot vacuum can lift its body upward to free itself through a Z-axis, or vertical, escape.

Carpet Cleaning. A liftable chassis can optimize the cleaning of medium- to high-pile carpets. Traditional models typically rely on mopping pad retraction to avoid wetting carpets, but this fails with types of carpets due to limited retraction height. Capable of lifting up the full body, our robot vacuums effectively match such cleaning needs.

Threshold Crossing. Our liftable chassis system also features independently adjustable three-wheel control. By independently controlling the drive wheels and the front caster wheel, our robot vacuum can raise its entire body by 1cm during operation. This design enables our robot vacuums to effortlessly overcome thresholds of up to an impressive 4 cm, allowing our robot vacuums to smoothly transition across different surfaces, such as doorsteps and U-shaped furniture legs, for uninterrupted, versatile cleaning.

Multifunctional Docking Station

We have developed Robodock, our multifunctional dock station that facilitates ten-in-one meticulous cleaning with minimal maintenance. The following illustrates major components of Robodock.

- ***80° Hot Water Mop Washing***. Hot water effectively removes stubborn stains and other dirt, saving time and water, while also disinfecting to ensure that the mops are clean for an improved mopping experience.

- ***Intelligent Dirt Detection and Smart Re-Mop***. During mop washing, the dock can intelligently perform detection checks to decide if the mop needs to be washed again.

- ***55° Warm Air Drying***. Warm air dries the mop and dock base completely, preventing mold growth and unpleasant odors.

- ***80° Hot Water Dock Self-Cleaning***. The dock features innovative self-cleaning design that cleans the bottom of the dock to save users' time and effort.

- ***Auto Warm Water Refill and Drain***. It refills continuous, real-time operation without manual refills.

- ***Auto Detergent Dispersion***. The dock can automatically add the right amount of detergent solution to the clean water tank for optimal cleaning results.

- ***Auto Mop Detaching***. The mopping module of the dock automatically detaches in modes where mopping is not needed, preventing unwanted dampness, ideally for cleaning of high-pile carpets.

- ***2.5-Hour Fast Charging***. The dock, featuring fast charging, intelligently adjusts the charge needed based on the remaining area.

- ***Auto Dust Emptying***. The dock can automatically vacuum dirt back into the dock, enabling users to enjoy up to seven weeks of hands-free cleanliness.

- ***Detachable Dock Base***. The entire dock base can be removed for thorough cleaning, minimizing the buildup of mud and dirt over time.

Other Intelligent Home Cleaning Products

Wet Dry Vacuums

While robot vacuums can assist in daily maintenance cleaning, wet dry vacuums enable targeted performance required for specific cleaning tasks. Since 2022, we have launched three generations of wet dry vacuums—Roborock A10, A20 and A30 series. Roborock A30 series products are currently our top-of-the-line wet dry vacuums.

A30 Pro Steam, a flagship model in Roborock A30 series, supports four cleaning modes—steam, hot water, auto, and suction—adapting to diverse user needs. It delivers a maximum suction power of 22,000 Pa, one of the highest in its product category, according to CIC. The suction system is paired with an advanced roller-brush that ensures effective removal of both solid particles and liquid spills.

At its core, A30 Pro Steam features a built-in steam self-cleaning system operating at 150°C, along with a dual-mode drying system offering 5-minute rapid drying and 30-minute silent drying options. This ensures hygienic maintenance of internal components and low-noise operation. The device integrates a 32-nozzle high-temperature water circulation system that evenly heats and disperses water at 86°C. This function effectively dissolves greasy residues commonly found in kitchens.

In addition, A30 Pro Steam features full Wi-Fi connectivity and is compatible with our proprietary mobile application, enabling users to access and control a broad range of intelligent functions. Users can remotely adjust key operational parameters, including suction power, water flow, mopping brush rotation speed, and cleaning solution concentration, to tailor performance to specific household needs. The device also supports customized scheduling, allowing users to set preferred start and stop times for automated cleaning sessions, delivering a highly personalized cleaning experience.

Select key designs and technologies of our wet dry vacuums include:

We equip our wet dry vacuums with JawScrapers rollers to achieve a zero-tangle and streak-free cleaning experience:

Zero-tangle. Our JawScrapers is equipped with shark-tooth blades designed to efficiently capture hair and debris. This structural configuration not only improves cleaning effectiveness but also significantly reduces hair entanglement around the brush during extended use.

Streak-free. Our JawScrapers Roller is equipped with a constant-pressure scraper that maintains stable while being in contact with the floor surface. This feature effectively prevents water streaks during operation and ensures a consistently clean, streak-free finish, especially on hard floors.

Additionally, we engineer our wet dry vacuums with a FlatReach design. Our wet dry vacuums feature an ultra-low profile of 12.5 cm, while maintaining full suction even at 180° tilt. This enables our wet dry vacuums to power through tight, hard-to-reach spaces with ease, ensuring thorough cleaning performance.

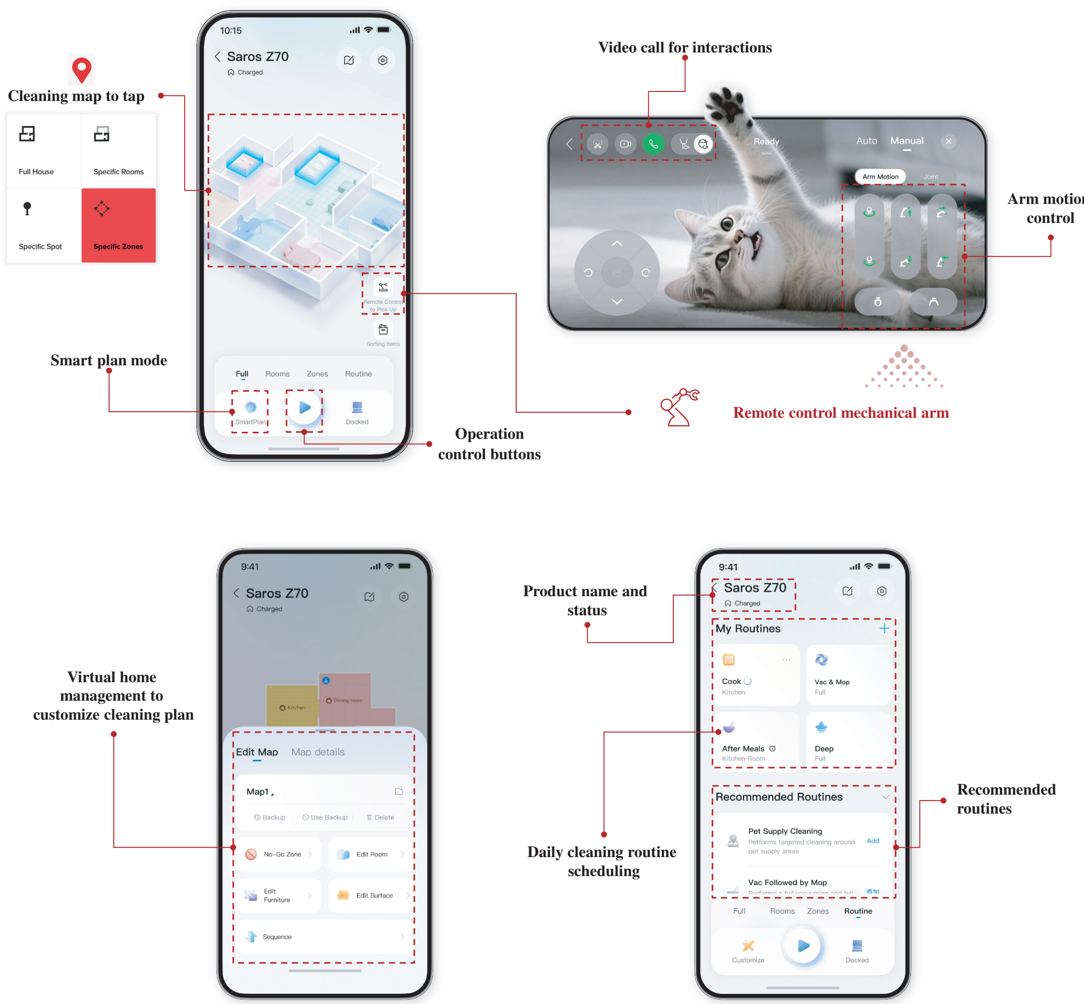
Washer-Dryers

Aside from wet dry vacuums, our product offerings also include washer-dryers and other intelligent home cleaning products. In September 2023, we launched our washer-dryer Zeo Lite, which incorporates Zeo-cycle, our proprietary molecular sieve low-temperature drying technology that provides gentle and effective dying for different clothing types. High temperature used by traditional condensation drying technology can wear down or weaken fiber strength, causing irreversible damage to clothing. Zeo-cycle is developed with a double air circulation path. Washer-dryers equipped with this technology can effectively capture moisture from damp clothes without extreme heat.

Roborock App

Our robot vacuums and other intelligent home cleaning products can be connected with our Roborock App via Wi-Fi. Once connected, they can be controlled through the app. Leveraging our strong software development capabilities, we pioneered the ways in which maps can be presented and interacted with on Roborock App.

Specifically, users can start our robot vacuums remotely, check their cleaning progress and current status, create cleaning schedules, view the virtual map created by the robot vacuums, and monitor their movement in real-time. Users can also direct the robot vacuums to clean a specific area or spot by simply dropping a pin on the virtual map generated by the robots.



Powered by RRMason, our innovative software-based solution, Roborock App also supports the following key features:

- ***Smart Plan Mode***. It enables robot vacuums to autonomously relocate obstacles, collect scattered items, and compute optimal execution plans based on real-time environmental data.

- ***RRMind***. It uses application programming interfaces ("**API**") to connect with third-party open source LLMs, enabling voice commands and user interface through our Roborock App.

- ***Pet Mode***. Designed with pet owners in mind, it offers functions such as pet detection, pet photo capture, and targeted cleaning of pet-related areas.

- ***Versatile Video Tools***. It enables dual-camera switching, remote navigation, patrol operations, and mechanical arm control.

- ***Manual Map Erasure***. Users can selectively clean and update stored environment maps for improved operational accuracy.

In addition, through our Roborock App, our products can be conveniently scheduled for an OTA firmware update. Our OTA firmware update capability allows us to frequently upgrade our products throughout its lifecycle, and therefore, strengthen our consumer engagement and enable us to earn high customer loyalty. We seek to make as many functions OTA firmware upgradable as practicable. We typically release our OTA firmware updates on an average of once per month during the first six months after launching a product, and release subsequent updates once every two to three months. For example, subsequent to our release of Roborock Qrevo Curv, we had completed a total of 136 OTA firmware updates as of the Latest Practicable Date. These updates have significantly enhanced its cleaning performance, covering aspects such as mapping, obstacle avoidance, and path planning, enabling a better user experience.

Products Under Development

Our business philosophy of using advanced technologies to develop and commercialize products to solve obvious problems will continue to govern our future R&D efforts. For example, we seek to further extend our technological capabilities to outdoor cleaning scenarios, including courtyard maintenance, exterior surface cleaning and lawn care. To this end, we are exploring new product categories such as robotic lawn mowers and other smart outdoor cleaning appliances.

ROBOTICS ENGINEERING

The robotic system in our robot vacuums is controlled by a combination of hardware and software based on rule-based algorithms. Specifically, our robot vacuums first perceive their environment through multiple sensors, such as the LiDAR (including 3D ToF LiDAR), 3D structured light sensors, the odometer, the accelerometer, the gyroscope, wheel encoders, ultrasonic sensors, front bumper sensors, cliff sensors, motor current sensors, and carpet detection sensors. The units then employ software-based algorithmic processing to evaluate the data collected by these sensors and determines appropriate actions based on predefined rules. These software-based algorithms primarily consist of simultaneous localization and mapping, or SLAM algorithm, navigation algorithms for path planning, motor control algorithm for movement regulation, and exception handling algorithm (implemented as rule-based diagnostic trees) for fault management. These algorithmic solutions ultimately drive the units' hardware modules, such as sweeping, mopping, chassis, and, where applicable, mechanical arm modules, to execute cleaning motions.

Following below are core modules we engineered to promote the cleaning performance of our robot vacuums.

LiDAR Module

Our robot vacuums intelligently map their surroundings using advanced sensors. Notably, we independently developed our LiDAR modules that enable efficient and accurate measurement of room distance data, providing robust support for indoor positioning and navigation.

- *Foundational LiDAR module*. We are the first in the world to equip robot vacuums with LiDAR modules on a mass production scale, according to CIC. Our LiDAR-equipped robot vacuums are capable of scanning an environment perimeter of 360 degrees at five full revolutions per second. It repeats this process from several spots until it generates a map and locates every obstacle in the room, such as walls, doorways or table legs. The data collected by the LiDAR, together with those collected by multiple other sensors, serve as the basis on which our SLAM algorithms perform the mapping and localization function, and help our robot vacuum navigate around a room. Our proprietary LiDAR module offers a precise measurement range of eight meters and limits a measurement error to 2% or less, thereby delivering high-confidence distance data for positioning and navigation.

- *3D Time of Flight (ToF) LiDAR*. We, again, pioneered the global robot vacuum industry to equip robot vacuums with 3D ToF LiDAR modules on a mass production scale, according to CIC. Our LiDAR system, after equipped with a QVGA ToF sensor with 21,600 sensor points, can further extend the precise measurement range of nine meters and limit a measurement error to 1% or less. In addition, compared to traditional LDS technology, our 3D ToF solution offers three key advantages:

  (i) while traditional LDS modules only measure distance information at a fixed height, our 3D ToF solution captures complete 3D spatial data;

  (ii) LDS sensors typically protrude from the robot vacuums' body, increasing the units' total height and preventing access under furniture like beds/sofas; and

(iii) our 3D ToF solution features a simultaneous performance of SLAM mapping, positioning, and obstacle avoidance, without requiring separate structured light sensors. With RGB fusion, our 3D ToF solution can effectively improve obstacle recognition accuracy.

SLAM Algorithm

SLAM is the computational solution of constructing or updating a map of an unknown environment while simultaneously keeping track of location of an object. LiDAR-equipped robot vacuums typically utilize SLAM algorithm to perform the localization and map-creation function. As robot vacuums operate in diverse household environments, conditions such as low-reflectivity surfaces, sunlight interference, and slippery floors can easily induce sensor inaccuracies in laser ranging modules and odometers, leading to positioning errors.

We have been constantly optimizing our SLAM algorithm to adapt these environmental complexities, ensuring reliable navigation and precise mapping even under suboptimal conditions, thereby enhancing operational efficiency and user satisfaction:

- *High-accuracy, reliable, real-time mapping and localization*. Our robot vacuums can generate and present a real-time map before they perform the cleaning task, instead of waiting until the cleaning run is completed. Our SLAM algorithms combine information received from multiple sensors, including LiDAR, the odometer, the accelerometer, and the gyroscope.

  We have developed an advanced algorithm that combines the Kalman and Particle filters to address positioning errors caused by abnormal laser distance sensor data (such as when curtains, bedsheets, or other objects obstruct the sensor). The Kalman and Particle filters are methods that recursively update an estimate of the state given a sequence of observations, while also identifying the random changes driving the process. Unlike traditional single-filter methods, this hybrid approach significantly enhances the robustness of the SLAM algorithm, ensuring reliable navigation even in complex home environments with varying obstacles. This innovation improves the robot vacuum's ability to maintain accurate positioning and mapping, delivering more consistent and efficient cleaning performance.

- *Rapid re-localization*. We fine-tune our SLAM algorithm with innovative re-localization capabilities, including both in-place rotation and motion-based relocation. These breakthrough innovations enable our robot vacuums to deliver industry-leading relocation speed and accuracy while operating seamlessly across complex home environments. Robot vacuums can rapidly identify their position across multiple floor maps, ensuring correct map selection for efficient multi-level cleaning.

  We further empower camera-equipped robot vacuums with a vision-assisted relocation algorithm. In a verification test against non-visual methods using four stored maps, vision-assisted relocation demonstrates particular superiority, significantly reducing the units' positioning time while maintaining high success rates, under identical conditions.

- *Innovative CPU/GPU co-acceleration*. We adopted a heterogeneous computing techniques, utilizing both CPUs and GPUs to improve performance and energy efficiency. By combining CPU logic with the GPU's parallel processing power, our robot vacuums can rapidly learn the environment, for faster, more precise SLAM calculations. In addition, these techniques allow SLAM calculations to run efficiently on cost-efficient chips, cutting processor requirements and overall system costs without sacrificing real-time SLAM performance.

Navigation Algorithms

After a map is created, our proprietary navigation algorithms combine information received from multiple sensors, including cliff sensor, collision sensor, drop sensor, electronic compass, bumper sensor, and wall sensor, to calculate and plan the most efficient route for cleaning.

Our navigation algorithms feature efficient, iterative point-to-point obstacle avoidance. This ensures that our robot vacuum's planned route maintains the shortest possible path, while circumventing all mapped obstacles, keeping a preset distance from obstacles during cleaning to prevent entrapment or operational interference. For example, we design a path planning algorithm for complete cleaning coverage along walls, corners and furniture legs. Powered by LDS and wall sensors for precise right-side distance measurement, the algorithm uses optimized control logic to enable our robot vacuums to work as close to the wall as possible to ensure maximum cleaning performance, stay an ideal distance from the edge for the units' side brush to work effectively, while maintaining directional stability and avoiding repetitive corrective movements.

AI Algorithms

We have developed AI algorithms to enhance our robot vacuums' object recognition capabilities. As of the Latest Practicable Date, 108 objects had been pre-programmed into one of our premium robot vacuum models. Users, after inputting the relevant obstacle definitions through the Roborock App, can label up to 50 new objects to enhance the functionality of the unit.

Our robot vacuums equipped with the AI-enabled object recognition module offer enhanced object recognition, although the robot vacuums' robotic system is still controlled through a combination of hardware and non-AI rule-based algorithms, including the SLAM algorithm. Our AI object recognition module is pre-programmed to operate independently of the hardware and software components that control the robot vacuums' robotic system. Specifically, the AI recognition module (i) does not actively acquire sensor data on its own initiative, (ii) results generated by the units' AI recognition algorithm cannot be used to directly control the execution mechanisms of the units, and (iii) the units can still perform their designed functions without relevant AI algorithms.

In terms of working mechanism for robot vacuums with the AI recognition module, the units' navigation and path planning modules can invocate AI-enabled object recognition, and data collected by the units' various sensors feed in the AI recognition module. This module then performs matching computations and returns the results of object recognition, which are further processed by the units' navigation and path planning modules for directing the unit to execute the corresponding actions.

We have also developed AI algorithms that, for our robot vacuums equipped with the OmniGrip arm, predict the optimal grasping position for an object with a higher success rate. The inputs for the AI-based calculations are the captured image of the object to be grasped, along with point cloud data feature extraction results. Once the appropriate grasping point is determined, the grasping action of the arm is then executed using hardware and non-AI predefined rules.

RESEARCH AND DEVELOPMENT

A spirit of technological innovation and engineering excellence permeates our company and we have been continuously pushing the boundaries of what technology can offer. We focus on designing and developing products that excel in their functionality and craftsmanship and provide customers with unparalleled user experience in every detail, across all of our products.

R&D Team

As of December 31, 2024, we had a strong R&D team consisting of 1,043 members, representing over 40% of our full-time employees. Over 36% of our R&D team members hold a master's degree or a Ph.D. Our core R&D professionals have prior work experience at leading tech companies, such as Microsoft, Foxconn and Sony, as well as renowned research institutes, such as Chinese Academy of Sciences, bringing us extensive multidisciplinary technical expertise and meaningful industry foresight.

We employ a dual-focus R&D model. We have a specialized pre-research team of over 100 seasoned experts who focus on exploring emerging technologies. In parallel, we have built an applied R&D team of nearly 1,000 specialists, who are excel at refining practical applications. We benefit from their extensive expertise in cross-cutting technologies, such as software, electronics, and mechatronics, and vertical-focused technologies in different product categories. In our quest for continuous product improvement, they work closely with our product team on relentless incremental enhancements of our products, translating innovations into superior consumer experiences.

Geographically, our R&D team has been distributed among three R&D centers with complementary functions. Our Beijing R&D center is dedicated to hardware and software research, quality control and testing; our Shanghai R&D center is focused on software research and advanced technologies; and our Shenzhen supply chain and manufacturing research center is specialized on boosting architect, new product introduction, and supply quality management.

Our R&D team has been carefully curated into complementary functions, each led by industry veterans, with expertise spanning across software engineering, hardware development, mechanical design, product design and quality control. As a result, we are able to effectively integrate multidisciplinary technologies to achieve our ultimate objective of enhancing consumer experience.

Product Development Process

We follow an IPD framework that ensures rigorous market and technical validation at each stage—from initial feasibility studies to mass production readiness. This phased approach includes prototype verification, business case evaluation, mold testing, and mass production validation. This disciplined approach enables us to develop new products more efficiently and resulted in many successful first-to-market innovations.

With a streamlined six- to eight-month development cycle, we outpace industry average across domestic and international markets, according to CIC. A strong testament is Roborock Qrevo Curv's record 6-month turnaround from project initiation to mass production.

INTELLECTUAL PROPERTY

We regard our trademarks, copyrights, patents, domain names, proprietary technologies, and similar intellectual property as critical to our success, and we rely on copyright, trademark and patent law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. We have a portfolio of intellectual property rights covering over 30 countries and regions in the Asia-Pacific region, North America and Europe.

As of December 31, 2024, we had 2,235 issued patents (including 316 invention patents) and 3,689 patent applications pending in mainland China and overseas, such as the United States, Germany, and South Korea. Invention patents we held in mainland China as of December 31, 2024 will expire between April 2035 and June 2043, which cover rights related to the configuration, operation and design of many of our products, related subsystems and/or features. Please refer to Appendix VI to this document for further details of our intellectual property rights, which we considered to be material to our business.

As of the Latest Practicable Date, we were not aware of any infringement of our intellectual property rights, or any disputes or claims against us in relation to the infringement of intellectual property rights of third parties, that were pending or threatened and would, individually or in the aggregate, have a material adverse impact on our business, financial condition or results of operations.

For information related to the risks associated with our intellectual property, please see "Risk Factors—Risk Related to Our Business and Industry—Our intellectual property rights are fundamental to our business and we may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position" and "Risk Factors—Risk Related to Our Business and Industry—Claims by third parties that we are infringing their intellectual property and other litigation could adversely affect our business."

SALES AND DISTRIBUTION

The following table sets forth a breakdown of our revenue generated from sales to distributors and direct sales for the periods indicated.

	For the Year Ended December 31,					
	2022		**2023**		**2024**	
	RMB'000	*% of total revenue*	*RMB'000*	*% of total revenue*	*RMB'000*	*% of total revenue*
Sales to distributors	4,375,127	66.2	5,096,650	59.0	6,962,456	58.4
Direct sales	2,235,609	33.8	3,542,831	41.0	4,956,017	41.6

Sales and Distribution Network

Our Distributors

We leverage the distribution channels of leading e-commerce platforms and other distributors to expand our consumer reach. Specifically, we maintain close business relationships with leading, logistics-driven e-commerce platforms, such as JD.com. We recognize the revenue at the point in time when the control of our products is transferred to them. They offer centralized marketplace for a wide range of products and attract the majority of online shopping traffic. We also work with renowned retail chains, such as Best Buy and Target, to expand consumer reach and enhance brand visibility through their extensive online and offline channels.

As of December 31, 2024, we had a total of 134 distributors. Notably, in mainland China, our products were available in more than 170 retail stores or points of sales operated by our offline distributors as of Latest Practicable Date. In overseas markets, for example, our products were available in nearly 900 and 1,400 retail stores of Best Buy and Target, respectively. With a focus on exceptional in-store experiences, our collaboration with them drives product adoption and amplify our brand awareness. Our distributorship model is in line with the industry norm, according to CIC.

We typically enter into framework agreements with our distributors on an annual basis to ensure that they maintain strong relationships with us. During the year, they purchase our products by placing an individual purchase order with us specifying the type and quantity of products they want from time to time. We have not experienced any material breaches of any of the framework agreements and we did not have any material dispute or claim with any of our distributors.

To the best knowledge of our Directors, all of our distributors during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties; and none of our distributors transacted with us during the Track Record Period and up to the Latest Practicable Date, uses our brand or name, or has received any material advance or financial assistance from us. Our relationship with our distributors is a buyer and seller relationship. They are our customers and they do not act on our behalf when dealing with their own customers, and we have no management control over their order placement, inventory management, or resale activities. They place orders with us if, when and for amounts they deem appropriate.

Our DTC Sales

We sell directly to retail customers who place orders with us through our self-operated online stores on major e-commerce platforms, such as Amazon, Tmall, and Douyin. These platforms typically provide us with services including product listings, warehousing, product return and customer support. We display detailed description and illustration of the innovative features, technologies and functions of our products on these platforms. We generally pay commissions or service fees to these platforms, typically calculated as a percentage of our GMV generated through these platforms.

Our products were also available for sale on 12 Roborock web stores as of December 31, 2024. We ship products to retail customers upon receipt of their orders and payments, and generally recognize revenue upon their receipt of products.

Distributor Management

Our sales and marketing team is responsible for the management of distributors, ranging from selecting, monitoring, reviewing and managing risks associated with our distributors. We choose our distributors based on their demonstrated distribution capabilities, knowledge of their respective markets, financial stability, creditworthiness, and operational scale.

We regularly monitor the performance of our distributors based on their procurement volume, market coverage, sales growth, reputation, level of cooperation, compliance with the terms of our distribution agreement, and overall credit profiles. During our ordinary course of business, our sales team tracks this information and provides reports to us on a regular basis. We also conduct formal semi-annual reviews of our distributors' performance. Moreover, to encourage our distributors to place orders based on actual market demand and sales forecasts, we generally do not set sales targets or minimum purchase amounts for our distributors in our distribution agreements. However, we may offer them sales rebates or subsidies if they meet certain procurement amount, and/or reimburse their expenditures incurred for brand marketing and promotion activities based on actual sales.

The following table sets forth the changes in the number of our distributors for the periods indicated.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
As of the beginning of the period	46	68	79
Additions of new distributors[1]	30	18	58
Terminations of existing distributors	8	7	3
Net increase	22	11	55
As of the end of the period	68	79	134

Note:

(1) The significant increase in new distributors in 2024 was driven by our strategic expansion into new geographies and a strengthened focus on broadening channel coverage through an enhanced distributor network.

To our knowledge, certain distributors who resell our product to overseas markets engaged sub-distributors during the Track Record Period. Generally, we do not have contractual relationships with sub-distributors engaged by our distributors, who hold primary supervisory responsibilities over their respective sub-distributors.

Arrangements with Distributors

The following sets forth salient terms of our arrangements with our distributors.

- *Duration*. Our distribution agreements generally have a one-year term.

- *Product return*. Our distribution agreements typically do not allow any returns, except for defective products.

- *Intellectual property*. Our distributors are prohibited from using our intellectual property without our prior authorization or beyond the duration of the applicable contract.

- *Payment and credit terms*. We require full payment either upon order placement or shipping, and we generally do not extend credits to our distributors.

- *Sales price*. We do not have the right to set the sales price at which our distributiors resell our products.

- *Designated distribution area*. We require our distributors to distribute our products within their authorized regions.

- *Termination*. We may terminate a distribution agreement upon the occurrence of certain events, including any material breach by our distributors of the agreement.

Prevention of Cannibalization

We have implemented a multifaceted approach to minimize the risk of sales cannibalization among our distributors. We strategically select and engage qualified distributors with complementary channels. In addition, we collect detailed information regarding sales of our products through our distributors on a regular basis, diligently oversee their sales to end customers, and establish a periodical reconciliation mechanism to ensure the accuracy of accounts. In addition, based on end-consumer activations of connected device, we proactively verify whether our distributors sell our products within their designated distribution regions. Once we detect any abnormalities, including cross regional or cross-channel sales, we will immediately communicate with our distributors on corrective measures, and we may require them to halt all sales and shipments to them under severe circumstances. If, under these circumstances, distributors continue to sell the products externally, we will disqualify them from our incentive programs and have the right to terminate our distribution agreements with them.

Prevention of Channel Stuffing

We have adopted various measures to avoid channel stuffing. We do not allow product returns unless there is a product quality issue, which helps us to minimize channel stuffing risk. We regularly sample for different products and review information including sales and/or inventory data from our distributors, and may request further information if we identify any irregularities. We also consider purchase volumes, historical data, regulatory changes, and other market factors to monitor our product sales. Further, we actively adjust our sales strategy and geographic or product coverage of each distributor based on market demand and each distributor's capacity. With respect to the distribution of our products in overseas markets, distributors typically pay us upfront, which further mitigate the risk of channel stuffing. We believe that such arrangement fosters a disciplined distribution practice that aligns inventory levels with actual demand. During the Track Record Period and up to the Latest Practicable Date, we did not notice any unusually large procurements that were inconsistent with distributors' past practices, nor did we notice any abnormally high inventory level of our distributors.

MARKETING AND BRANDING

Since our inception, we have achieved rapid growth primarily through word-of-mouth marketing, which we believe has provided, and will continue to provide, us with the most effective and cost-efficient channel to establish our brand image and promote our products.

To strengthen our brand presence and product visibility, we have implemented a broad range of marketing initiatives. These include coordinated product launch campaigns and promotional events, often timed with major sales periods, to boost brand exposure and highlight product advantages. We actively engage in both online and offline marketing activities, including digital marketing campaigns, KOL partnerships, celebrity endorsements, and out-of-home advertising, while embracing social media elements.

Mainland China

In mainland China, we leverage technological innovation to launch industry-first products, such as mechanical arms, aiming to lead the market in functionality and performance. At the same time, we seek to enhance our brand's cultural relevance through cross-industry collaborations with museums and cultural institutions. By combining advanced technology with cultural relevance, we continue to build a distinctive brand image that appeals to a broader audience.

We have expanded our branding efforts, particularly through innovative social media campaigns and close collaboration with influencers and content creators among younger consumer communities. As part of our strategy, we also custom-design products from time to time for select channels to enhance platform engagement and brand differentiation.

Our digital engagement in mainland China is centered on active content management and user interaction. We have expanded our branding efforts, particularly through innovative campaigns and close collaboration with influencers and content creators among younger consumer communities. We maintain official accounts on Weibo, WeChat and other social media platforms to engage users and respond to their questions and feedback. For example, our WeChat account provides detailed product introductions and user manuals, and features embedded links that direct users to our online store or authorized e-commerce platforms for instant purchases. We also create engaging product-related posts tied to trending topics such as home design, appliance reviews, and smart living. Content formats are adapted to the specific characteristics of each platform to maximize reach and engagement, helping us convert targeted traffic into potential customers.

We regularly participate in large-scale marketing campaigns such as the "618" and "Double Eleven" shopping festivals, which are highly popular among Chinese consumers. These campaigns help us attract high-intent traffic and drive sales.

Overseas Markets

We position ourselves as a premium, technology-driven intelligent cleaning products brand in overseas markets. We expand our global presence through a series of major product launches, international exhibitions, and cross-industry collaborations. At CES 2025, we unveiled the Saros Z70 robot vacuum—our first model equipped with a mechanical arm—supported by an immersive exhibition booth and coordinated multi-platform campaigns. The launch received over 50 media awards and attracted widespread coverage across global technology and lifestyle media. In 2024, we marked our tenth anniversary with a showcase at IFA featuring the Roborock Qrevo Curv and Roborock Qrevo Edge series, which were recognized for innovations such as adaptive chassis-lift and dual anti-tangle cleaning systems.

These product introductions were further supported by influencer partnerships and regional campaigns in key overseas markets, including the United States, Germany, France, and Italy. For example, our global co-branding initiative with The Garfield Movie broadened audience engagement through cinema integrations, social media campaigns, and interactive consumer events in North America, Europe, and Asia. Collectively, these initiatives enhanced global brand awareness and laid a strong foundation for the next phase of our international expansion.

North America

In North America, we strengthened our premium brand positioning through integrated marketing campaigns that emphasized product innovation and consumer engagement. Our outreach efforts include high-visibility digital campaigns across platforms such as TikTok, where we launch interactive challenges showcasing features such as retractable side brushes in an engaging, shareable format.

We tailored our messaging to specific consumer segments, including households with pets and users interested in smart-home technologies. In conjunction with key product launches, we partnered with leading technology media outlets and subject-matter experts to highlight product advantages in design, performance, and usability.

During the holiday season, we executed a synchronized Black Friday promotion involving livestreaming, video advertisements, and influencer-hosted content, enabling seamless progression from discovery to purchase and repeat engagement.

Europe

In Europe, we pursued a high-visibility marketing strategy anchored by participation in major industry events, regional collaborations, and an integrated digital-to-offline engagement model.

At IFA 2024, we introduced next-generation robotic cleaning and laundry solutions, earning multiple media awards and achieving strong brand presence in key markets. Leveraging our tenth anniversary, we launched the "Rocking Life with You" campaign, which included storytelling-driven social media content, a themed brand film, and curated gift sets aimed at deepening emotional resonance with consumers.

To support local market relevance, we have partnered with regional figures, such as an Olympic table tennis medalist in Sweden and the designer of the Paris 2024 Olympic torch, broadening our appeal and reinforcing our positioning at the intersection of technology and lifestyle design. In Germany, the "Perfect Host" campaign, co-hosted with local lifestyle experts, also attracted mainstream media attention and built momentum ahead of peak seasonal promotions.

We maintain a pan-European digital presence through our official website and accounts on social media such as Facebook, Instagram, and TikTok, supported by partnerships with leading content creators in technology, design, and home living. Offline, we staged press launches and pop-up experiences across Germany, France, Italy, the Nordics, and Poland, complemented by sustained retail visibility on major e-commerce platforms, such as Amazon, and large, regional consumer electronics retailers, such as MediaMarkt and Fnac. This multi-channel approach reinforces brand awareness and supports sales conversion throughout the region.

Asia Pacific

Across Asia Pacific, we have implemented a regional strategy built around four key pillars: (i) digital infrastructure (including dedicated brand websites and localized social media channels), (ii) media outreach (via press partnerships and product launches), (iii) experiential marketing (such as pop-ups and seasonal campaigns), and (iv) consumer engagement through initiatives centered around corporate social responsibility ("**CSR**"). This framework has supported increased brand visibility, consumer engagement, and market share growth across the region.

In South Korea, we achieved a significant increase in web traffic and social media followership over a 12-month period. We also launched original media content to deepen brand relevance and held a major product launch in Seoul followed by multiple pop-up events. These campaigns were amplified through out-of-home, broadcast, and entertainment program integrations. In parallel, our data privacy awareness initiative and CSR partnership with Save the Children contributed to increased consumer trust and brand credibility.

In Turkey and Australia, we have applied the same strategic framework, establishing local-language digital channels, securing press coverage for new product launches, and conducting high-traffic pop-up events aligned with national shopping festivals. These efforts have reinforced local brand recognition and supported our expansion in markets with growing demand for premium smart-home products.

PRICING

Our pricing strategy is designed to capitalize on our technological advantages, address diverse market segments, and adapt to dynamic market conditions.

Key factors influencing our pricing include:

- *Technological value.* Premium pricing is justified by innovative, differentiated features and advanced capabilities.
- *Financial and market share objectives.* While factoring in production costs, we adopt an appropriate pricing to tactically drive adoption and defend or expand market share.
- *Consumer spending power.* We align our pricing with the purchasing capacity of our target users in different markets.
- *Spending incentives.* We take into account promotional incentives and programs, such as trade-in schemes, that may influence consumers' purchasing decisions.

- *Cross-border trade factors.* In overseas markets, we factor in additional factors such as shipping costs, tariffs, foreign exchange risks, and product certification expenses, and calibrate our pricing to local economic development and competitive conditions.

We adopt a tiered pricing to expand our customer base. Premium models featuring cutting-edge technologies command higher prices, while mid-range and entry-level offerings ensure accessibility for cost-sensitive consumers. This enables us to maximize revenue opportunities across different consumer segments. Furthermore, we employ a dynamic pricing strategy. We constantly monitor competitor activities, product life cycles, technological upgrades, and market trends. We adjust pricing in response to promotional cycles, and adopt competitive pricing points that adequately reflect the competitive dynamics, regulatory environment, and economic conditions of each market.

MANUFACTURING AND QUALITY CONTROL

We adopt a hybrid manufacturing approach that combines the stability of in-house operations with the scalability of strategic EMS partnerships.

Manufacturing Facility

We started to build our manufacturing facility in Huizhou, China in July 2022, and commenced our manufacturing at this facility since April 2023. As of the Latest Practicable Date, our manufacturing facility covered a gross floor area of 49.8 thousand sq. m. The lease for this property will expire in April 2030. We manufacture products and components that demand exquisite craftsmanship and integrate cutting-edge technologies in-house. In 2024, we manufactured nearly 40% of our total production volume in-house. The following table sets forth the designed production capacity, actual production volume and utilization rates of our manufacturing facility in 2023 and 2024, respectively.

	For the Year Ended December 31,					
	2023			2024		
	Designed Capacity[1]	Actual Production Volume	Utilization Rate[2]	Designed Capacity[1]	Actual Production Volume	Utilization Rate[2]
	(units)	*(units)*	*(%)*	*(units)*	*(units)*	*(%)*
Robot vacuums . .	800,000	669,000	83.6	1,860,000	1,650,000	88.7

Notes:

(1) The designed production capacity is calculated based on 26 effective production days per month on a double-shift basis.

(2) Utilization rate equals actual production volume divided by production capacity.

Collaboration with EMS Providers

We have been working with electronics manufacturing service, or EMS, providers on production of our products since inception. We believe that such outsourcing arrangement, during the early stage of our development, enables greater scale and flexibility at lower costs than establishing our own manufacturing facilities. Today, we believe that our collaboration with EMS providers further maximize our production efficiency.

In 2022, 2023 and 2024, we engaged four, four and seven EMS providers with complementary functions. We carefully select and diversify our EMS providers, taking into account their price, quality, production capacity, financial conditions, delivery scheme, business scale and reputation. There are no existing long-term manufacturing contracts on which we are substantially dependent. This approach enables us to maintain a competitive sourcing environment and secures favorable pricing across our entire supply chain. Moreover, we carefully review the performance of our suppliers on a regular basis to ensure the stability and quality of our products. More recently, to further strengthen supply chain resilience, we are actively diversifying our global manufacturing footprint. Our Vietnam contract manufacturing operation was launched in the fourth quarter of 2024. These initiatives not only mitigate geopolitical risks but also optimize our ability to serve international markets with greater agility.

We design specifications and establish standards for our EMS providers to ensure the stability and quality of our products. Our arrangement with the EMS providers include production management, technological capability requirement, quality control management, manufacturing consumables, intellectual property rights, and remedy for breach of contract, among others.

For information related to the risk associated with our cooperation with EMS providers, please see "Risk Factors—Risk Related to Our Business and Industry—We cooperate with EMS providers to manufacture our products. If we encounter issues with them, our business and results of operations could be materially and adversely affected."

Arrangements with EMS Providers

The following sets forth salient contractual terms with EMS providers.

- *Duration*. Our agreements with EMS providers typically have an initial term of three years and will be automatically renewed for an additional one-year term, unless either party provides written notice to terminate or amend the agreement at least six months prior to the expiry of relevant agreements.

- *Manufacturing and engineering services*. EMS providers manufactures products based on the designs, specifications and quality requirements and deliver the finished products to the location designated by us upon completion. In addition to manufacturing, EMS providers are responsible for a range of engineering development services based on our designs, including development of molds and equipment and preparation of process flows and standard operating procedures.

- *Quality control*. Our agreement with EMS providers include detailed provisions on quality targets, pre-shipment testing, product inspection upon delivery, data recording and anomaly reporting during manufacturing and liability for failure to meet required quality standards. We also typically enter into a separate supplier quality guarantee agreement with our EMS providers, which specifies general quality standards, quality management and sampling requirements and product liability indemnification terms. In addition, EMS providers are subject to on-site inspections and annual evaluations conducted by us.

- *Warranty period*. EMS providers are liable for quality issues as specified under the supplier quality guarantee agreement, typically for a period 30 months after we accepted the finished products after inspection.

- *Payment and credit terms*. Payments are made only after acceptance of products that meet our requirements. We typically settle payments with EMS providers within 80 days of the monthly invoice date.

- *Intellectual property*. We own the intellectual property rights in the designs of products we engage the EMS providers to manufacture. Intellectual property rights in molds, equipment and related know-how used in the manufacturing process are owned by us if we bear the associated costs, or jointly owned with the EMS providers if developed with our involvement but without our funding. EMS providers are strictly prohibited from licensing or applying such molds, equipment, or related technical materials to products for third parties without our prior written consent.

- *Product liability indemnification*. Except where damages are caused by us, our EMS providers are fully responsible for any damages, losses, liabilities, and associated cost and expenses arising from any design or manufacturing defects in the relevant products.

- *Termination:* We typically may terminate our agreements with EMS providers at any time without cause by providing 60 days' prior written notice. Either party may terminate the agreement with immediate effect for cause, including the other party's bankruptcy, restructuring, suspension of business, material difficulty in performance of its obligations, or failure to cure a breach within 30 days of receiving written notices. Termination without cause by the EMS providers requires our prior written consent and must be requested by written application at least six months in advance.

Supply Chain Management

An efficient integrated manufacturing and supply chain is an integral part of our business model. While partnering with trusted electronics manufacturing service providers, we strategically pivot to strengthen our in-house production capability. In April 2023, our Huizhou manufacturing facility commenced commercial production. Since then, we have directly sourced a significant portion of raw materials, components, and spare parts required for our product manufacturing. We implement comprehensive screening and management procedures for our suppliers of raw materials, components and spare parts, such as routine performance evaluations. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material shortage or delay in the supply of raw materials which has significantly affected out business operation. For risks associated with any shortage or price increase of the critical components of our products, please see "Risk Factors—Risk Related to Our Business and Industry—We rely on a limited number of suppliers for hardware components and raw materials. If critical components of our products become unavailable, we may incur delays in shipment, which could damage our business."

Quality Control

Our commitment to quality flows through every stage of the design, development, production and post-production process. Our manufacturing facility in Huizhou, China has been certified under ISO9001, an internationally recognized standard for a quality management system. We have implemented a stringent quality assurance program to maintain the high quality of our products. The following sets forth a summary of our quality assurance program.

- *Systematic NPI process*. We have launched a systematic NPI process. The NPI begins with a preliminary production process based on reports created by our R&D team. The operation guide includes the production process, the process tools and quality control items in the process. Once the production schedule is available, it is then converted into specific standard operating procedures ("**SOPs**") for manufacturing. We will carefully review and finalize the SOPs prior to trial production.

- *Thorough trial production*. We test and improve product quality, functionality, stability, performance arising during the trial production period. We conduct thorough examinations of product samples and each of their components at the trial production period to make sure they satisfy all the technical requirements set forth in our structure design and industrial design. The examination results are recorded on a set of product sample documents, which are further reviewed and approved by us prior to mass production.

- *Dedicated quality assurance*. We have a dedicated quality assurance team that establishes, communicates and monitors quality standards by product category. Manufacturers are kept apprised of quality assurance expectations through a vendor management portal environment. In addition, we have quality assurance personnel stationed at the facilities of our manufacturers to perform sampling inspection to ensure that our manufacturers fully adhere to our quality standards in the production process.

- *Quality certifications*. All of our products are certified according to China Compulsory Certification, as well as Europe CB Certification, CE Marking, RoHS Certification and other international certifications.

LOGISTICS AND INVENTORY

Logistics

We believe that reliable and timely product delivery is a critical component of providing a compelling shopping experience. Our products purchased online are shipped using third-party logistics service providers. We have developed relationships with third-party logistics service providers to expand the geographic coverage of our operations. We are generally able to ship products to domestic end users within one to seven days after online order placement.

Warehouse

We utilize warehouses operated by third-party logistics providers to support local sales. These warehouses serve as the storage sites for our completed products. For example, in China, we primarily utilize warehouses located in Guangdong due to lower storage costs and better port accessibility. Once products have successfully undergone quality checks, they are moved to the warehouse, where we implement stringent inventory management and control protocols. The products are then shipped to destinations designated by our customers, ensuring a streamlined distribution process.

Inventory Management

Our inventory includes raw materials, consigned materials and finished goods. We procure hardware components and other raw materials based on our internal sales and production plan. Goods that have satisfactorily passed quality inspections are delivered from our suppliers to us and stored at our self-operated warehouse. We increase our inventory level of finished products in anticipation of rising demand during special events such as e-commerce shopping festivals.

CONSUMER SUPPORT AND WARRANTIES

We emphasize ongoing consumer service and support. User feedback and direct communication with our users has always been a key to our marketing strategies. Our commitment to users is reflected in the dedicated service provided by our customer service staff as well as in our product return and exchange policies.

Extensively trained customer service representatives, some of whom are in-house and some of whom are outsourced, answer queries on our products or the ordering process and process file complaints around the clock by various means, such as online chatting, customer service hotline, instant messages through our official accounts, and emails. Our customer service representatives are required to complete training on product and service knowledge, complaint handling and communication skills.

We typically offer limited warranties on our products, ranging from seven days to two years from the date of purchase by the original user. We generally do not allow product returns, unless due to product quality issues, product recalls or other specified circumstances. We handle product returns in accordance with our policies, independently or with the support of e-commerce platforms when necessary. Nevertheless, customers can generally return our products purchased online for any reason within certain period (e.g., seven days in mainland China) as required under applicable laws and regulations from the date of purchase. In overseas markets, we typically offer direct after-sale services to end users. In a few countries or regions, our distributors will handle replacements and consumer support. According to CIC, our product warranty and return policies are in line with industry norm. During the Track Record Period, there were no material product liability claims or complaints from our customers, and we did not record any material provision for product warranty.

During the Track Record Period, the sales amount of products returned represented 6.6% of our total revenue. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product recalls and had not received any material customer complaints due to problems associated with the quality of our products.

OUR CUSTOMERS

Our customers primarily consist of our distributors and end-user consumers who purchase our products directly from us. In 2022, 2023 and 2024, we generated revenue of RMB3,074.9 million, RMB3,578.0 million, and RMB4,329.9 million from our five largest customers, respectively, representing 46.4%, 41.5%, and 36.2% of our total revenue for these respective periods.

The following tables set forth details of our five largest customers in each year during the Track Record Period.

For the Year Ended December 31, 2022

Rank	Customer	Products Purchased	Customer Background	Year of Commencing Business Relationship	Revenue Contribution	As a Percentage of Our Total Revenue
					(RMB in millions)	*(%)*
1	Customer A	Robot vacuums, wet dry vacuums, cordless vacuums	A company based in mainland China that is primarily engaged in the provision of cross-border e-commerce services	2017	775.8	11.7
2	Customer B	Robot vacuums, wet dry vacuums, cordless vacuums	A subsidiary of a company listed on the Hong Kong Stock Exchange that operates a major e-commerce platform in mainland China	2017	649.1	9.8
3	Customer C	Robot vacuums, wet dry vacuums, cordless vacuums	A Hong Kong-based company that is primarily engaged in export related services	2019	603.2	9.1
4	Customer D	Robot vacuums, wet dry vacuums, cordless vacuums	A Latvian-based distributor of consumer electronics in Europe and Central Asia	2019	567.9	8.6
5	Customer E	Robot vacuums, wet dry vacuums, cordless vacuums	A German-based distributor of consumer electronics in Europe	2019	478.9	7.2
	Total				**3,074.9**	**46.4**

For the Year Ended December 31, 2023

Rank	Customer	Products Purchased	Customer Background	Year of Commencing Business Relationship	Revenue Contribution	As a Percentage of Our Total Revenue
					(RMB in millions)	*(%)*
1	Customer A . .	Robot vacuums, wet dry vacuums, cordless vacuums	A company based in mainland China that is primarily engaged in the provision of cross-border e-commerce services	2017	1,409.6	16.3
2	Customer D . .	Robot vacuums, wet dry vacuums, cordless vacuums	A Latvian-based distributor of consumer electronics in Europe and Central Asia	2019	644.0	7.5
3	Customer B . .	Robot vacuums, wet dry vacuums, washer-dryers, cordless vacuums	A subsidiary of a company listed on the Hong Kong Stock Exchange that operates a major e-commerce platform in mainland China	2017	554.0	6.4
4	Customer C . .	Robot vacuums, wet dry vacuums, cordless vacuums	A Hong Kong-based company that is primarily engaged in export related services	2019	551.1	6.4
5	Customer E . .	Robot vacuums, wet dry vacuums, cordless vacuums	A German-based distributor of consumer electronics in Europe	2019	419.3	4.9
	Total . . .				**3,578.0**	**41.5**

For the Year Ended December 31, 2024

Rank	Customer	Products Purchased	Customer Background	Year of Commencing Business Relationship	Revenue Contribution	As a Percentage of Our Total Revenue
					(RMB in millions)	*(%)*
1	Customer A . .	Robot vacuums, wet dry vacuums, washer-dryers, cordless vacuums	A company based in mainland China that is primarily engaged in the provision of cross-border e-commerce services	2017	1,563.2	13.1
2	Customer B . .	Robot vacuums, wet dry vacuums, washer-dryers, cordless vacuums	A subsidiary of a company listed on the Hong Kong Stock Exchange that operates a major e-commerce platform in mainland China	2017	1,483.3	12.4
3	Customer D . .	Robot vacuums, wet dry vacuums, cordless vacuums	A Latvian-based distributor of consumer electronics in Europe and Central Asia	2019	513.3	4.3
4	Customer F . .	Robot vacuums, wet dry vacuums, cordless vacuums	A Hong Kong-based company that is primarily engaged in export related services	2023	478.5	4.0
5	Customer E . .	Robot vacuums, wet dry vacuums, washer-dryers, cordless vacuums	A German-based distributor of consumer electronics in Europe	2019	291.6	2.4
	Total . . .				**4,329.9**	**36.2**

To the best of our knowledge, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than five percent of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

OUR SUPPLIERS

Our suppliers primarily consist of raw material and component suppliers, as well as EMS providers. In 2022, 2023 and 2024, our aggregate purchases from our five largest suppliers amounted to RMB2,512.6 million, RMB2,847.9 million, and RMB1,965.5 million, respectively, representing 71.2%, 48.4%, and 31.6% of our total purchase for these respective periods.

The following tables set forth details of our five largest suppliers in each year during the Track Record Period.

For the Year Ended December 31, 2022

Rank	Supplier	Products / Services	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	As a Percentage of Our Total Purchase
					(RMB in millions)	*(%)*
1	Supplier A	Battery packs, module components, and repair service	A public company listed on the Shenzhen Stock Exchange and its subsidiaries, primarily engaged in the R&D, manufacturing and sale of lithium battery packs, intelligent hardware and chargers	2016	1,593.2	45.1
2	Supplier B	Battery packs and module components	A public company listed on the Shenzhen Stock Exchange and its subsidiaries, primarily engaged in the manufacturing and sale of batteries, mobile power control products, and electronic components	2016	341.2	9.7
3	Supplier C	Module components	A private company in mainland China, primarily engaged in the R&D, manufacturing and sale of household appliances, batteries, robotics and smart home devices	2019	293.5	8.3
4	Supplier D	LiDAR	A private company in mainland China primarily engaged in the manufacturing and sale of optical products	2016	165.6	4.7
5	Supplier E	Driving wheel modules	A group of two private companies in mainland China, primarily engaged in the manufacturing and sale of molds, plastic products, hardware products and transmission components	2015	119.1	3.4
	Total				**2,512.6**	**71.2**

For the Year Ended December 31, 2023

Rank	Supplier	Products / Services	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	As a Percentage of Our Total Purchase
					(RMB in millions)	*(%)*
1	Supplier B	Battery packs and module components	A public company listed on the Shenzhen Stock Exchange and its subsidiaries, primarily engaged in the manufacturing and sale of batteries, mobile power control products, and electronic components	2016	1,072.0	18.2
2	Supplier A	Battery packs, module components, and repair service	A public company listed on the Shenzhen Stock Exchange and its subsidiaries, primarily engaged in the R&D, manufacturing and sale of lithium battery packs, intelligent hardware and chargers	2016	950.6	16.2
3	Supplier C	Module components	A private company in mainland China, primarily engaged in the R&D, manufacturing and sale of household appliances, batteries, robotics and smart home devices	2019	540.6	9.2
4	Supplier F	Water tanks, bases and stands	A private company primarily engaged in the manufacturing and sale of plastic, hardware and electronic products	2019	149.6	2.5
5	Supplier G	Module components	A private company in mainland China, primarily engaged in the manufacturing and sale of molds, plastic products, hardware products and transmission components	2016	135.1	2.3
	Total				**2,847.9**	**48.4**

For the Year Ended December 31, 2024

Rank	Supplier	Products / Services	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	As a Percentage of Our Total Purchase
					(RMB in millions)	*(%)*
1	Supplier C	Module components	A private company in mainland China, primarily engaged in the R&D, manufacturing and sale of household appliances, batteries, robotics and smart home devices	2019	572.1	9.2
2	Supplier A	Battery packs, module components, and repair service	A public company listed on the Shenzhen Stock Exchange and its subsidiaries, primarily engaged in the R&D, manufacturing and sale of lithium battery packs, intelligent hardware and chargers	2016	416.0	6.7
3	Supplier B	Battery packs and module components	A public company listed on the Shenzhen Stock Exchange and its subsidiaries, primarily engaged in the manufacturing and sale of batteries, mobile power control products, and electronic components	2016	404.9	6.5
4	Supplier F	Water tanks, bases and stands	A private company primarily engaged in the manufacturing and sale of plastic, hardware and electronic products	2019	319.1	5.1
5	Supplier H	Module components	A subsidiary of a public company listed on the Hong Kong Stock Exchange, primarily engaged in the R&D, manufacturing and sale of home appliances	2022	253.4	4.1
	Total				**1,965.5**	**31.6**

To the best of our knowledge, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than five percent of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

DATA PRIVACY AND PROTECTION

We are committed to safeguarding the data privacy and security of our users' personal information and have implemented comprehensive data protection frameworks, technical safeguards, and internal policies to ensure compliance with applicable data privacy and cybersecurity laws and regulations.

In the course of our business operations, we collect, use, and store personal data primarily in connection with the provision of our products and services. When conducting sales through third-party e-commerce platforms, we access certain personal data of our customers, such as delivery addresses and contact information, which are usually encrypted by these platforms, for the purpose of order fulfillment. In addition, when users connect our intelligent home cleaning products to our Roborock App, we collect account identifiers and device-related data to support device activation, cloud connectivity, user control features, and other essential functions.

Data Protection Framework

Our data protection framework incorporates organizational, technical, and physical safeguards designed to ensure the confidentiality and integrity of business and personal data.

- *Network and system security*. Firewalls and intrusion detection tools are in place to detect and prevent unauthorized access and harmful activity. We also use tools to protect our online systems from common threats.

- *Device and server protection*. We have installed antivirus software that monitors for threats in real time. Our key systems are equipped with security tools that monitor activity for unusual behavior, enabling early detection and response.

- *Data backup and recovery*. We regularly back up our important business data according to defined schedules. Regular integrity checks and recovery tests are conducted to ensure business continuity and to minimize the impact of any unexpected data loss or system incident.

- *Access control and user management*. Access to internal systems is tightly controlled. Users must verify their identities through centralized authentication and are required to use strong passwords, which must be updated regularly. Access rights are assigned based on job roles to ensure that employees only access the information necessary for their responsibilities.

- *Data transmission and storage*. We protect the transmission of data across systems through secure authorization and validation measures. Data are stored using a combination of in-house infrastructure and cloud services provided by reliable and reputable suppliers.

Our Commitment to Data and Privacy Security

We consider the protection of the personal privacy of each of our users to be of paramount importance. We are fully committed to complying with applicable data and privacy laws and regulations in jurisdictions where we operate, including the Personal Information Protection Law of the PRC, the General Data Protection Regulation in EU, and the California Privacy Rights Act. To this end, we have established robust internal policies for data and privacy protection, which include the following key practices:

- *Minimal data collection*. We strictly control and minimize the scope of user data collection. We collect the data necessary for providing services or user experience improvements and in accordance with applicable laws and regulations.

- *Secured data storage and transmission*. Sensitive user data stored on cloud servers are encrypted. We apply advanced security measures, including access controls, log monitoring, and restricted administrative access.

- *Data transfer*. We do not transfer personal data to third parties, except with the explicit consent of the user and in circumstances as permitted by applicable laws and regulations.

- *User privacy rights*. Under our data privacy policy, users have the right to access, correct, update or delete their personal data, withdraw consent, or object to processing activities in certain scenarios, subject to applicable laws.

- *Incident response.* In the event of a data breach or unauthorized disclosure, we are committed to notifying the relevant regulatory authorities and affected users in accordance with applicable legal requirements.

We continuously review and enhance our data and privacy protection practices to ensure compliance with evolving regulatory standards and to maintain the trust and confidence of our users. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not encountered any material data breaches or personal information leaks. Our Directors confirm that, as of the Latest Practicable Date, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with applicable laws and regulations for data privacy and protection. For information related the risks associated with data security, please see "Risk Factors—Risk Related to Our Business and Industry—Our business is subject to a variety of local and overseas laws, rules, policies and other obligations regarding data protection. Any losses or unauthorized access to or releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences."

LAND AND PROPERTIES

Our corporate headquarters is located in Beijing, a self-owned property covering approximately 50,563 sq. m. We also have leased properties in mainland China, Germany, Norway, Poland, the United States, South Korea, and Hong Kong. Together, these facilities cover over 173,000 sq. m. They are primarily used as our R&D or production facilities, warehouses, office premises or staff dormitories. We lease all these premises under operating lease agreements with Independent Third Parties. We typically enter into leasing agreements that are renewable. We do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate any such expansion of our operations.

Our property interests comprise buildings, leasehold improvements, fittings and fixtures, and right-of-use assets. As of December 31, 2024, no single property interest of our Group had a carrying amount of 15% or more of our total assets. Furthermore, each of our properties that generate rental income had a carrying amount below 1% of our total assets as of December 31, 2024. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this document any valuation report of our property interests, and, pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

PEOPLE AND CULTURE

People are one of our most valuable assets. Attracting, retaining and motivating the right talent is crucial for the success of our business. Our people are unwavering in their constant challenge of the status-quo and in their pursuit of innovation that drives more efficient and effective solutions for our users.

As of December 31, 2024, we had a total of 2,560 full-time employees, substantially all of whom are based in mainland China. The following table sets forth the numbers of our employees categorized by function as of the same date.

	As of December 31, 2024	
Function	**Number of Employees**	**% of Total Employees**
Research and development	1,043	40.8
Sales and marketing	573	22.4
Supply chain	495	19.3
Administration	313	12.2
Technical support	136	5.3
Total	**2,560**	**100.0**

We have developed a pragmatic corporate culture that encourages teamwork, effectiveness, self-development and commitment to providing our customers with superior services. We regularly provide our employees with training tailored to each job function to enhance performance and service quality.

As required by regulations in mainland China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees. In addition, we also provide our employees fringe benefits such as free dinner, and funds for employees' monthly team-building events.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires between six months to two years after the termination of employment, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees. As of the Latest Practicable Date, we had not experienced any labor disputes which had or are likely to have a material effect on our business.

INSURANCE

We maintain property insurance covering physical damages to, or loss of, our facilities, equipment, office furniture and inventory. We are not required under PRC laws and regulations to, and we generally do not, purchase any employer's liability insurance. In line with general market practice, we also do not maintain any key person insurance, business interruption insurance, or insurance policies covering damages to our IT infrastructure or IT systems.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance coverage is adequate and in line with industry norm. However, the risks related to our business and operations may not be fully covered by insurance. For details, please see "Risk Factors—Risks Related to Our Business and Industry—We have limited insurance coverage, which could expose us to significant costs and business disruption."

COMPETITION

We are confronted by considerable competition in the market for our products. We compete with service robot companies such as iRobot and Ecovacs, and other technology companies such as Dyson.

We believe that the principal competitive factors in our market include:

- technology;
- product features and functions;
- product quality and reliability;
- brand recognition;
- marketing, sales, and distribution channels;
- pricing; and
- supply chain management.

We believe we can compete favorably with our competitors on the basis of these factors.

We believe the overall market scale is gradually expanding and the market for robot vacuums is relatively concentrated. Due to frequent introduction of new products, as well as rapid adoption of technological and product advancements, the market in which we compete is becoming increasingly competitive. Some of our competitors have greater experience, brand recognition, product breadth and distribution channels than we do. See "Rick Factors—Risks Related to Our Business and Industry—We participate in highly competitive markets and we may not be able to compete successfully."

AWARDS AND RECOGNITIONS

The following table highlights notable awards and recognitions that we had received as of the Latest Practicable Date.

Year	Awards and Recognitions	Product/Company	Awarding Organization	Market
2024	Kantar BrandZ Top 50 Chinese Global Brand Builders	our Company	Google and Kantar	China
2023-2024 . .	Best of IFA Berlin Award	S8 MaxV Ultra, Roborock Qrevo MaxV	Internationale Funkausstellun	Germany
2024	IDEA	Roborock App 3.0	Industrial Designers Society of America	United States
2024	Brand of the Year	our Company	Douyin	China
2024	China's Global Future Rising Star	our Company	Fortune	China
2023	Annual Leading Brand in Product Innovation	our Company	Amazon	China
2023	Red Dot Design Award	S8 Pro Ultra, Roborock Qrevo	Red Dot	Germany

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental, social and governance, or ESG, performance is integral to our long-term success and resilience. As a global innovator in smart cleaning appliances, we recognize that our value lies not only in delivering advanced technology and superior products but also in the way we address our responsibilities to society, the environment and stakeholders at large.

We are committed to sustainable development. As a technology-driven company with a global footprint, we regard ESG as a core strategy embedded in our operations. Our mission to redefine quality living for everyone drives us to create meaningful impact through innovation and engineering breakthrough while remaining accountable for our environmental footprint, governance integrity and social contributions.

We believe that sustainable growth requires more than financial performance. Accordingly, we have incorporated ESG considerations across our strategic planning, daily operations and performance evaluations. We have also aligned our efforts with the United Nations Sustainable Development Goals, actively contributing to themes such as climate action, responsible consumption, innovation, and decent work.

ESG Governance

Effective ESG governance is essential to ensure that sustainability is integrated in our decision-making processes and operations. To this end, we have developed a robust, tiered ESG governance framework to oversee the development and execution of our ESG agenda.

Our board of directors assumes overall responsibility for our ESG strategy and practices. To enhance governance and oversight in ESG, we have established a dedicated Strategies and ESG Committee under the board. This committee is tasked with formulating and reviewing ESG policies, identifying and evaluating ESG risks, setting strategic goals, and overseeing the implementation of ESG initiatives to ensure timely progress. It also plays an active role in ensuring that our sustainability efforts remain aligned with stakeholder expectations and internationally recognized best practices. Our management team and department leaders are responsible for executing the board's directives and integrating ESG objectives into day-to-day operations, covering key focus areas such as environmental protection, sustainable product design, supply chain management, human capital development, employee care, and corporate compliance.

We are actively enhancing our ESG credentials and aim to improve our standing through improved reporting, risk management and stakeholder engagement.

ESG Opportunities

We view ESG as a strategic imperative and a powerful lever for brand differentiation and stakeholder trust. Several key ESG-related opportunities support our strategic positioning:

Sustainable product design and green leadership. We are leading the shift toward eco-friendly consumer electronics. Our application of molecular sieve drying, smart charging systems and recyclable packaging demonstrates our commitment to minimizing environmental impact while maximizing product performance. As sustainability becomes a core consumer value, our green innovation strengthens consumer preference and industry leadership.

Enhanced governance for global market expansion. We believe that strong ESG governance enhances our credibility with global investors, regulators, end users and other stakeholders. With clear policies, effective oversight and certified management systems, we are well positioned to meet evolving regulatory standards across jurisdictions and expand into markets where sustainability expectations are high.

Social responsibility and workplace culture. We are investing in a people-first culture by fostering diversity, inclusion, professional development and employee wellbeing. Programs such as internal training, mentorship and mental health support build a resilient workforce aligned with our values. This, in turn, enhances productivity, retention and ESG performance.

Potential Impacts of ESG Risks

We operate in a dynamic business environment where ESG risks may affect our reputation, regulatory compliance and long-term competitiveness. As a manufacturer of intelligent home cleaning products, we are subject to environmental risks arising from energy consumption and the generation of electronic waste, among other factors. If not properly managed, these risks can contribute to environmental degradation and result in increased compliance burdens.

We also face potential risks related to labor practices across our supply chain, the protection of data privacy, and the potential reputational damage arising from unethical conduct. Given our global presence, maintaining a responsible brand image and ensuring consistent standards of conduct across jurisdictions is critical to sustaining stakeholder trust.

Governance and compliance risks may arise from deficiencies in internal controls or lack of transparency, weakness in corporate governance practices, or non-compliance with regulatory requirements. As we expand globally, governance quality and operational integrity will play an increasingly important role in our brand advocacy and supporting our long-term growth.

Identifying ESG Risks

We identify ESG risks through a combination of ongoing stakeholders engagement, structured materiality assessments and industry benchmarking. This process allows us to proactively evaluate and prioritize ESG related risks and opportunities that may impact our operations, strategy or stakeholder interests.

We maintain regular dialogues with our key stakeholders, including shareholders, consumers, regulators, employees, suppliers, and local communities. This takes place through channels such as surveys, interviews, roundtables, investor platforms, and customer service interactions. Feedback obtained through these engagements helps us anticipate emerging issues, improve responsiveness and align our ESG priorities with stakeholder expectations.

Our materiality assessments are conducted in accordance with stock exchange guidance and international standards for sustainability reporting, such as the GRI Standards. We also benchmark against global peers, consult ESG experts and survey key stakeholders to identify material topics. These topics were assessed based on their relevance to stakeholders and potential impact on our business, resulting in a materiality matrix that guides our reporting and management focus. This process helps us focus on ESG issues most critical to sustainable development. High-priority topics identified include data privacy, innovation, customer satisfaction, product quality and safety, risk management, and responsible marketing.

Managing ESG Risks

We have comprehensive policies and dedicated initiatives in place to address key aspects of ESG operations, including environmental protection, responsible sourcing, employee rights and social responsibility. We have also established specific metrics and targets to track our performance and manage ESG risks systematically. For instance, we implement green practices across our operations, including energy-efficient infrastructure, sustainable product design and responsible waste disposal. On the social front, we require new suppliers to commit to a social responsibility undertaking covering labor conditions, anti-discrimination, fair compensation and workplace safety, and we monitor compliance through supplier audits. From a governance perspective, we promote a strong culture of compliance and integrity through internal controls, regular auditing, risk assessments and employee training. These measures collectively support the mitigation of material ESG risks and the continuous improvement of our sustainability performance.

Metrics and Targets

Resource Consumption

Reducing our consumption of energy, raw materials and other resources is an integral part of our environmental strategy. We actively monitor key metrics related to our resource consumption. We are fully committed to improving energy efficiency and have made the reduction of overall resources consumption as a key target of our environmental initiatives.

- *Water*. Our water consumption was 17,483 tons, 37,716 tons and 32,338 tons, in 2022, 2023 and 2024, respectively. In 2024, we reduced water consumption by nearly 4,000 tons compared to that 2023, demonstrating a meaningful progress in our water-saving initiatives.

- *Electricity*. Our electricity consumption was 2.5 million kWh, 4.1 million kWh and 3.9 million kWh, in 2022, 2023 and 2024, respectively. We have adopted a range of energy-saving measures across our facilities and offices. These include the installation of motion-sensor lighting and timed control systems, the implementation of "lights off during lunch hour" policies, and only operating non-essential electrical systems, such as signage and decorative features, when needed.

Waste Management

We manage waste across our operations with a focus on reduction, reuse, and responsible disposal. Our main sources of waste include electronic waste, hazardous waste and other waste. We engage certified partners to recover and treat this waste safely and in accordance with regulatory requirements.

Electronic Waste

We have developed dedicated procedures for managing and phasing out our electronic equipment. These include maintenance practices to extend the life of equipment and reduce the volume of electronic waste, as well as standardized dismantling and disposal protocols. Our waste disposal system ensures electronic waste is dismantled, recorded and treated by certified service providers.

On the consumer side, we have established a recycling mechanism to support trade-in and end-of-life recycling. In 2024, we conducted two take-back campaigns, lasting 40 days in total, which enabled the recycling of over 8,500 units of robot vacuums, wet dry vacuums and other intelligent home cleaning products, up from 1,111 units in 2022 and 1,897 units in 2023, respectively. This steady increase reflects the growing reach of our take-back program and our continued efforts to reduce electronic waste and its environmental impact. We also offer incentives to customers to participate in these programs, promoting sustainable consumption and responsible disposal.

Hazardous Waste

In 2023 and 2024, we achieved a 100% non-hazardous transfer rate for all hazardous waste generated by our operations. Following the commencement of operations at our manufacturing facility in Huizhou, we implemented a dedicated hazardous waste reduction plan to enhance environmental protection and operational efficiency. The plan sets out clear responsibilities for hazardous waste management and is guided by principles of environmentally responsible procurement and standardized, compliant disposal practices. We engage qualified professional service providers to ensure that all hazardous waste is safely collected, transferred, and disposed of in accordance with applicable regulations.

In addition, we have strengthened internal training to raise employee awareness of hazardous waste handling requirements and reinforced safety and compliance measures across our operations. These measures include proper labeling and segregation, secure temporary storage prior to collection, oversight of collection and transfer process, formulation of annual management and emergency response plans, and maintenance of internal records.

Other Waste

We also promote employee participation in daily waste reduction through regular training and awareness initiatives. In our offices, we have implemented waste-sorting practices to reduce disposal costs, support more effective resource recovery and minimize environmental pollution.

Greenhouse Gas Emission

Our own operations did not generate significant greenhouse emissions during the Track Record Period.

We actively promote low-carbon commuting through infrastructure that supports cycling and walking, and we encourage resource conservation practices such as paperless office operations and food waste reduction initiatives among employees. In our product development and manufacturing process, we utilize energy-efficient materials and recyclable components to reduce the carbon impact.

Environmental Sustainability

We place strong emphasis on environmental responsibility during product development, integrating green design principles at every stage.

Green Product Development

We focus on improving energy efficiency and resource conservation in our intelligent home cleaning products during our product development process. For instance, we apply intelligent load shifting techniques to help optimize energy usage during off-peak hours. In addition, many of our products have successfully passed third-party energy efficiency certification, reaffirming our commitment to low-carbon innovation.

Green Supply Chain

Sustainability in our supply chain is managed through a green procurement practice. We prioritize sourcing from environmentally responsible suppliers and evaluate the materials we use in our products based on their recyclability, renewability, and environmental safety. We maintain a list of restricted substances and regularly review our suppliers' compliance with global environmental standards. Our green supply chain efforts extend to early-stage product development and material selection. We screen raw materials for environmental risks, evaluate the traceability of supply origins to avoid conflict minerals, and require suppliers to meet our environmental standards as a precondition for onboarding. These requirements are formally built into our supplier management system and help promote sustainable development goals across our value chain.

Employee Policies

We view our employees as our most valuable asset and are committed to creating a fair, inclusive and supportive working environment. We ensure that all employees are treated with dignity and respect, and we strictly prohibit discrimination on the basis of gender, ethnicity, religion, or background. The following table sets forth the number of our employees by gender and age group as of December 31, 2024:

	Number of Employees	% of Total
By gender		
Male	1,683	65.7%
Female	877	34.3%
By age group		
At and below 30	1,326	51.8%
Between 31 and 40	1,062	41.5%
Between 41 and 50	167	6.5%
Above 51	5	0.2%
Total	**2,560**	**100.0**

We offer equal employment opportunities and proactively support diversity in our workforce. Our staff come from a variety of regions and cultural backgrounds, including mainland China, Hong Kong, South Korea, Germany and France. We provide fair and competitive remuneration, a performance-based promotion and incentive system, and comprehensive benefits such as healthcare, paid leave and flexible working arrangements. In addition, we offer equity-based incentives to eligible employees to promote long-term alignment and retention.

We support lifelong learning and career development through in-house training, online courses, and leadership programs. In 2024, we conducted 195 training sessions, achieving 100% employee coverage and delivering over 500 hours of training in total. These included targeted technical, managerial and cross-functional modules delivered by both internal and external instructors. We also operate tiered development tracks for new graduates, technical specialists and management candidates, supported by mentoring, job rotations and continuous learning opportunities. In addition, we have also launched initiatives like our "Rock the World With Us" global recruitment campaign and internal mentorship scheme to attract and nurture high-potential talent.

In addition to professional growth, we also prioritize employee wellbeing and engagement. In 2024, we conducted more than 3,100 one-on-one employee interviews to understand employee needs and maintained a 100% coverage rate for occupational health screening. We enhance our mental wellbeing support by organizing lectures and private consultations to foster a healthier, more resilient workforce. We also promote employee engagement and workplace culture through various cultural and team-building activities, such as themed internal events, interest groups, and cross-departmental collaboration workshops. These efforts contribute to a more connected and collaborative working environment.

Corporate Social Responsibility

We are committed to giving back to the communities we serve and promoting shared value through corporate social responsibility. We actively support charitable and environmental initiatives, and encourage our employees to engage in public welfare and volunteer activities. For instance, in 2024, we partnered with "Flying Ants," a recycling platform, to launch a used clothing donation drive aimed at reducing waste and promoting responsible reuse of materials. We also participate in public welfare campaigns that reflect our values and commitment to social impact, such as donations to Save the Children, a non-governmental organization, to support the improvement of living conditions and welfare for children. These initiatives form part of our broader effort to foster a culture of social responsibility, environmental awareness and meaningful community engagement.

Corporate Governance

We believe that a sound and transparent governance structure is the foundation of corporate integrity and long-term success. Our governance framework aligns with regulatory requirements and is guided by internal rules of procedure that define the roles and responsibilities of key governing bodies, including the general meeting of shareholders, the board of directors, and senior management. The board of directors plays a central role in setting governance standards, overseeing internal control systems and monitoring ESG risks and compliance. Our governance practices also reflect expectations around responsible business conduct and accountability to stakeholders.

We have established four board committees—the Strategy and ESG Committee, Audit Committee, Nomination Committee, and Remuneration and Evaluation Committee—which support the board in decision-making, risk oversight and the integration of sustainability into strategic planning. These committees operate under clearly defined terms of reference and play a vital role in enhancing board effectiveness and transparency.

We embrace board diversity as a strategic asset. As of Latest Practicable Date, female directors accounted for 37.5% of our board membership, and our directors bring expertise from various related industry sectors. This diversity ensures a wide range of perspectives are brought into boardroom discussions and reflects our commitment to inclusive leadership.

We also uphold fair and ethical business practices throughout our operations and value chain. All suppliers are required to sign a social responsibility undertaking upon onboarding, which sets out our expectations in areas such as the prohibition of child and forced labor, the provision of safe and hygienic working and living conditions, fair treatment and non-discrimination, compliance with legal working hours and minimum wage standards, and the protection of intellectual property and business ethics. In addition, suppliers are categorized and graded based on their performance, and we apply tiered management and audit regime to facilitate risk control and support continuous improvement and compliance.

Furthermore, to further promote integrity and transparency and create a compliant business environment, we maintain a whistleblower system with multiple reporting channels, including internal platforms, email, and anonymous drop boxes, and have adopted a strict policy to protect whistleblowers against retaliation. Reports are handled confidentially and in accordance with established protocols, and verified cases are subject to investigation and disciplinary action.

COMPLIANCE AND LEGAL PROCEEDINGS

Licenses, Approvals and Permits

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations. We renew all our material permits and licenses from time to time to comply with the relevant laws and regulations. As advised by our PRC Legal Adviser, there is no material legal impediment to renewing such permits or licenses in the PRC.

Non-compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any non-compliance incidents that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Legal Proceedings

We have been, and may from time to time be, involved in legal proceedings arising from the ordinary course of our business, such as intellectual property related lawsuits. During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any legal, arbitral, or administrative proceedings, nor were we aware of any pending or threatened legal, arbitral, or administrative proceedings against us or our Directors, that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are committed to establishing and maintaining a robust risk management system. Our comprehensive risk management policies address potential risks that may arise in various aspects of our business, including quality control, R&D, production, procurement, sale activities, inventory management, financial reporting, information system management, human resources, legal and compliance matters, and corporate governance.

Our key risk management objectives include identifying and analyzing various types of risks and establishing corresponding mitigation strategies and policies. We regularly review these strategies and policies in response to regulatory updates, market conditions, and changes in our operations, ensuring that they remain relevant and effective. Applying these strategies and policies, we have put in place a risk management system to identify, assess, monitor, and mitigate various operational, financial, and legal risks. This system encompasses dedicated policies, guidelines, notices, code of conduct, and employee handbooks on an array of topics.

Internal Control

We have developed internal control policies and guidelines to ensure the compliance of our operations regulations. In line with these policies and guidelines, we conduct annual internal audits across all major aspects of our operations. Our internal control measures aim to ensure comprehensive governance and ethical business conduct. Under the supervision of our Board of Directors, our Audit Committee, internal audit department and legal department continuously review, monitor and oversee the implementation of our internal control measures, evaluates their effectiveness, and identify any deficiencies. To ensure regulatory compliance, we have implemented anti-corruption, anti-money laundering, and anti-bribery related policies and procedures. To facilitate the implementation of these policies, we require our employees and third-party business partners to sign employment agreements and compliance commitment letter, which prohibit any form of bribery, corruption, or improper payments in our business operations.

In particular, we encourage employees, business partners, and other stakeholders to report any suspected corruption, bribery, fraud, conflicts of interest, or other potential violations. We have established a whistleblowing and whistleblower protection policy to handle these reports. Under this policy, our compliance department records, reviews, and assesses these reports and conducts preliminary investigations when necessary. We are committed to protecting whistleblowers and their related information in accordance with applicable laws and regulations. The identity of the whistleblower will not be disclosed without their consent, except as required by applicable laws or by orders or directives issued by courts or regulatory authorities.

Maintaining robust corporate governance is a primary objective of our internal controls. To this end, we have adopted policies to comply with the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, which cover aspects such as risk management, connected transactions, financial reporting, and information disclosure. We also provide periodic compliance training sessions to our senior management and employees, including training on the Listing Rules for our Directors and senior management, and offer targeted compliance training to our employees, thereby promoting sound decision-making and adherence to regulatory requirements.

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards ("**IFRS**").*

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 made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a global leader in intelligent home robotics. We enrich lives with our innovative line of robot vacuums and other intelligent home cleaning products, including wet dry vacuums and washer-dryers. In 2024, Roborock ranked as the No.1-selling robot vacuum brand worldwide, both in terms of GMV and sales volume, according to CIC.

Over the past decade, we have remained committed to bold innovation, pioneering multiple industry-first technologies, according to CIC. These include the first twin-camera obstacle avoidance technology; the first dual-transmitter solid-state LiDAR with 3D ToF technology; and the first liftable chassis system with independently adjustable three-wheel control. In January 2025, we launched robot vacuums with our OmniGrip Mechanical Arm, a foldable five-axis mechanical arm. We are the first in the robot vacuum industry to mass-produce this technology, according to the same source. Centered around consumer needs, we are transforming robotic cleaners into home helpers, assistants, and companions.

We have achieved significant financial growth, driven by our sustained leadership in robot vacuums, strategic diversification into new product categories, and strong momentum in global expansion. During the Track Record Period, our revenue from sales of robot vacuums increased by 27.4% from RMB6,346.1 million in 2022 to RMB8,085.4 million in 2023, and further increased by 34.2% to RMB10,848.3 million in 2024. We also achieved notable success in expanding our product portfolio beyond robot vacuums. Our revenue from sales of other intelligent home cleaning products, including wet dry vacuums and washer-dryers, increased significantly from RMB264.6 million in 2022 to RMB554.1 million in 2023, and further increased to RMB1,070.1 million in 2024, representing a CAGR of 101.1% from 2022 to 2024.

Geographically, overseas markets contributed to 52.7%, 48.9% and 53.6% of our total revenue in 2022, 2023 and 2024, respectively. During the Track Record Period, our overseas revenue increased by 21.4% from RMB3,482.7 million in 2022 to RMB4,228.7 million in 2023, and further increased by 51.1% to RMB6,387.8 million in 2024.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. We have early adopted all IFRS effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, in the preparation of our historical financial information throughout the Track Record Period.

Our historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and derivative financial instruments and equity investments which have been measured at fair value.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that our performance and results of operations have been, and will continue to be, affected by the following major factors:

- Market growth of intelligent home cleaning products and competition;
- Investment in technology and product development;
- Global expansion and penetration;
- Multi-channel sales strategy and enhanced brand and product promotion;
- Effective cost control;
- Foreign currency exposure; and
- Seasonality.

Market Growth of Intelligent Home Cleaning Products and Competition

Our revenue and profitability depend in large part on the growth of the market for intelligent home cleaning products. Globally, the market size of intelligent home cleaning products, in terms of GMV, increased from US$6.0 billion in 2020 to US$15.1 billion in 2024, representing a CAGR of 25.8%, according to CIC. Fueled by product innovation and rising consumer demand, the market size is expected to further increase to US$41.4 billion in 2029, representing a CAGR of 22.4% from 2024 to 2029, according to the same source. Supportive governmental policies, such as mainland China's national consumer spending subsidy program, have also contributed to, and are expected to further accelerate, household penetration of intelligent home cleaning products.

Competition also affects demand for our products and our revenue growth. We operate in a highly competitive market characterized by perceived product quality, price, performance, product features, frequent introduction of new products, brand recognition, rapid adoption of technological and product enhancement. Both existing and new competitors may develop superior products or adopt aggressive pricing strategies, making our less competitive or products obsolete. In order to remain competitive, we must continue to innovate and improve our product offerings, ensuring our products meet evolving consumer needs.

Investment in Technology and Product Development

The attractiveness of our products and the increase in our revenue depend on our ability to develop products with cutting-edge technologies. We have been disrupting the market with groundbreaking technologies. For example, we introduced PreciSense LiDAR Navigation System in 2016, being the first in our industry to mass-produce robot vacuums with LDS laser navigation, which combines real-time mapping, precise localization, and visualized mapping display via mobile app, according to CIC. Over the past decade, we have pioneered several industry-first technologies. Notably, in January 2025, we introduced our OmniGrip Mechanical Arm, a foldable five-axis mechanical arm, being the first in our industry to mass-produce products incorporating this technology, according to CIC.

Our dual-focused R&D model, which emphasizes both breakthrough technologies development and iterative refinement, enables us to consistently broaden our product offerings in both premium and mass-market segments. New products, including robot vacuums and other products, that we introduced in 2022, 2023 and 2024, contributed to a majority of our total revenue in these respective periods. The continued roll-out of competitive products featuring advanced functionalities across multiple price points has driven our sales volume. For example, our S8 MaxV Ultra, a premium robot vacuum with auto self-cleaning and self-refilling features launched in March 2024, achieved approximately 470,000 units of shipments within the first 12 months of launch. The annual sales volume of our robot vacuums grew by 32.9% from 2023 to 2024, more than double the growth rate of 15.5% from 2022 to 2023. In addition, products featuring cutting-edge technologies command higher prices, driving an increase in our average selling price per unit.

Our dedicated R&D effort is essential for our sustained success. Our R&D expenses, as a percentage of our total revenue, maintained as high as 7.4%, 7.2% and 8.2%, in 2022, 2023 and 2024, respectively. We have been deepening our R&D talent pool by attracting and retaining high-caliber professionals through competitive remuneration, including share-based incentives. During the Track Record Period, our R&D expenses increased by 26.7% from RMB488.6 million in 2022 to RMB619.0 million in 2023, and further grew by 56.9% to RMB971.4 million in 2024.

Global Expansion and Penetration

International expansion has played, and is expected to continue to play, a significant role in driving our revenue growth. We have established ourselves as a global brand. We were the No.1-selling robot vacuum brand worldwide in 2024, both in terms of GMV and sales volume, according to CIC. Overseas markets contributed to 52.7%, 48.9% and 53.6% of our total revenue in 2022, 2023 and 2024, respectively. Our operating and financial performance is dependent on our continued success in major international markets and other target markets.

Mainland China, the United States, Japan, South Korea and Germany were the five largest markets of robot vacuums globally in 2024, according to CIC. Under a product-led growth strategy, we focus on delivering quality and innovative products to these markets. In 2024, we ranked among the top 3 robot vacuum brands, both in terms of GMV and sales volume, in each of the world's five largest markets of robot vacuums, with the No.1 position in Germany and South Korea. We were also the No.1-selling robot vacuum brand in mainland China in terms of GMV across e-commerce platforms during the "618" shopping festival in 2025, according to CIC. As the penetration of robot vacuums in these major markets continues to rise, driven by enhanced product offerings and rising consumer demand, we plan to continue to implement effective marketing efforts, expand sales and distribution channels, and maintain an efficient supply chain to sustain and grow our market share in these markets.

The market size of robot vacuums in other countries and regions as measured by GMV is expected to grow at a CAGR of 25.3% from 2024 to 2029, a faster pace than the global average, according to CIC. As of December 31, 2024, our products have reached over 20 million households across more than 170 countries and regions. To capture the massive growth opportunities, we plan to further expand our global footprint based on our proven success.

Furthermore, increasing geopolitical tensions and trade policies of various countries may adversely affect our international sales and operations. In particular, trade tensions have escalated in recent years between mainland China and the United States. Any additional tariffs and trade barriers imposed by the United States or other countries on our products may adversely affect demand for our products and impact our business, financial condition and results of operations. In response, we have been exploring, and will continue to explore manufacturing overseas to strengthen our supply chain resilience and mitigate geopolitical risks associated with concentrated production in mainland China.

Multi-Channel Sales Strategy and Enhanced Brand and Product Promotion

We generate revenue from DTC sales and through a broad network of e-commerce platforms and other distributors. An effective multi-channel sales and distribution is crucial for meeting wherever consumers shop, optimizing our sales performance and driving our revenue growth. As of December 31, 2024, our products were available for purchase on 12 Roborock web stores, as well as 78 self-operated online stores on major e-commerce platforms, such as Amazon, Tmall, and Douyin. The total number of our distributors has also nearly doubled from 68 as of December 31, 2022 to 134 as of December 31, 2024.

We benefit from a combination of sales through distributors and direct sales. To broaden consumer reach, we have been increasing our collaboration with distributors, particularly logistics-driven e-commerce platforms and major retail chains. In parallel, as we generally experience higher gross margins in our DTC channel, we expect to continue the roll-out of self-operated stores, which we expect to incur additional expenditures.

We believe that a strong brand reputation has been instrumental in driving consumer trust and loyalty, thus increasing the demand for our products. To strengthen brand recognition and product visibility, we have implemented a broad range of marketing initiatives in our markets. These include coordinated product launch campaigns and promotional events, often timed with major sales periods, to boost brand exposure and highlight product advantages.

Our advertising and marketing expenses represented a majority of our total selling expenses, and accounted for 12.6%, 12.5% and 16.1% of our total revenue in 2022, 2023 and 2024, respectively. Our advertising and marketing expenses increased by 30.1% from RMB833.0 million in 2022 to RMB1,083.8 million in 2023, and further increased by 77.5% to RMB1,923.8 million in 2024. This underscores our strategic investments in enhancing our brand visibility and driving the growth of our customer base. While these ongoing investments may increase our overall operating expenses in the near term, we believe they are crucial for expanding our market share, and we expect to achieve greater economies of scale over the long term.

Effective Cost Control

Our financial performance is dependent on our continued ability to control our cost of revenue. Our cost of revenue primarily consists of (i) raw material costs, including the costs of raw materials, components and spare parts, such as LiDAR modules and batteries, that we procured for the manufacturing of our products, and (ii) manufacturing costs and costs of purchased goods, including costs related to the manufacturing of our products (including fees paid to EMS providers) and costs of finished products and spare parts purchased from EMS providers. Our success is dependent on our continued ability to reduce our exposure to, or mitigate the impact of, increases in the cost of raw materials, components and spare parts, manufacturing related costs, and costs of finished products and spare parts purchased from EMS providers. Their pricing and availability can be volatile due to numerous factors beyond our control, including general economic conditions, supply chain issues, natural disasters, labor costs, production levels, competition, consumer demand, import duties and tariffs. Significant fluctuations in these costs may affect our gross margin, especially if we are unable to adjust our pricing in a timely and effective manner. To enhance cost control and manufacturing efficiency, we have been diversifying our EMS provider base and started to manufacture certain products in-house after our ISO9001-certified facility was put into operation in April 2023. In 2024, nearly 40% of our production volume was manufactured in-house. Furthermore, leveraging our expertise in product development, we will continue optimizing our product design to lower the overall cost of revenue without sacrificing performance needs.

During the Track Record Period, our cost of revenue, as a percentage of revenue, was 52.1%, 45.9% and 49.6%, in 2022, 2023 and 2024, respectively. Our cost of revenue, in absolute amounts, increased by 15.2% from RMB3,441.1 million in 2022 to RMB3,964.3 million in 2023, and further increased by 49.3% to RMB5,916.8 million in 2024, in line with our revenue growth.

Foreign Currency Exposure

We report our consolidated financial results in Renminbi. However, our business has a significant global presence, and a considerable portion of our business is conducted in currencies other than Renminbi, in particular U.S. dollar. Generally, the applicable local currency is our functional currency in that locality. Fluctuations in foreign exchange rates impact our consolidated other comprehensive income and, depending on the magnitude of these fluctuations, could obscure underlying trends that would have been apparent if consolidated financial statements had been prepared on a constant currency basis.

On a translational basis, fluctuations in the applicable foreign currency exchange rates may increase or decrease the Renminbi value of our non-Renminbi assets, liabilities, revenue and costs, even if their value has not changed in their local functional currency. Currency translation differences of foreign operations are recorded in other comprehensive income or loss, which amounted to RMB17.7 million, RMB(0.8) million and RMB12.4 million in 2022, 2023 and 2024, respectively. In addition, transactional effects of exchange rate fluctuations arise when one of our subsidiaries enters into a sale or purchase transaction in a currency other than its functional currency. We recorded gains on foreign exchange differences of RMB22.3 million, RMB20.5 million and RMB20.0 million in 2022, 2023 and 2024, respectively.

To minimize our exposure to exchange rate volatility, we may, from time to time, use foreign exchange forward contracts and other measures to hedge foreign exchange exposure. Nonetheless, it is not practical for us to mitigate all of our foreign currency exposure, nor are we able to accurately predict the possible impact of future foreign currency exchange rate fluctuations on our results of operations. As we continue to expand our global operations, our exposure to foreign currency risk could become more significant.

Seasonality

We believe that our business exhibits a seasonal sales pattern. Our sales are generally higher in the second and fourth quarter of a year due to major e-commerce promotional events taking place during those periods, while the first quarter typically generates the lowest sales, as consumer demand tends to soften following the year-end peak shopping season in the preceding quarter. We expect this seasonality to continue to be a factor in our results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We did not change our assumptions or estimates during the Track Record Period and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our material accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below some of the accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. Our material accounting policy information and significant accounting judgments and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report set out in Appendix I to this document.

Material Accounting Policies

Revenue Recognition

Revenue from contracts with customers

We recognize revenue from contracts with customers 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, we estimate the amount of consideration 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.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of intelligent home cleaning products

Revenue from the sale of intelligent home cleaning products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of intelligent home cleaning products provide customers with rights of return and sales rebates, giving rise to variable consideration.

(i) Variable consideration

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which we will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, provision is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Sales rebates

Various types of sales rebates may be provided to different customers. To estimate the variable consideration for the expected future rebates, the most likely amount method is used because this method best predicts the amount of variable consideration in the contract, given the large number of customer contracts that have similar characteristics. The requirements on constraining estimates of variable consideration are applied and the provision for the expected future rebates is recognized.

(ii) Consideration payable to a customer

We account for consideration payable to a customer as a reduction of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to us. If the consideration payable to a customer includes a variable amount, we estimate the transaction price, including assessing whether the estimate of variable consideration is constrained. To estimate the variable consideration, the most likely amount method is used, as this method best predicts the amount of variable consideration, given the large number of customer contracts that have similar characteristics.

Revenue from other sources

Other income

Interest income is recognized 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.

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 the statement of 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	2.375%
Molds and Production equipment	9.5% to 50%
Office equipment, electronic equipment and others	9.5% to 33.3%
Leasehold improvements	Over the lease terms

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 each financial year end.

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 the statement of 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.

Fair Value Measurement

We measure our financial assets at fair value through profit or loss and preferred shares at fair value at the end of each reporting 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 historical financial information 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 historical financial information 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 reporting period.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract costs, deferred tax assets, financial assets and non-current 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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized 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 the statement of 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 reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized 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/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Research and Development Costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our 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. Development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Significant Accounting Judgments and Estimates

Judgments

In the process of applying our accounting policies, our management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in our historical financial information.

Investments in structured entities

We assess whether we have control, joint control, or significant influence over the structured entities in which we invest. Key judgments in evaluating control over a structured entity include:

– The nature of the structured entity's relevant activities and the decision-making processes for such activities;

– Whether the rights held by us provide us with the power to direct those activities; and

– The types of variable returns and whether we can use our rights to affect the amount of such returns.

If there are changes in one or more of the above factors, we will reassess its status accordingly.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of our unrecognized tax losses at the end of each reporting period are contained in Note 28 to the Accountants' Report included in Appendix I to this document.

Estimation Uncertainty

We have outlined below the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision for expected credit losses on trade receivables and other receivables

The loss allowance for trade receivables is calculated based on exposure at default and assumptions of the expected credit loss ("**ECL**") rates. The assessment of the expected credit loss rates is a significant estimate, which involves our management's assessment of the correlation among historical credit loss experience, current market conditions, forecast economic conditions and ECLs at the end of each reporting period. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. When considering forecast economic conditions, we evaluate different economic scenarios. We regularly monitor and review the assumptions underlying ECLs calculations, including risks of economic downturn, external market conditions, changes in customer circumstances, and gross domestic product. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. For details, see Notes 20 and 21 to the Accountants' Report in Appendix I to this document.

Provision for inventories to net realizable value

When determining the provision for inventories to write-down the net realizable value, we estimate the net realizable value of finished goods by deducting relevant selling expenses and taxes from the estimated selling price. Such estimates are based on current market conditions and historical sales experience, which is sensitive to changes in circumstances and forecast economic conditions and may materially change due to market fluctuations. Our management periodically reassesses these estimates and adjusts accordingly.

Impairment of property, plant and equipment

We assess whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. Property, plant and equipment 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, our 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.

Variable consideration for returns and sales rebates

We estimate variable consideration to be included in the transaction price for the sale of intelligent home cleaning products with rights of return and sales rebates. We have developed a statistical model for forecasting sales returns. The model used the historical return data to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by us. Our expected sales rebates are analyzed on a per customer basis for contracts that are subject to a single sales threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

We have applied a statistical model for estimating expected sales rebates for contracts with more than one sales threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by us.

We update our assessment of expected returns and sales rebates quarterly and the sales rebates liabilities are adjusted accordingly. Estimates of expected returns and sales rebates are sensitive to changes in circumstances and our experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Provision for Warranties

The accrued amount for product quality warranties is estimated by us based on the costs expected to be incurred in fulfilling such warranties. Factors influencing the warranty liability include the volume of products covered by warranties, historical and estimated repair rates, and the average cost of fulfilling warranty obligations. We continuously evaluate these estimates and revise them based on actual circumstances.

RESULT OF OPERATIONS

The following table sets forth our selected consolidated statements of profit or loss for the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	**6,610,736**	**100.0**	**8,639,481**	**100.0**	**11,918,473**	**100.0**
Cost of revenue	(3,441,120)	(52.1)	(3,964,280)	(45.9)	(5,916,839)	(49.6)
Gross profit	**3,169,616**	**47.9**	**4,675,201**	**54.1**	**6,001,634**	**50.4**
Other income and gains	187,306	2.8	280,122	3.2	400,013	3.4
Selling expenses	(1,227,850)	(18.6)	(1,712,828)	(19.8)	(2,967,201)	(24.9)
Administrative expenses	(174,619)	(2.6)	(285,586)	(3.3)	(425,549)	(3.6)
Research and development expenses	(488,612)	(7.4)	(619,026)	(7.2)	(971,439)	(8.2)
Reversal of impairment losses/(impairment losses) on financial assets, net	(3,619)	(0.1)	(21,756)	(0.3)	10,877	0.1
Other expenses and losses	(80,477)	(1.2)	(163,621)	(1.9)	(136,319)	(1.1)
Finance costs	(1,579)	(0.0)	(9,498)	(0.1)	(10,323)	(0.1)
Fair value gains/(losses) on financial instruments	(30,733)	(0.5)	177,083	2.0	195,784	1.6
Share of profits/(losses) of an associate	(228)	(0.0)	(308)	(0.0)	70	0.0
Profit before tax	**1,349,205**	**20.4**	**2,319,783**	**26.9**	**2,097,547**	**17.6**
Income tax expenses	(165,738)	(2.5)	(268,578)	(3.1)	(121,003)	(1.0)
Profit for the year	**1,183,467**	**17.9**	**2,051,205**	**23.7**	**1,976,544**	**16.6**
Attributable to:						
Owners of the parent	1,183,477	17.9	2,051,218	23.7	1,976,563	16.6
Non-controlling interests	(10)	(0.0)	(13)	(0.0)	(19)	(0.0)

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue from (i) sales of robot vacuums and related accessories, and (ii) sales of other intelligent home cleaning products, including wet dry vacuums and washer-dryers.

Revenue by Product Category

The following table sets forth a breakdown of our total revenue by product category, both in absolute amounts and as percentages of our total revenue, for the periods indicated:

	For the Year Ended December 31,					
	2022		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robot vacuums and related accessories	6,346,115	96.0	8,085,370	93.6	10,848,345	91.0
Other intelligent home cleaning products	264,621	4.0	554,111	6.4	1,070,128	9.0
Total revenue	**6,610,736**	**100.0**	**8,639,481**	**100.0**	**11,918,473**	**100.0**

Revenue by Geographic Location

The following table sets forth a breakdown of our total revenue by the geographic location of our customers, in absolute amounts and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,					
	2022		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Mainland China	3,128,065	47.3	4,410,765	51.1	5,530,721	46.4
Overseas	3,482,671	52.7	4,228,716	48.9	6,387,752	53.6
Total revenue	**6,610,736**	**100.0**	**8,639,481**	**100.0**	**11,918,473**	**100.0**

Note: The geographic location of each of our customers refers to the place of incorporation of the distributor in the case of our sales to distributors, or the location of the e-commerce platform through which the transaction was conducted in the case of our DTC sales. Revenue from sales to distributors incorporated in mainland China who subsequently resell our products in overseas markets is classified as revenue from customers located in mainland China.

Cost of Revenue

Our cost of revenue consists of (i) raw material costs, including the costs of raw materials, components and spare parts, such as LiDAR modules and batteries, that we procured for the manufacturing of our products, (ii) manufacturing costs and costs of purchased goods, including costs related to the manufacturing of our products (including fees paid to EMS providers) and costs of finished products and spare parts purchased from EMS providers, and (iii) others, mainly including depreciation of property, plant and equipment and depreciation of right-of-use assets.

The following table sets forth a breakdown of our cost of revenue by nature, in absolute amounts and as a percentage of total cost of revenue, for the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Raw material costs	1,576,300	45.8	1,821,897	46.0	4,563,095	77.1
Manufacturing costs and costs of purchased goods	1,683,962	48.9	1,967,443	49.6	1,168,424	19.7
Others	180,858	5.3	174,940	4.4	185,320	3.2
Total cost of revenue	**3,441,120**	**100.0**	**3,964,280**	**100.0**	**5,916,839**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue, and our gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB3,169.6 million, RMB4,675.2 million and RMB6,001.6 million in 2022, 2023 and 2024, respectively. Our gross profit margin was 47.9%, 54.1% and 50.4% in 2022, 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin by Product Category

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Robot vacuums and related accessories	3,055,532	48.1	4,441,912	54.9	5,648,520	52.1
Other intelligent home cleaning products	114,084	43.1	233,289	42.1	353,114	33.0
Total	**3,169,616**	**47.9**	**4,675,201**	**54.1**	**6,001,634**	**50.4**

Gross Profit and Gross Profit Margin by Geographic Location

The following table sets forth a breakdown of our gross profit and gross profit margin by the geographic location of our customers for the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Mainland China	1,367,935	43.7	2,119,410	48.1	2,571,395	46.5
Overseas	1,801,681	51.7	2,555,791	60.4	3,430,239	53.7
Total	**3,169,616**	**47.9**	**4,675,201**	**54.1**	**6,001,634**	**50.4**

Other Income and Gains

Our other income consists of (i) government grants, primarily including operating subsidies and tax refund received from local governments in mainland China, (ii) additional deduction of value-added tax ("**VAT**"), (iii) interest income from bank deposits, and (iv) others, mainly representing income from the sale of scrap materials generated during the manufacturing process.

Our other gains primarily represent foreign exchange differences related to our bank balances and other assets denominated in foreign currencies.

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	59,777	115,832	189,431
Additional deduction of VAT	–	4,549	2,793
Interest income	92,727	134,604	175,093
Others	12,549	3,655	12,728
Total other income	**165,053**	**258,640**	**380,045**
Gains			
Foreign exchange differences, net	22,253	20,548	19,968
Gain on disposal of items of property, plant and equipment	–	934	–
Total gains	**22,253**	**21,482**	**19,968**
Total other income and gains	**187,306**	**280,122**	**400,013**

Note:

* Government grants have been received from the local government authorities to support the Group's development. There are no unfulfilled conditions related to these government grants.

Selling Expenses

Our selling expenses consist of (i) advertising and marketing expenses, primarily incurred for brand promotions and product marketing campaigns, (ii) platform service fees and commission expenses, mainly representing fees and commissions paid to third-party e-commerce platforms, (iii) employee benefit expenses, including salaries, share-based payments and other benefits for employees involved in sales and marketing functions, (iv) outsourced service expenses, (v) warehousing and lease expenses, and (vi) depreciation and amortization expenses, and (vii) others, mainly including delivery expenses and travel expenses.

The following table sets forth a breakdown of our selling expenses for the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Advertising and marketing expenses	833,024	67.8	1,083,841	63.3	1,923,825	64.8
Platform service fees and commission expenses	187,583	15.3	364,835	21.3	682,033	23.0
Employee benefit expenses	122,516	10.0	132,554	7.7	183,445	6.2
Outsourced service expenses	52,920	4.3	72,150	4.2	82,930	2.8
Warehousing and lease expenses	10,862	0.9	21,373	1.2	53,907	1.8
Depreciation and amortization expenses	6,002	0.5	9,379	0.5	7,311	0.2
Others	14,943	1.2	28,696	1.8	33,750	1.2
Total	**1,227,850**	**100.0**	**1,712,828**	**100.0**	**2,967,201**	**100.0**

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses, including salaries, share-based payments and other benefits for employees involved in general corporate functions, (ii) taxes and surcharges, (iii) office expenses, primarily including IT service fees, property management fees and travel expenses, (iv) depreciation and amortization expenses, (v) professional and consulting expenses, representing fees paid to external advisory and other professional services, and (vi) others, mainly consisting of renovation and lease expenses related to office premises.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	77,206	44.2	114,876	40.2	191,908	45.1
Taxes and surcharges	33,408	19.1	74,605	26.1	79,900	18.8
Office expenses	21,567	12.4	36,237	12.7	66,381	15.6
Depreciation and amortization expenses	21,734	12.4	36,786	12.9	33,341	7.8
Professional and consulting expenses	17,986	10.3	16,290	5.7	24,395	5.7
Others	2,718	1.6	6,792	2.4	29,624	7.0
Total	**174,619**	**100.0**	**285,586**	**100.0**	**425,549**	**100.0**

Research and Development Expenses

Our research and development expenses consist of (i) employee benefit expenses, including salaries, share-based payments and other benefits for employees involved in R&D functions, (ii) R&D material expenses, representing the cost of raw materials used in development and testing activities, (iii) design, development and testing expenses related to our product development, (iv) intellectual property expenses, including costs related to patent applications, (v) depreciation and amortization expenses, and (vi) others, mainly consisting of office expenses and lease expenses related to R&D facilities.

The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employ benefit expenses	341,215	69.8	401,592	64.9	556,741	57.3
R&D material expenses	42,173	8.6	73,849	11.9	135,791	14.0
Design, development and testing expenses	48,606	9.9	59,382	9.6	127,145	13.1
Intellectual property expenses	17,152	3.5	24,060	3.9	68,831	7.1
Depreciation and amortization expenses	24,610	5.0	28,543	4.6	26,213	2.7
Others	14,856	3.2	31,600	5.1	56,718	5.8
Total	**488,612**	**100.0**	**619,026**	**100.0**	**971,439**	**100.0**

Other Expenses and Losses

Our other expenses and losses mainly include impairment losses on non-financial assets, one-off losses on disposal of assets and other operating expenses.

Finance Costs

Our finance costs mainly represent interest expenses on our lease liabilities. In 2022, 2023 and 2024, our finance costs were RMB1.6 million, RMB9.5 million and RMB10.3 million, respectively.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

Impairment losses on financial assets primarily relate to provisions for expected credit losses on our trade receivables and other receivables. We recorded net impairment losses on financial assets of RMB3.6 million in 2022 and RMB21.8 million in 2023, and a net reversal of impairment losses on financial assets of RMB10.9 million in 2024.

Fair Value Gains/(Losses) on Financial Instruments

Fair value gains/(losses) on financial instruments represent fair value gains or losses related to our financial assets at fair value through profit or loss and our derivative financial instruments.

Our financial assets at fair value through profit or loss include (i) investments in wealth management products issued by reputable financial institutions, (ii) investments in asset management plans, and (iii) equity investment with preferred rights. Our derivative financial instruments primarily include forward exchange contracts.

We recorded fair value losses on financial instruments of RMB30.7 million in 2022 and fair value gains on financial instruments of RMB177.1 million and RMB195.8 million in 2023 and 2024, respectively.

To enhance the efficiency of capital utilization, we may invest idle cash in low-risk wealth management products issued by reputable financial institutions with good liquidity. Pursuant to the authorization granted by the Board, our finance department is responsible for initiating and submitting investment applications for wealth management products through our internal approval system. Each application must include key information regarding the proposed wealth management product. All applications must be approved by our management prior to execution. We monitor such investments on an ongoing basis to ensure alignment with our investment objectives and risk management policies.

Share of Profits/(Losses) of an Associate

We recorded share of losses of an associate of RMB0.2 million in 2022 and RMB0.3 million in 2023, and share of profits of an associate of RMB0.1 million in 2024.

Income Tax Expenses

Our income tax expenses consist of current income tax and deferred income tax. We are subject to income tax on an entity basis on profits arising in or derived from the countries or jurisdictions in which members of our Group are domiciled and operate.

The following table sets forth a breakdown of our income tax expenses for the periods indicated:

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current tax	195,396	345,349	207,732
Deferred tax	(29,658)	(76,771)	(86,729)
Total	**165,738**	**268,578**	**121,003**

Mainland China

The enterprise income tax in mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the EIT Law, except for our Company and certain of our subsidiaries in mainland China that are qualified for preferential tax treatments. For details of preferential tax treatments enjoyed by our Company and our subsidiaries, see Note 10 to the Accountants' Report in Appendix I to this document.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during Track Record Period. A subsidiary of the Group was a qualifying entity under the two-tiered profits tax rates regime, whereby the first HK$2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 38.0% from RMB8,639.5 million in 2023 to RMB11,918.5 million in 2024.

Robot vacuums and related accessories. Revenue from robot vacuums and related accessories increased by 34.2% from RMB8,085.4 million in 2023 to RMB10,848.3 million in 2024. This increase was primarily driven by rising demand for our robot vacuums, supported by our continued product innovation and market expansion efforts. In 2024, we enriched our product portfolio by implementing a targeted product strategy to improve coverage across all major price segments, with a particular focus on strengthening our position in mainstream price tiers. We launched a range of competitive models across these segments, several of which rapidly gained popularity and saw strong market acceptance upon launch. As a result, the sales volume of our robot vacuums increased by 32.9% from approximately 2,595,000 units in 2023 to approximately 3,449,000 units in 2024.

Other intelligent home cleaning products. Revenue from other intelligent home cleaning products increased by 93.1% from RMB554.1 million in 2023 to RMB1,070.1 million in 2024, primarily driven by the sales growth of wet dry vacuums and washer-dryers, which continued to gain strong market traction and consumer recognition since their launches.

Geographically, our overseas revenue increased by 51.1% from RMB4,228.7 million in 2023 to RMB6,387.8 million in 2024, primarily driven by expanded product offerings and increased revenue from direct sales through e-commerce platforms. In mainland China, our revenue increased by 25.4% from RMB4,410.8 million in 2023 to RMB5,530.7 million in 2024, primarily driven by increased sales volume of our robot vacuums, with the launch of several new robot vacuum models in 2024, such as P10S Pro, G20S and P20 Pro, which were well received by consumers in mainland China. Our channel expansion efforts and a national consumer spending subsidy program for home appliances introduced in the second half of 2024 also contributed to our sales growth in mainland China.

Cost of Revenue

Our cost of revenue increased by 49.3% from RMB3,964.3 million in 2023 to RMB5,916.8 million in 2024, in line with our revenue growth. The increase was primarily attributable to an RMB2,741.2 million increase in our raw material costs, driven by the ramp-up of our in-house manufacturing following the commencement of operations at our Huizhou production facility in April 2023. This increase was partially offset by a corresponding decrease of RMB799.0 million in manufacturing costs and costs of purchased goods from 2023 to 2024.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of revenue described above, our overall gross profit increased by 28.4% from RMB4,675.2 million in 2023 to RMB6,001.6 million in 2024. Our overall gross profit margin decreased from 54.1% in 2023 to 50.4% in 2024, primarily due to a decrease in the gross profit margin from overseas sales, mainly as a result of increased tariff and freight costs associated with overseas sales.

Specifically, gross profit margin for robot vacuums and related accessories decreased from 54.9% in 2023 to 52.1% in 2024, primarily due to increased tariff costs associated with overseas sales. Gross profit margin for other intelligent home cleaning products decreased from 42.1% in 2023 to 33.0% in 2024, primarily due to increased sales of wet dry vacuums and washer-dryers with lower margins.

Other Income and Gains

Our other income and gains increased by 42.8% from RMB280.1 million in 2023 to RMB400.0 million in 2024, primarily attributable to (i) an RMB73.6 million increase in government grants, and (ii) an RMB40.5 million increase in interest income due to increased balance of bank deposits.

Selling Expenses

Our selling expenses increased by 73.2% from RMB1,712.8 million in 2023 to RMB2,967.2 million in 2024, primarily attributable to (i) an RMB840.0 million increase in advertising and marketing expenses, as we increased our investments in promotional campaigns and marketing activities to enhance brand awareness and support product launches, particularly in overseas markets, and (ii) an RMB317.2 million increase in platform service fees and commission expenses, primarily driven by our increased sales and enhanced marketing efforts over third-party e-commence platforms.

Administrative Expenses

Our administrative expenses increased by 49.0% from RMB285.6 million in 2023 to RMB425.5 million in 2024, primarily attributable to (i) an RMB77.0 million increase in employee benefit expenses, mainly due to increased administrative headcount, and (ii) higher costs associated with headcount growth, including an RMB30.2 million increase in office expenses and an RMB22.8 million increase in other expenses.

Research and Development Expenses

Our research and development expenses increased by 56.9% from RMB619.0 million in 2023 to RMB971.4 million in 2024, primarily attributable to (i) an RMB155.1 million increase in employee benefit expenses, mainly due to increased R&D headcount, and (ii) higher expenditure in various R&D activities, including an RMB62.0 million increase in R&D material expenses, an RMB67.7 million increase in design, development and testing expenses, and an RMB44.8 million increase in intellectual property expenses.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

We recorded a net reversal of impairment losses on financial assets of RMB10.9 million in 2024, compared to net impairment losses on financial assets of RMB21.8 million in 2023, as we applied a lower ECL rate on other receivables based on our assessment.

Other Expenses and Losses

Our other expenses and losses decreased by 16.7% from RMB163.6 million in 2023 to RMB136.3 million in 2024, as we recorded less impairment loss on non-financial assets.

Finance Costs

Our finance costs increased by 8.4% from RMB9.5 million in 2023 to RMB10.3 million in 2024, due to increased interest expenses on lease liabilities, mainly as we leased additional office space and laboratories.

Fair Value Gains on Financial Instruments

Our fair value gains on financial instruments increased by 10.6% from RMB177.1 million in 2023 to RMB195.8 million in 2024, primarily due to investments in wealth management products and asset management plans.

Share of Profits/(Losses) of an Associate

We recorded share of profits of an associate of RMB0.1 million in 2024 and share of losses of an associate of RMB0.3 million in 2023.

Income Tax Expenses

Our income tax expenses decreased by 55.0% from RMB268.6 million in 2023 to RMB121.0 million in 2024, primarily attributable to increases in income tax refund and super deduction of qualifying R&D expenses. As a result, our effective income tax rate (equal to income tax expenses as a percentage of profit before tax) decreased from 11.6% in 2023 to 5.8% in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 3.6% from RMB2,051.2 million in 2023 to RMB1,976.5 million in 2024. Our net profit margin, which represents profit for the year as a percentage of total revenue, decreased from 23.7% in 2023 to 16.6% in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 30.7% from RMB6,610.7 million in 2022 to RMB8,639.5 million in 2023.

Robot vacuums and related accessories. Revenue from robot vacuums and related accessories increased by 27.4% from RMB6,346.1 million in 2022 to RMB8,085.4 million in 2023. This increase was primarily driven by rising demand for our robot vacuums, supported by expansion of our product offering and the launch of additional models across different pricing segments, which helped us expand our market coverage and customer reach. As a result, the sales volume of our robot vacuums increased by 15.5% from approximately 2,246,000 units in 2022 to approximately 2,595,000 units in 2023.

Other intelligent home cleaning products. Revenue from other intelligent home cleaning products increased significantly from RMB264.6 million in 2022 to RMB554.1 million in 2023, primarily driven by the increased sales volume of our wet dry vacuums in 2023, due to growing consumer demand.

Geographically, in mainland China, our revenue increased by 41.0% from RMB3,128.1 million in 2022 to RMB4,410.8 million in 2023, primarily driven by increased sales volume of several new models of robot vacuums featuring advanced technology in 2023, such as P10 and G20, which were well received by consumers. In addition, overseas revenue increased by 21.4% from RMB3,482.7 million in 2022 to RMB4,228.7 million in 2023, primarily driven by increased revenue from direct sales through mainstream e-commerce platforms in overseas markets.

Cost of Revenue

Our cost of revenue increased by 15.2% from RMB3,441.1 million in 2022 to RMB3,964.3 million in 2023, primarily due to an RMB245.6 million increase in raw material costs and an RMB283.4 million increase in manufacturing costs and cost of purchased goods, in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of revenue described above, our gross profit increased by 47.5% from RMB3,169.6 million in 2022 to RMB4,675.2 million in 2023. Our gross profit margin increased from 47.9% in 2022 to 54.1% in 2023, primarily attributable to increased sales of our robot vacuums, which carry a relatively higher profit margin.

Gross profit margin for robot vacuums and related accessories increased from 48.1% in 2022 to 54.9% in 2023, primarily due to our cost optimization efforts for robot vacuums, while gross profit margin for other intelligent home cleaning products remained relatively stable at 43.1% in 2022 and 42.1% in 2023.

Other Income and Gains

Our other income and gains increased by 49.5% from RMB187.3 million in 2022 to RMB280.1 million in 2023, primarily attributable to (i) an RMB56.0 million increase in government grants, and (ii) an RMB41.9 million increase in interest income, due to increased balances of bank deposits.

Selling Expenses

Our selling expenses increased by 39.5% from RMB1,227.9 million in 2022 to RMB1,712.8 million in 2023, primarily attributable to (i) an RMB250.8 million increase in advertising and marketing expenses, mainly due to increased promotional activities to support our business growth, particularly in overseas markets, and (ii) an RMB177.3 million increase in platform service fees and commission expenses, primarily driven by increased sales volume through e-commerce platform channels and our enhanced promotional activities.

Administrative Expenses

Our administrative expenses increased by 63.6% from RMB174.6 million in 2022 to RMB285.6 million in 2023, primarily attributable to (i) an RMB41.2 million increase in taxes and surcharges, as a result of our expanded business scale, (ii) an RMB37.7 million increase in employee benefit expenses, mainly due to an increase in administrative headcount, (iii) an RMB15.1 million increase in depreciation and amortization expenses, due to the commencement of depreciation of our headquarters building, and (iv) an RMB14.6 million increase in office expenses, mainly due to increased headcount.

Research and Development Expenses

Our research and development expenses increased by 26.7% from RMB488.6 million in 2022 to RMB619.0 million in 2023, primarily attributable to (i) an RMB60.4 million increase in employee benefit expenses, mainly due to an increase in R&D headcount, and (ii) an RMB31.7 million increase in R&D material expenses, resulting from increased R&D activities and our expanding portfolio of products under development.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net, increased significantly from RMB3.6 million in 2022 to RMB21.8 million in 2023, primarily due to an increase in other receivables.

Other Expenses and Losses

Our other expenses and losses increased by 103.3% from RMB80.5 million in 2022 to RMB163.6 million in 2023, primarily due to increased impairment losses on non-financial assets.

Finance Costs

Our finance costs increased significantly from RMB1.6 million in 2022 to RMB9.5 million in 2023, primarily due to increased interest expenses on lease liabilities, mainly as we leased additional office space and laboratories.

Fair Value Gains/(Losses) on Financial Instruments

We recorded fair value gains on financial instruments of RMB177.1 million in 2023, while we recorded fair value losses on financial instruments of RMB30.7 million in 2022. The losses in 2022 were primarily related to fair value losses on forward exchange contracts, while we did not have similar losses from such contracts in 2023.

Share of Losses of an Associate

We recorded share of losses of an associate of RMB0.2 million in 2022 and RMB0.3 million in 2023.

Income Tax Expenses

Our income tax expenses increased by 62.1% from RMB165.7 million in 2022 to RMB268.6 million in 2023, primarily due to increased profit before tax. Our effective income tax rate (equal to income tax expenses as a percentage of profit before tax) remained relatively stable at 12.3% in 2022 to 11.6% in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 73.3% from RMB1,183.5 million in 2022 to RMB2,051.2 million in 2023. Our net profit margin increased from 17.9% in 2022 to 23.7% in 2023.

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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 April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets				
Inventories	693,652	928,189	1,490,094	3,097,584
Trade receivables	327,506	274,690	1,038,179	749,097
Prepayments, other receivables and other assets	187,369	969,757	1,409,223	1,794,918
Financial assets at fair value through profit or loss	3,795,469	5,024,402	4,990,667	5,257,070
Time deposits	1,501,673	871,421	1,378,027	2,152,244
Cash and cash equivalents	779,943	828,409	1,446,263	1,324,987
Total current assets	**7,285,612**	**8,896,868**	**11,752,453**	**14,375,900**
Current liabilities				
Borrowings	–	–	–	300,000
Trade and bills payables	702,392	1,499,123	2,824,780	3,876,246
Other payables and accruals	275,908	911,923	1,066,289	990,468
Contract liabilities	65,244	85,120	200,446	231,515
Income tax payable	88,356	264,840	137,450	129,396
Derivative financial instruments	9,890	–	–	–
Provision	45,513	92,471	154,692	188,233
Lease liabilities	16,819	25,588	43,710	30,954
Total current liabilities	**1,204,122**	**2,879,065**	**4,427,367**	**5,746,812**
Net current assets	**6,081,490**	**6,017,803**	**7,325,086**	**8,629,088**

Our net current assets remained relatively stable at RMB6,081.5 million and RMB6,017.8 million as of December 31, 2022 and 2023, respectively.

Our net current assets increased by 21.7% from RMB6,017.8 million as of December 31, 2023 to RMB7,325.1 million as of December 31, 2024, primarily attributable to (i) an RMB763.5 million increase in trade receivables, (ii) an RMB617.9 million increase in cash and cash equivalents, (iii) an RMB561.9 million increase in inventories, (iv) an RMB506.6 million increase in time deposits, and (v) an RMB439.4 million increase in prepayments, other receivables and other assets, partially offset by an RMB1,325.7 million increase in trade and bills payables.

Our net current assets increased from RMB7,325.1 million as of December 31, 2024 to RMB8,629.1 million as of April 30, 2025, primarily attributable to (i) an RMB1,607.5 million increase in inventories, (ii) an RMB774.2 million increase in time deposits, (iii) an RMB385.7 million increase in prepayments, other receivables and other assets, and (iv) an RMB266.4 million increase in financial assets at fair value through profit or loss, partially offset by (i) an RMB1,051.4 million increase in trade and bills payables and (ii) an RMB300 million increase in borrowings.

Inventories

Our inventories consist of (i) raw materials, (ii) consigned materials, representing materials provided to third-party manufacturers for processing into finished goods, and (iii) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	63,398	66,578	193,973
Consigned materials	4,293	3,114	1,341
Finished goods	625,961	858,497	1,294,780
Total	**693,652**	**928,189**	**1,490,094**

Our inventories increased by 33.8% from RMB693.7 million as of December 31, 2022 to RMB928.2 million as of December 31, 2023, primarily due to an RMB232.5 million increase in finished goods, as we increased inventory levels of robot vacuums for anticipated sales.

Our inventories increased by 60.5% from RMB928.2 million as of December 31, 2023 to RMB1,490.1 million as of December 31, 2024, primarily attributable to an RMB127.4 million increase in raw materials and an RMB436.3 million increase in finished goods, primarily due to strategic inventory buildup for anticipated sales, particularly in overseas markets.

The following table sets forth our inventory turnover days for the periods indicated:

	For the Year Ended December 31,		
	2022	**2023**	**2024**
Inventory turnover days[(1)]	68.4	74.7	74.6

Note:

(1) Calculated as the average of the beginning and ending balances of inventory for the year divided by cost of revenue for that year and multiplied by 365 days.

Our inventory turnover days remained relatively stable at 68.4 days in 2022, 74.7 days in 2023, and 74.6 days in 2024.

As of April 30, 2025, RMB1,160.4 million, or 70.8%, of our inventories before impairment as of December 31, 2024 had been utilized or sold.

Trade Receivables

Our trade receivables represent outstanding amounts due from our customers. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	334,211	283,709	1,052,076
Impairment	(6,705)	(9,019)	(13,897)
Net carrying amount	**327,506**	**274,690**	**1,038,179**

Our trade receivables primarily arise from sales to e-commerce platform customers, to whom we typically grant a credit period of 14 to 90 days. We maintain strict controls over our outstanding trade receivables and have implemented internal procedures to mitigate credit risk. We actively monitor trade receivables, conduct regular reviews of outstanding balances, initiate collection efforts promptly for overdue accounts, assign dedicated personnel to oversee key overdue accounts, and enhance internal supervision.

Our trade receivables, net of impairment, decreased by 16.1% from RMB327.5 million as of December 31, 2022 to RMB274.7 million as of December 31, 2023, primarily due to enhanced trade receivables management.

Our trade receivables, net of impairment, increased significantly from RMB274.7 million as of December 31, 2023 to RMB1,038.2 million as of December 31, 2024, primarily due to a surge in e-commerce platform sales in mainland China in the fourth quarter of 2024, mainly driven by a national consumer spending subsidy program, as well as higher sales through overseas e-commerce platforms.

As of December 31, 2022, 2023 and 2024, the substantial majority of our trade receivables, net of impairment, were due within one year. The following table sets forth an aging analysis of our trade receivables, based on the transaction recognition date and net of impairment, as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	326,079	274,690	1,035,234
1 to 2 years	1,427	–	2,945
Total	**327,506**	**274,690**	**1,038,179**

The following table sets forth our trade receivables turnover days for the periods indicated:

	For the Year Ended December 31,		
	2022	**2023**	**2024**
Trade receivables turnover days[(1)]	12.5	12.7	20.1

Note:

(1) Calculated as the average of the beginning and ending balances of trade receivables for the year divided by revenue for that year and multiplied by 365 days.

Our trade receivables turnover days remained relatively stable at 12.5 days in 2022 and 12.7 days in 2023. Our trade receivables turnover days increased from 12.7 days in 2023 to 20.1 days in 2024, primarily attributable to a significant increase in trade receivables as of December 31, 2024.

As of April 30, 2025, RMB1,037.7 million, or 98.6%, of our trade receivables before impairment as of December 31, 2024 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets consist of (i) prepayments to suppliers, primarily related to the purchase of molds and advertising and marketing services, (ii) other receivables, mainly including receivables related to the sale of raw materials, VAT refund receivables, and unsettled balances held in third-party payment platforms, (iii) deductible input VAT, representing input VAT that is expected to be deductible in future periods, (iv) rights of return assets, representing estimated recoverable costs of products returned by customers, (v) prepaid income tax, and (vi) others, primarily related to bank guarantee.

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	89,042	150,559	212,659
Other receivables	62,523	714,141	873,909
Deductible input VAT	65,673	158,092	347,415
Rights of return assets	6,393	16,327	31,157
Prepaid income tax	11,586	39,662	46,304
Others	–	–	17,971
Impairment	(1,620)	(21,086)	(5,413)
Less: non-current portion			
– Prepayments and other assets	(46,228)	(87,938)	(114,779)
Total	**187,369**	**969,757**	**1,409,223**

Our prepayments, other receivables and other assets increased significantly from RMB187.4 million as of December 31, 2022 to RMB969.8 million as of December 31, 2023, primarily attributable to an RMB651.6 million increase in other receivables due to increased sales of raw materials.

Our prepayments, other receivables and other assets increased by 45.3% from RMB969.8 million as of December 31, 2023 to RMB1,409.2 million as of December 31, 2024, primarily attributable to (i) an RMB189.3 million increase in deductible input VAT, primarily due to our higher procurement volumes in 2024, and (ii) an RMB159.8 million increase in other receivables, primarily due to recognition of VAT refund receivables.

As of April 30, 2025, RMB812.0 million, or 92.9%, of other receivables before impairment as of December 31, 2024 had been settled.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss consist of (i) investments in wealth management products issued by reputable financial institutions, (ii) investments in asset management plans, and (iii) equity investments with preferred rights.

The following table sets forth a breakdown of our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	2,816,263	3,436,712	3,003,452
Asset management plans	979,206	1,802,690	2,158,080
Equity investments with preferred rights	113,513	161,863	181,760
Less: non-current portion			
– Wealth management products	–	(215,000)	(170,865)
– Equity investments with preferred rights	(113,513)	(161,863)	(181,760)
Total	**3,795,469**	**5,024,402**	**4,990,667**

Our financial assets at fair value through profit or loss increased from RMB3,795.5 million as of December 31, 2022 to RMB5,024.4 million as of December 31, 2023, primarily attributable to increased investments in wealth management products and asset management plans. Financial assets at fair value through profit or loss remained relatively stable at RMB4,990.7 million as of December 31, 2024.

Trade and Bills Payables

Our trade and bills payables represent amount due to our suppliers.

Our trade and bills payables increased significantly from RMB702.4 million as of December 31, 2022 to RMB1,499.1 million as of December 31, 2023, primarily due to increased raw material procurement in line with our sales growth. Our trade and bills payables increased by 88.4% from RMB1,499.1 million as of December 31, 2023 to RMB2,824.8 million as of December 31, 2024, primarily due to strategic inventory buildup in anticipation of future sales demand.

The following table sets forth an aging analysis of our trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	702,392	1,499,123	2,824,780
Total	**702,392**	**1,499,123**	**2,824,780**

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables turnover days[(1)]	80.7	101.3	133.4

Note:

(1) Calculated as the average of the opening and closing balances of trade and bills payables for the year divided by cost of revenue for that year and multiplied by 365 days.

Our trade and bills payables turnover days increased from 80.7 days in 2022 to 101.3 days in 2023, and further increased to 133.4 days in 2024, as we secured longer payment terms with our suppliers.

As of April 30, 2025, all of our trade and bills payables as of December 31, 2024 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) payroll and social assurance payables, representing amounts payable in respect of salaries, social insurance contributions and other employee benefits, (ii) other payables, mainly including sales rebates payable to distributors, repurchase obligations related to our equity incentive plans, payables for construction and mold procurements, professional services fee payables and refundable deposits received from third parties, (iii) financial liabilities in relation to bond pledging arrangement, and (iv) tax payables, mainly related to VAT and surcharges.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payroll and social assurance payables	119,810	142,047	209,494
Other payables	98,481	216,336	380,999
Financial liabilities in relation to bond pledging arrangement	–	523,498	333,000
Tax payable	57,617	30,042	142,796
Total	**275,908**	**911,923**	**1,066,289**

Our other payables and accruals increased significantly from RMB275.9 million as of December 31, 2022 to RMB911.9 million as of December 31, 2023, primarily attributable to (i) an RMB523.5 million increase in liabilities associated with bond pledging arrangements, and (ii) an RMB117.9 million increase in other payables, mainly due to higher rebates payable to distributors as a result of increased sales, as well as an increase in repurchase obligation related to equity incentive plans.

Our other payables and accruals further increased by 16.9% from RMB911.9 million as of December 31, 2023 to RMB1,066.3 million as of December 31, 2024, primarily attributable to (i) an RMB164.7 million increase in other payables, mainly due to higher sales rebates payable to distributors as a result of increased sales, and (ii) an RMB112.8 million increase in tax payable driven by our revenue growth.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our use of cash primarily related to operating activities, capital expenditure, and dividend distribution. We have historically financed our operations primarily through cash flows generated from our operations, as well as through financing from capital markets and the use of financial instruments.

The following table sets forth a summary of our cash flows information for the periods indicated:

	For the Year Ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	1,120,468	2,185,931	1,733,868
Net cash flows used in investing activities	(504,938)	(2,348,213)	(351,999)
Net cash flows generated from/(used in) financing activities	(202,397)	198,974	(800,169)
Net increase in cash and cash equivalents	413,133	36,692	581,700
Cash and cash equivalents at the beginning of year	346,903	779,943	828,409
Effects of exchange rate changes on cash and cash equivalents	19,907	11,774	36,154
Cash and cash equivalents at the end of year	**779,943**	**828,409**	**1,446,263**

Net Cash Flows Generated from Operating Activities

In 2024, our net cash flows generated from operating activities were RMB1,733.9 million. This amount reflects (i) profit before tax of RMB2,097.5 million; (ii) adjustments for non-cash and non-operating items, primarily including fair value gains on financial instruments, net of RMB195.8 million, interest income of RMB175.1 million, depreciation of property, plant and equipment of RMB123.9 million, and equity-settled share-based expense of RMB92.2 million; and (iii) changes in working capital accounts, including an RMB1,195.9 million increase in trade receivables, and prepayments, other receivables and other assets, an RMB1,818.0 million increase in trade and bills payables, other payables and accruals and contract liabilities, and an RMB613.4 million increase in inventories.

In 2023, our net cash flows generated from operating activities were RMB2,185.9 million. This amount reflects (i) profit before tax of RMB2,319.8 million; (ii) adjustments for non-cash and non-operating items, primarily including fair value gains on financial instruments, net of RMB177.1 million, interest income of RMB134.6 million, depreciation of property, plant and equipment of RMB112.9 million, and equity-settled share-based expense of RMB106.3 million; and (iii) changes in working capital accounts, including an RMB937.6 million increase in trade and bills payables, other payables and accruals and contract liabilities, an RMB707.8 million increase in trade receivables, prepayments, other receivables and other assets, and an RMB292.7 million increase in inventories.

In 2022, our net cash flows generated from operating activities were RMB1,120.5 million. This amount reflects (i) profit before tax of RMB1,349.2 million; (ii) adjustments for non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB95.3 million, interest income of RMB92.7 million, equity-settled share-based expense of RMB72.0 million, and fair value losses on financial instruments, net of RMB30.7 million; and (iii) changes in working capital accounts, including an RMB120.6 million increase in inventories, an RMB103.5 million decrease in trade and bills payable, other payables and accruals and contract liabilities, and an RMB25.0 million increase in trade receivables, and prepayments, other receivables and other assets.

Net Cash Flows Used in Investing Activities

In 2024, our net cash flows used in investing activities were RMB352.0 million, primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB5,655.3 million, (ii) purchase of time deposits and certificates of deposit of RMB1,294.9 million, and (iii) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB292.5 million. These factors were partially offset by cash inflow from (i) redemption of financial assets at fair value through profit or loss of RMB5,776.7 million, and (ii) maturity of time deposits and certificates of deposit of RMB864.4 million.

In 2023, our net cash flows used in investing activities were RMB2,348.2 million, primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB5,893.0 million, (ii) purchase of time deposits and certificates of deposit of RMB2,262.1 million, and (iii) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB247.8 million. These factors were partially offset by cash inflow from (i) redemption of financial assets at fair value through profit or loss of RMB4,457.5 million, and (ii) maturity of time deposits and certificates of deposit of RMB1,440.0 million.

In 2022, our net cash flows used in investing activities were RMB504.9 million, primarily attributable to (i) purchase of financial assets at fair value through profit or loss of RMB3,717.1 million, (ii) purchase of time deposits and certificates of deposit of RMB2,812.7 million, and (iii) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB254.8 million. These factors were partially offset by cash inflow from (i) redemption of financial assets at fair value through profit or loss of RMB4,625.8 million, and (ii) maturity of time deposits and certificates of deposit of RMB1,520.0 million.

Net Cash Flows Generated from/(Used in) Financing Activities

In 2024, our net cash flows used in financing activities were RMB800.2 million, primarily attributable to (i) repayment of bill discounting of RMB902.1 million, (ii) repayment of financial liabilities in relation to bond pledging arrangement of RMB190.5 million, and (iii) dividends paid of RMB615.2 million, partially offset by proceeds from bill discounting of RMB902.1 million.

In 2023, our net cash flows generated from financing activities were RMB199.0 million, primarily attributable to (i) proceeds from financial liabilities in relation to bond pledging arrangement of RMB523.5 million and (ii) proceeds from bill discounting of RMB404.9 million, partially offset by (i) repayment of bill discounting of RMB404.9 million, (ii) dividends paid of RMB239.8 million, and (iii) payments for repurchase of shares of RMB102.7 million.

In 2022, our net cash flows used in financing activities were RMB202.4 million, primarily attributable to (i) dividends paid of RMB140.3 million, (ii) repayment of bill discounting of RMB99.2 million, and (iii) payments for repurchase of shares of RMB61.1 million, which were partially offset by proceeds from bill discounting of RMB99.2 million.

Working Capital Sufficiency

Taking into account the financial resources available to us, including cash flows from operating activities, our current cash and cash equivalents, and the [**REDACTED**], our Directors are of the view that we have available sufficient working capital for our present requirements that is for at least the next 12 months from the date of this document.

Capital Expenditure

Our capital expenditures principally comprise expenditure for purchases of property, plant and equipment, intangible assets and other non-current assets, primarily related to our production and R&D activities. We have funded our capital expenditures during the Track Record Period mainly from cash generated from operating activities. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

The following table sets forth our capital expenditures for the periods indicated:

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Purchases of property, plant and equipment, intangible assets and other non-current assets	254,822	247,810	292,545
Total	**254,822**	**247,810**	**292,545**

Capital Commitments

As of December 31, 2022, 2023 and 2024, we had capital commitments related to the purchase of equipment, renovation costs and purchase of molds in an aggregate amount of RMB50.4 million, RMB28.3 million and RMB49.8 million, respectively.

The following table sets forth a breakdown of our capital commitments as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of equipment	26,022	4,323	989
Renovation costs	15,409	1,130	2,241
Purchase of molds	8,950	22,828	46,562
Total	**50,381**	**28,281**	**49,792**

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Borrowings	–	–	–	300,000
Financial liabilities in relation to bond pledging arrangement	–	523,498	333,000	328,000
Lease liabilities	16,819	25,588	43,710	30,954
Subtotal	**16,819**	**549,086**	**376,710**	**658,954**
Non-current				
Lease liabilities	69,035	109,660	154,017	146,289
Total	**85,854**	**658,746**	**530,727**	**805,243**

Borrowings

We did not have any outstanding borrowings as of December 31, 2022, 2023 and 2024. We had outstanding borrowings of RMB300 million as of April 30, 2025, which were incurred to support short-term liquidity.

During the Track Record Period and up to the Latest Practicable Date, we did not violate any material covenant in our borrowings or experience any default in payment of our borrowings, not did we experience any difficulty in obtaining bank or other borrowings.

Lease Liabilities

Our lease liabilities relate to properties that we lease primarily for factory and office use. We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

As of December 31, 2022, 2023 and 2024, and April 30, 2025, our lease liabilities, including both current and non-current portions, amounted to RMB85.9 million, RMB135.2 million, RMB197.7 million and RMB177.2 million, respectively.

Indebtedness Statement and Contingent Liabilities

Except as disclosed above, as of April 30, 2025, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, borrowings, indebtedness, guarantees or other material contingent liabilities.

Our Directors confirm that there was no material change in our indebtedness from April 30, 2025 to the date of this document.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 33 to the Accountants' Report in Appendix I to this document.

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 33 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors believe that our transactions with related parties during the Track Record Period did not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates/for the periods indicated:

	As of December 31,		
	2022	2023	2024
Current ratio[1]	6.1	3.1	2.7
Quick ratio[2]	5.5	2.8	2.3

	For the Year Ended December 31,		
	2022	2023	2024
Gross profit margin[3]	47.9%	54.1%	50.4%
Net profit margin[4]	17.9%	23.7%	16.6%
Return on equity[5]	13.1%	19.6%	16.3%
Return on assets[6]	11.5%	16.3%	12.4%

Notes:

(1) Current ratio is calculated as total current assets divided by total current liabilities.

(2) Quick ratio is calculated as total current assets less inventories divided by total current liabilities.

(3) Gross profit margin represents gross profit as a percentage of total revenue.

(4) Net profit margin represents profit for the year as a percentage of total revenue.

(5) Return on equity is calculated as profit for the year divided by the average of the opening and closing balances of total equity and multiplied by 100%.

(6) Return on assets is calculated as profit for the year divided by the average of the opening and closing balances of total assets and multiplied by 100%.

See "—Major Factors Affecting Our Results of Operations" for a discussion of the factors affecting our gross profit margin and net profit margin during the relevant periods.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any off-balance sheet transactions. Neither have we entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our principal financial instruments, comprise financial assets at fair value through profit or loss, time deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities which arise directly from its operations.

The main risks arising from our Group's financial instruments are market risk (including foreign currency risk and price risk), credit risk and liquidity risk. For details, see Note 36 to the Accountants' Report in Appendix I to this document.

Market Risk

Foreign currency risk

We primarily operate in mainland China, thus our main activities are denominated in Renminbi. Our exposure to foreign currency risk arising from recognized foreign currency assets or liabilities and future foreign currency transactions is mainly denominated in U.S. dollar. We monitored the scale of our foreign currency transactions, assets and liabilities on an ongoing basis, in order to minimize the risk.

If the Renminbi had weakened (strengthened) against the U.S. dollar by 5%, our profit for the year would have increased (decreased) by RMB0.6 million, RMB7.5 million and RMB1.6 million in 2022, 2023 and 2024, respectively.

Price risk

We are exposed to price risk mainly arising from investments held by us that are classified as fair value through profit or loss. To manage our price risk arising from the investments, we diversify our investment portfolio. Each investment is managed by our management on a case by case basis.

Credit Risk

We trade only with recognized and creditworthy third 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 except for items individually assessed. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of our deputy general manager.

DIVIDEND POLICY

After the completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to our dividend policy under our Articles of Association, if our Company records a positive net profit during the relevant financial year and has positive cumulative undistributed profits, the total amount of cash dividends (including any interim cash dividends) shall not be less than 10% of the net profit attributable to shareholders of our Company for that financial year.

In 2022, 2023 and 2024, we declared final dividends of RMB140.3 million, RMB119.0 million and RMB614.5 million in respect of the years ended December 31, 2021, 2022 and 2023, respectively. In addition, in 2023, we declared an interim dividend of RMB120.8 million in respect of the six months ended June 30, 2023. As of the Latest Practicable Date, we had paid these dividends in full. In April 2025, our shareholders approved a proposal of our Board to declare a cash dividend of RMB197.6 million to holders of our A Shares on the relevant record date in respect of the year ended December 31, 2024 and to conduct the Capitalization Issue. The distribution of the aforementioned cash dividend and the Capitalization Issue were completed on June 24, 2025. See "Appendix VI—Statutory and General Information—A. Further information about our Group—2. Changes in our share capital" for details of the Capitalization Issue.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had retained earnings of RMB7,503.9 million, which were available for distribution to Shareholders.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2024, which is the end date of the years reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since December 31, 2024 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

DISCLOSURE UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.

OVERVIEW

Upon [**REDACTED**], our Board will consist of eight Directors, comprising three executive Directors, one non-executive Director, and four independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

DIRECTORS

The following table sets forth key information about our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Chang Jing (昌敬)	42	Executive Director, Chairman of the Board, general manager and chief executive officer	July 2014	July 2014	Responsible for the overall strategic planning, business development and management of our Group
Mr. Quan Gang (全剛)	51	Executive Director, president and deputy general manager	March 2016	June 2025	Responsible for leading the daily operation and the overall business management of consumer products of our Group
Ms. Sun Jia (孫佳)	36	Executive Director and secretary to the Board	January 2018	November 2021	Responsible for the corporate governance, investor relations management and Board related matters of our Group
Mr. Wu Qi (吳奇)	34	Non-executive Director and employee representative Director	March 2018	November 2024	Responsible for providing guidance and advice on corporate and business strategies
Dr. Liu Fei (劉飛)	53	Independent non-executive Director	January 2025	January 2025	Responsible for supervising and providing independent opinion and judgment to the Board

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Chan Fan Shing (陳帆城)	48	Independent non-executive Director	June 2025	June 2025	Responsible for supervising and providing independent opinion and judgment to the Board
Dr. Ma Lijun (馬黎珺)	34	Independent non-executive Director	April 2025	April 2025	Responsible for supervising and providing independent opinion and judgment to the Board
Dr. Zhang Yanan (張亞男)	37	Independent non-executive Director	January 2025	January 2025	Responsible for supervising and providing independent opinion and judgment to the Board

Executive Directors

Mr. Chang Jing (昌敬), aged 42, has been our Director, Chairman of the Board, General Manager and chief executive officer since July 2014. Mr. Chang is primarily responsible for the overall strategic planning, business development and management of our Group. He also serves as the chairperson of the Strategy and ESG Committee.

Mr. Chang has nearly 20 years of industry experience in the internet and technology sector. Prior to founding the Company, Mr. Chang served at Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡科技(北京)有限公司), part of Baidu, Inc. (a company listed on Nasdaq, symbol: BIDU, and the Hong Kong Stock Exchange, stock code: 9888) from 2011 to 2014. Before joining Baidu, Mr. Chang worked at Beijing PhotoWonder Technology Co., Ltd. (北京魔圖精靈科技有限公司) in 2011.

Mr. Chang also worked at Tencent Technology (Beijing) Company Limited (騰訊科技(北京)有限公司), part of Tencent Holdings Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 700) from 2010 to early 2011. From 2007 to February 2010, Mr. Chang worked at Microsoft China Ltd. (微軟(中國)有限公司) (a wholly owned subsidiary of Microsoft Corporation, which is a company listed on Nasdaq, symbol: MSFT). Prior to that, Mr. Chang worked at Beijing Maxthon Tianxia Technology Co., Ltd (北京傲遊天下科技有限公司) from July 2006 to 2007.

Currently, Mr. Chang also holds the following positions in other members of our Group:

Other members of the Group (relationship with the Group)	Positions held with other members of the Group	Date of appointment
Roborock (HK) Limited (a direct wholly-owned subsidiary)	Director	July 2018
Roborock International B.V. (an indirect wholly-owned subsidiary)	Director	May 2019

Mr. Chang obtained a bachelor's degree and a master's degree in computer science and technology from the South China University of Technology (華南理工大學) in the PRC in July 2003 and June 2006, respectively.

Mr. Quan Gang (全剛), aged 51, has been serving as our deputy general manager and president since November 2021 and June 2022, respectively, and was appointed as a Director in June 2025. Mr. Quan is primarily responsible for leading the daily operation and the overall business management of consumer products of our Group. Mr. Quan also serves as a member of the Remuneration and Evaluation Committee and the Strategy and ESG Committee.

Mr. Quan joined our Group as lead project manager of our vacuum business in March 2016 and subsequently served in various positions, including project director and general manager of robot vacuum business. He was promoted to deputy general manager and served as vice president of our Group in November 2021, where he was responsible for the overall research and development of consumer products. In June 2022, he was further promoted to president, where he has been in charge of the overall business management of the Company since then.

Prior to joining our Group, Mr. Quan accumulated a wealth of experience in the information and communication technology industry. From March 2015 to November 2015, Mr. Quan worked at Microsoft (China) Co., Ltd. (微軟(中國)有限公司) (a wholly owned subsidiary of Microsoft Corporation, which is a company listed on Nasdaq, symbol: MSFT). From June 2005 to February 2015, he worked at Microsoft Mobile (China) Investments Co., Ltd. (微軟移動(中國)投資有限公司) (a wholly-owned subsidiary of Microsoft Corporation and formerly known as Nokia (China) Investments Co., Ltd. (諾基亞(中國)投資有限公司)).

Mr. Quan received his bachelor's degree in electronic engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 1995.

Ms. Sun Jia (孫佳), aged 36, has been our Director since November 2021 and has served as the secretary to the Board since December 2018. Ms. Sun is primarily responsible for the corporate governance, investor relations management and Board related matters of our Group.

Ms. Sun joined the Company in January 2018 as operations manager. Prior to joining our Group, Ms. Sun worked at China Railway 19th Bureau Group Co., Ltd. (中鐵十九局集團有限公司) from March 2014 to December 2017.

Currently, Ms. Sun also holds the following positions in other members of our Group:

Other members of the Group (relationship with the Group)	**Positions held with other members of the Group**	**Date of appointment**
Shallwin Technology (HK) Limited (an indirect wholly-owned subsidiary)	Director	February 2019
Roborock Germany GmbH (an indirect wholly-owned subsidiary)	Director	November 2022
Roborock International B.V. (an indirect wholly-owned subsidiary)	Director	January 2023
Roborock Poland sp.zo.o. (an indirect non-wholly-owned subsidiary)	Director	November 2022
Roborock Technology (UK) Co., Ltd (an indirect wholly-owned subsidiary)	Director	March 2024
Roborock Invision (HK) Limited (an indirect wholly-owned subsidiary)	Director	April 2024
Roborock Intelligent Manufacturing (HK) Limited (an indirect wholly-owned subsidiary) .	Director	July 2024

Ms. Sun received her bachelor's degree in computer science and technology from Beijing Jiaotong University (北京交通大學) in the PRC in June 2011 and her master's degree in business analytics and management from Loughborough University in the UK in December 2013.

Non-Executive Director

Mr. Wu Qi (吳奇), aged 34, has been elected as an employee representative Director since November 2024. Mr. Wu is primarily responsible for providing guidance and advice on corporate and business strategies.

Mr. Wu joined our Group in March 2018 as product manager, during which he was responsible for the definition and functional design of both software and hardware of various products. Since February 2022, he has been in charge of the hardware product management of cleaning products and was promoted to senior product manager in August 2024. Prior to joining our Group, Mr. Wu worked at Jiangsu SOPO New Material Technology Co., Ltd. (江蘇索普新材料科技有限公司) from May 2016 to March 2018.

Currently, Mr. Wu also holds the following positions in other members of our Group:

Other members of the Group (relationship with the Group)	Positions held with other members of the Group	Date of appointment
Huizhou Roborock Intelligent Manufacturing Technology Co., Ltd. (惠州石頭智造科技有限公司) (a direct wholly-owned subsidiary)	Director	July 2024
Beijing Roborock Innovation Technology Co., Ltd. (北京石頭創新科技有限公司) (a direct wholly-owned subsidiary)	Director	July 2024
Beijing Roborock Invision Technology Co., Ltd. (北京石頭啟迪科技有限公司) (a direct wholly-owned subsidiary)	Director	July 2024
Shenzhen Rock Times Technology Co., Ltd. (深圳洛克時代科技有限公司) (a direct wholly-owned subsidiary)	Director	July 2024
Nanjing Roborock Innovation Technology Co., Ltd. (南京石頭創新科技有限公司) (a direct wholly-owned subsidiary)	Director and general manager	August 2024
Shenzhen Roborock Innovation Technology Co., Ltd. (深圳洛克創新科技有限公司) (an indirect wholly-owned subsidiary)	Director	July 2024
Nanjing Roborock Invision Technology Co., Ltd. (南京石頭啟迪科技有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	October 2024
Huizhou Roborock Invision Technology Co., Ltd. (惠州石頭啟迪科技有限公司) (an indirect wholly-owned subsidiary)	Director	October 2024
Hangzhou Roborock Invision Technology Co., Ltd. (杭州石頭啟迪科技有限公司) (an indirect wholly-owned subsidiary)	Director	October 2024

Other members of the Group (relationship with the Group)	Positions held with other members of the Group	Date of appointment
Suzhou Kejiehang Technology Co., Ltd. (蘇州科界航科技有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	November 2024
Fuzhou Gulou Roborock Invision Technology Co., Ltd. (福州市鼓樓區石頭啟迪科技有限公司) (an indirect wholly-owned subsidiary)	Director	November 2024
Changsha Roborock Invision Commercial & Trading Co., Ltd. (長沙市石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director	December 2024
Hefei Roborock Shallwin Commercial & Trading Co., Ltd. (合肥市石頭小文商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	December 2024
Hubei Roborock Invision Commercial & Trading Co., Ltd. (湖北省石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director	December 2024
Chengdu Roborock Invision Commercial & Trading Co., Ltd. (成都石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director	December 2024
Ningbo Roborock Shallwin Commercial & Trading Co., Ltd. (寧波石頭小文商貿有限公司) (an indirect wholly-owned subsidiary)	Director	December 2024
Shanghai Kehuihang Commercial & Trading Co., Ltd. (上海科慧航商貿有限公司) (an indirect wholly-owned subsidiary)	Director	December 2024
Qingdao Roborock Invision Commercial & Trading Co., Ltd. (青島石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director	December 2024
Tianjin Roborock Invision Commercial & Trading Co., Ltd. (天津石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director	January 2025
Nanchang Shipanyun Commercial & Trading Co., Ltd. (南昌石磐昀商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025
Xian Roborock Invision Commercial & Trading Co., Ltd. (西安石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025
Guiyang Roborock Invision Commercial & Trading Co., Ltd. (貴陽石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025
Nanning Roborock Invision Commercial & Trading Co., Ltd. (南寧石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025

Other members of the Group (relationship with the Group)	Positions held with other members of the Group	Date of appointment
Haerbin Shihuihang Commercial & Trading Co., Ltd (哈爾濱石慧航商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025
Taiyuan Roborock Invision Commercial & Trading Co., Ltd. (太原石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025
Zhengzhou Ruimingtu Commercial & Trading Co., Ltd. (鄭州睿洺途商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025
Taiyuan Roborock Shallwin Commercial & Trading Co., Ltd. (太原石頭小文商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	January 2025
Chongqing Roborock Invision Electrical Appliances Co., Ltd. (重慶石頭啟迪電器有限公司) (an indirect wholly-owned subsidiary) ..	Director	January 2025
Shenyang Roborock Shallwin Electrical Appliances Commercial & Trading Co., Ltd. (瀋陽石頭小文電器商貿有限公司) (an indirect wholly-owned subsidiary)	Director	January 2025
Baotou Roborock Invision Commercial & Trading Co., Ltd. (包頭石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director	January 2025
Kunming Shiruihang Commercial & Trading Co., Ltd. (昆明石鋭航商貿有限公司) (an indirect wholly-owned subsidiary)	Director	January 2025
Shijiazhuang Roborock Invision Commercial & Trading Co., Ltd. (石家莊石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director	January 2025
Hefei Roborock Invision Electrical Appliance Retail Co., Ltd. (合肥市石頭啟迪家電零售有限公司) (an indirect wholly-owned subsidiary) ..	Director and general manager	February 2025
Changchun Roborock Invision Commercial & Trading Co., Ltd. (長春石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	February 2025
Suzhou ShiRuizhuo Technology Co., Ltd. (蘇州石鋭卓科技有限公司) (an indirect wholly-owned subsidiary)	Director and general manager	May 2025
Guangzhou Ruimingtu Commercial & Trading Co., Ltd. (廣州睿洺途商貿有限公司) (an indirect wholly-owned subsidiary)	Director	May 2025

Mr. Wu graduated from Tianjin University (天津大學) in the PRC in January 2024 with a major in electrical engineering and automation through an accredited online bachelor's program.

Independent Non-Executive Directors

Dr. Liu Fei (劉飛), aged 53, was appointed as our Director in January 2025. Dr. Liu is primarily responsible for supervising and providing independent opinion and judgment to the Board. He also serves as the chairperson of the Nomination Committee and a member of the Audit Committee and the Strategy and ESG Committee.

Dr. Liu has been holding various key positions in the School of Law at China University of Political Science and Law (中國政法大學), including lecturer from 1996 to 2004, associate professor from 2004 to 2010 and professor since 2010, doctoral supervisor since 2011, vice dean from 2009 to 2013 and Chinese Co-Dean of the China-EU School of Law since 2013.

Dr. Liu obtained his bachelor's degree in administration management and his master's degree in law from China University of Political Science and Law in the PRC in June 1993 and July 1996, respectively. He further obtained a doctor of laws degree from University of Cologne in Germany in August 2003. Dr. Liu has been admitted as a lawyer in the PRC since October 1995.

Mr. Chan Fan Shing (陳帆城), aged 48, was appointed as our Director in June 2025. Mr. Chan is primarily responsible for supervising and providing independent opinion and judgment to the Board. He also serves as the chairperson of the Audit Committee and the Remuneration and Evaluation Committee and a member of the Nomination Committee and the Strategy and ESG Committee.

Mr. Chan has extensive experience in auditing, accounting and financial management. He has been serving as an independent non-executive director of Gaush Meditech Limited (高視醫療科技有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 2407) since November 2022 and as an independent non-executive director of Joy City Property Limited (大悅城地產有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 207) since February 2020. In addition, Mr. Chan was an independent non-executive director of Trigiant Group Limited (俊知集團有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1300) from September 2018 to January 2024.

From September 2009 to March 2016, Mr. Chan held the positions of company secretary, financial controller and authorized representative at CPMC Holdings Limited (中糧包裝控股有限公司) (a company which withdrew from listing on the Hong Kong Stock Exchange in April 2025, former stock code: 906). Prior to that, Mr. Chan has worked as senior management in various Hong Kong listed companies and as auditor in international audit firms.

Mr. Chan obtained a bachelor's degree in business accounting from University of Glamorgan (currently known as University of South Wales) in the United Kingdom in June 1999 and a master's degree in professional accounting from The Hong Kong Polytechnic University in October 2008. He has been a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the CPA Australia since October 2004, April 2008 and April 2018, respectively. He has also been a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada since April 2019.

Dr. Ma Lijun (馬黎珺), aged 34, was appointed as our Director in April 2025. Dr. Ma is primarily responsible for supervising and providing independent opinion and judgment to the Board. She also serves as a member of the Remuneration and Evaluation Committee.

Dr. Ma has extensive experience in accounting and financial management. She has been an associate professor since December 2020, and a lecturer from August 2017 to December 2020 at the University of International Business and Economics (對外經濟貿易大學). From August 2020 to February 2021, Dr. Ma was a visiting scholar in the department of accountancy at City University of Hong Kong. She has also been serving as the independent director at Bethel Automotive Safety System Co., Ltd. (蕪湖伯特利汽車安全系統股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603596) since October 2022.

Dr. Ma received her bachelor's degree, master's degree and doctoral degree in accounting from Renmin University of China (中國人民大學) in the PRC in June 2012, June 2015 and June 2017, respectively.

Dr. Zhang Yanan (張亞男), aged 37, was appointed as our Director in January 2025. Dr. Zhang is primarily responsible for supervising and providing independent opinion and judgment to the Board. She also serves as a member of the Audit Committee.

Dr. Zhang has extensive experience in accounting informatization and financial management. She has been a lecturer from July 2016 to October 2020 and an associate professor in Central University of Finance and Economics (中央財經大學) since November 2020. She has also been serving as associate head of the department of accounting informatization of Central University of Finance and Economics since November 2019.

Dr. Zhang has also been serving as an independent director at Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000695) and Beijing Simcere Sanroad Biological Products Co., Ltd. (北京先聲祥瑞生物製品股份有限公司) (a company listed on NEEQ, stock code: 873821) since July 2023 and May 2024, respectively.

Dr. Zhang received her bachelor's degree and master's degree in accounting from Wuhan University in the PRC in June 2010 and June 2012 respectively and her doctoral degree in accounting from City University of Hong Kong in July 2016.

SENIOR MANAGEMENT

The following table sets forth information about our senior management.

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Chang Jing (昌敬)	42	Executive Director, Chairman of the Board, general manager and chief executive officer	July 2014	July 2014	Responsible for the overall strategic planning, business development and management of our Group
Mr. Quan Gang (全剛)	51	Executive Director, president and deputy general manager	March 2016	November 2021	Responsible for leading the daily operation and the overall business management of consumer products of our Group
Mr. Qian Qijie (錢啟傑)	45	Deputy general manager	June 2015	November 2021	Responsible for overseeing the daily operation and home cleaning products business of our Group
Ms. Wang Xuan (王璇)	45	Financial controller	April 2018	April 2018	Responsible for the overall financial management and capital operations of our Group
Ms. Sun Jia (孫佳)	36	Executive Director and secretary to the Board	January 2018	December 2018	Responsible for the corporate governance, investor relations management and Board related matters of our Group

Mr. Chang Jing (昌敬), aged 42, is our Executive Director, Chairman of the Board, general manager and chief executive officer. For the biographical details of Mr. Chang, please refer to the paragraph headed "—Directors—Executive Directors" in this section.

Mr. Quan Gang (全剛), aged 51, is our Executive Director, president and deputy general manager. For the biographical details of Mr. Quan, please refer to the paragraph headed "—Directors— Executive Directors" in this section.

Mr. Qian Qijie (錢啟傑), aged 45, is our deputy general manager. Mr. Qian is primarily responsible for overseeing the daily operation and home cleaning products business of our Group.

Mr. Qian joined our Group in June 2015 and was responsible for the manufacturing and delivery management team. In February 2019, he was promoted to senior director of the supply chain division, where he was responsible for overall manufacturing and delivery management. He was promoted to vice president of supply chain in August 2021 and was responsible for overall supply chain management. He was further promoted to deputy general manager in November 2021 and has served as president of the home cleaning products business unit since May 2024, during which he has been in charge of both marketing and supply chain management.

Prior to joining our group, Mr. Qian accumulated a wealth of experience in the consumer electronics industry. He worked at Huawei Technologies Co., Ltd. (華為技術有限公司) from July 2008 to May 2015. From August 2003 to May 2008, Mr. Qian worked at Foxconn Technology Group (富士康科技集團有限公司) (a company controlled by Hon Hai Precision Industry Co., Ltd. (鴻海精密工業股份有限公司), which is listed on the Taiwan Stock Exchange, stock code: 2317).

Mr. Qian received his bachelor's degree in materials forming and control engineering from Hunan University (湖南大學) in the PRC in June 2003.

Ms. Wang Xuan (王璇), aged 45, is our financial controller and is responsible for the overall financial management and capital operations of our Group. She joined our Group in April 2018 and has been serving as our financial controller since then.

Ms. Wang also holds the following positions in other members of our Group:

Other members of the Group (relationship with the Group)	Positions held with other members of the Group	Date of appointment
Roborock (HK) Limited (a direct wholly-owned subsidiary)	Director	February 2019
Taiwan Roborock Technology Co., Ltd. (an indirect wholly-owned subsidiary)	Director	August 2020
Huizhou Roborock Intelligent Manufacturing Technology Co., Ltd. (惠州石頭智造科技有限公司) (a direct wholly-owned subsidiary)	Financial controller	June 2022
Beijing Roborock Innovation Technology Co., Ltd. (北京石頭創新科技有限公司) (a direct wholly-owned subsidiary)	Financial controller	July 2024
Beijing Roborock Invision Technology Co., Ltd. (北京石頭啟迪科技有限公司) (a direct wholly-owned subsidiary)	Financial controller	July 2024
Hubei Roborock Invision Commercial & Trading Co., Ltd. (湖北省石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	December 2024
Guiyang Roborock Invision Commercial & Trading Co., Ltd. (貴陽石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	January 2025
Nanning Roborock Invision Commercial & Trading Co., Ltd. (南寧石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	January 2025
Haerbin Shihuihang Commercial & Trading Co., Ltd (哈爾濱石慧航商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	January 2025
Taiyuan Roborock Invision Commercial & Trading Co., Ltd. (太原石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	January 2025
Fuzhou Gulou Roborock Invision Technology Co., Ltd. (福州市鼓樓區石頭啟迪科技有限公司) (an indirect wholly-owned subsidiary)	Financial controller	November 2024
Hefei Roborock Shallwin Commercial & Trading Co., Ltd. (合肥市石頭小文商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	December 2024
Hefei Roborock Invision Electrical Appliance Retail Co., Ltd. (合肥市石頭啟迪家電零售有限公司) (an indirect wholly-owned subsidiary)	Financial controller	February 2025

Other members of the Group (relationship with the Group)	Positions held with other members of the Group	Date of appointment
Ningbo Roborock Shallwin Commercial & Trading Co., Ltd. (寧波石頭小文商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	December 2024
Zhengzhou Ruimingtu Commercial & Trading Co., Ltd. (鄭州睿洺途商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	January 2025
Shanghai Kehuihang Commercial & Trading Co., Ltd. (上海科慧航商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	December 2024
Qingdao Roborock Invision Commercial & Trading Co., Ltd. (青島石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	December 2024
Taiyuan Roborock Shallwin Commercial & Trading Co., Ltd. (太原石頭小文商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	January 2025
Huizhou Roborock Invision Technology Co., Ltd. (惠州石頭啟迪科技有限公司) (an indirect wholly-owned subsidiary)	Financial controller	October 2024
Xian Roborock Invision Commercial & Trading Co., Ltd. (西安石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	January 2025
Beijing Roborock Invision Commercial & Trading Co., Ltd. (北京石頭啟迪商貿有限公司) (an indirect wholly-owned subsidiary)	Financial controller	April 2024

Prior to joining our Group, she worked at PST Service Corporation (北京博達瑞恒科技有限公司) from April 2012 to April 2018. She worked at Xinjin Power Group Co., Ltd. (新錦動力集團股份有限公司) (formerly known as Heitai Aipu Group Co., Ltd. (恆泰艾普集團股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 300157), from April 2008 to March 2012.

Ms. Wang received her bachelor's degree in accounting from Beijing Institute of Fashion Technology (北京服裝學院) in the PRC in July 2001. She was awarded her certified public accountant qualification from the Certified Public Accountants Examination Committee of The Ministry of Finance of the PRC (中國財政部註冊會計師考試委員會) in January 2007.

Ms. Sun Jia (孫佳), aged 36, is our Executive Director and secretary to the Board. For the biographical details of Ms. Sun, please refer to the paragraph headed "—Directors—Executive Directors" in this section.

GENERAL

None of our Directors, or members of the senior management is related to other Directors, or members of senior management of our Company. Save as disclosed in this section, (i) none of our Directors, or senior management members held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date; and (ii) to the best knowledge, information and belief of the Directors and having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need 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) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Sun Jia (孫佳) is currently our secretary to the Board and was appointed as a joint company secretary of our Company in June 2025 with effect from the [**REDACTED**]. For the biography of Ms. Sun, please refer to the paragraph headed "—Directors—Executive Directors" in this section.

Mr. Ng Tung Ching Raphael (吳東澄) was appointed as a joint company secretary of our Company in June 2025 with effect from the [**REDACTED**]. Mr. Ng is a seasoned professional with over 14 years of extensive experience in the legal and company secretarial domains, specializing in corporate governance and compliance. He currently serves as the assistant vice president of Computershare Hong Kong Investor Services Limited.

Mr. Ng holds a master's degree in Chinese business law from the Chinese University of Hong Kong and a master's degree in professional accounting and corporate governance from The City University of Hong Kong. He earned his bachelor's degree in law from Manchester Metropolitan University. Mr. Ng is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. He also possesses the practitioner's endorsement from HKCGI.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025, and (ii) understands his or her obligations as a director [**REDACTED**] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

As of the Latest Practicable Date, none of our Directors has an interest in any business which competes or is likely to compete (either directly or indirectly) with our business and which is required to be disclosed under Rule 8.10(2) of the Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committee

We have established four Board Committees in accordance with the relevant laws and regulations in mainland China, the Articles and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and ESG Committee. The functions of the four committees are summarized as follows:

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board.

The Audit Committee consists of three non-executive Directors, namely, Mr. Chan Fan Shing, Dr. Liu Fei and Dr. Zhang Yanan. Mr. Chan Fan Shing, being the chairman of the committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management.

The Remuneration and Evaluation Committee consists of three Directors, namely Mr. Chan Fan Shing, Mr. Quan Gang and Dr. Ma Lijun. Mr. Chan Fan Shing serves as the chairperson of the Remuneration and Evaluation Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession.

The Nomination Committee consists of three Directors, namely Dr. Liu Fei, Ms. Sun Jia and Mr. Chan Fan Shing. Dr. Liu Fei serves as the chairperson of the Nomination Committee.

Strategy and ESG Committee

We have established the Strategy and ESG Committee with written terms of reference. The primary 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 as well as to manage ESG issues and improve ESG performance of our Company.

The Strategy and ESG consists of four Directors, namely, Mr. Chang Jing, Mr. Quan Gang, Dr. Liu Fei and Mr. Chan Fan Shing. Mr. Chang Jing serves as the chairperson of the Strategy and ESG Committee.

CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [**REDACTED**].

Mr. Chang is the chairman of our Board and chief executive officer of our Company. With extensive experience in the industry in which the Company operates and having served our Company since its founding, Mr. Chang is in charge of the overall corporate and business strategies of our Group. Our Board considers that vesting the roles of chairman of the Board and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and visionary individuals. Upon [**REDACTED**], our Board will comprise three executive Directors (including Mr. Chang), one non-executive Director and four independent non-executive Directors, and therefore will have a strong independence element in its composition.

Board Diversity Policy

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieving diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will take into account the Board Diversity Policy. In considering a nomination, the Company will consider a number of factors, including but not limited to skills, regional and industry experience, professional experience, cultural and educational background, gender and age. In particular, our Company currently has three female Directors on the Board.

Our Directors have a balanced mix of knowledge and skills, and we have five non-executive Directors, including four independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our Board Diversity Policy. The Board will review the Board Diversity Policy periodically to evaluate its effectiveness.

Management Presence

Pursuant to Rule 8.12 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 Rule 8.12 of the Listing Rules.

We have applied for, and the Stock Exchange [has granted], a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers from Strict Compliance with the Listing Rules—Management presence in Hong Kong."

REMUNERATION

Our Directors and senior management receive their remuneration in the form of fees, salaries, bonus, allowances, share-based compensation, pension scheme contributions and other benefits in kind subject to applicable laws, rules and regulations. For details of the service contracts that we have entered into with our Directors, see the section headed "C. Further Information About Our Directors and Substantial Shareholders—2. Particulars of Service Contracts and Appointment Letters" in Appendix VI to this document.

Further information on the remuneration of our Directors and/or the five highest paid individuals during the Track Record Period is set out in the Accountants' Report in Appendix I to this document, and in the section headed "C. Further Information About Our Directors and Substantial Shareholders—3. Directors' Remuneration" in Appendix VI to this document. Save as disclosed, the Directors are not entitled to receive any other special benefits from our Company. The compensation of the Directors is determined by the Board which, following [**REDACTED**], will receive recommendations from the Remuneration and Evaluation Committee which will take into account applicable laws, rules and regulations.

COMPLIANCE ADVISER

We have appointed Lego Corporate Finance Limited as our compliance adviser (the "**Compliance Adviser**") upon [**REDACTED**] in compliance with Rule 3A.19 of the Listing Rules. The compliance adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the compliance adviser shall commence on the [**REDACTED**] and is expected to 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**] and such appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

The following is a description of the share capital of our Company before and immediately following completion of the [**REDACTED**].

As of the Latest Practicable Date

As of the Latest Practicable Date, the registered and issued share capital of our Company was RMB184,853,117, comprising 184,853,117 A Shares with a nominal value of RMB1.00 each, all of which are listed on the SSE STAR Market. This includes 84,264 A Shares repurchased by our Company pursuant to repurchase mandates approved by our Board and held in our Company's stock repurchase account as treasury shares.

Capitalization Issue

On June 24, 2025, the Company issued 4 new A Shares for every 10 existing A Shares to all Shareholders by way of capitalization of capital reserve, representing an increase of 73,907,541 A Shares. Immediately after the Capitalization Issue, the registered and issued share capital of our Company was increased to 258,760,658 A Shares, of which 84,264 A Shares remained to be held in our Company's stock repurchase account as treasury shares.

Immediately after Completion of the [REDACTED]

Immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue), the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after [REDACTED]
A Shares in issue*	258,760,658	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.0%**

Immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is fully exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after [REDACTED]
A Shares in issue*	258,760,658	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.0%**

Note:

* Including 84,264 A Shares repurchased and held by our Company's stock repurchase account as treasury shares (assuming no changes are made to the number of repurchased A Shares held in our Company's stock repurchase account between the Latest Practicable Date and [**REDACTED**]), pursuant to repurchase mandates approved by our Board.

SHARES OF OUR COMPANY

Upon the completion of the [**REDACTED**], our H Shares in issue and our A Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in mainland China, the qualified investors in mainland China under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by, or traded between, legal or natural persons in mainland China.

Shanghai-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 investors in mainland China, 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 Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in mainland China in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Except for the differences set out in "—Shares of our Company" above, 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. Dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas dividends in respect of our A Shares are to be paid by us in Renminbi. 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.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC are not applicable to companies [**REDACTED**] in the PRC and on the [**REDACTED**]. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] on the [**REDACTED**].

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the [**REDACTED**]. Such approval was obtained by us at the shareholders' general meeting of our Company held on June 23, 2025 and is subject to, among other things, the following conditions:

(i) *Size of the* [**REDACTED**]. The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**] of the total issued share capital enlarged by the [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of 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 [**REDACTED**] initially under the [**REDACTED**].

(ii) *Method of* [**REDACTED**]. The method of [**REDACTED**] shall be by way of an [**REDACTED**] to [**REDACTED**] and [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) [**REDACTED**]. The H Shares shall be [**REDACTED**] in Hong Kong under the [**REDACTED**], and [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory bodies to [**REDACTED**] abroad in the [**REDACTED**].

(iv) [**REDACTED**] *basis*. The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, the domestic and overseas capital market conditions and [**REDACTED**].

(v) *Validity period*. The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the [**REDACTED**] shall be completed within 18 months from the date when the shareholders' meeting was held on June 23, 2025. If the Company has obtained approval or filing from relevant regulatory bodies for the [**REDACTED**] of the H Shares within such validity period, the validity period of the resolution will automatically be extended to the completion of the [**REDACTED**] of the H Shares.

SHAREHOLDERS' MEETINGS

For details of circumstances under which our Shareholders' meeting are required, please see the section headed "Summary of the Articles of Association—General Provisions for Shareholders' General Meetings" in Appendix V to this document.

A SHARE INCENTIVE PLANS

Restricted Share Incentive Plans

Our Company has adopted the 2022 Restricted Share Incentive Plan, 2023 Restricted Share Incentive Plan and 2024 Restricted Share Incentive Plan, based on which a maximum of 2,548,521 A Shares of our Company may be issued pursuant to awards granted under each of the Restricted Share Incentive Plans. For details, please refer to the section headed "Statutory and General Information—D. A Share Incentive Plans—1. Restricted Share Incentive Plans" in Appendix VI to this document.

Stock Ownership Plans

Our Company has adopted the First Phase Stock Ownership Plan, the 2023 Stock Ownership Plan, and the 2024 Stock Ownership Plan, pursuant to which our Company had repurchased A Shares from the open market, and such A Shares were transferred to the respective stock ownership scheme to which relevant participants are entitled to a corresponding portion of. For details, please refer to the section headed "Statutory and General Information—D. A Share Incentive Plans—2. Stock Ownership Plans" in Appendix VI to this document.

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the principal PRC laws, regulations and rules that have a significant impact on our businesses and operations.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT AND OVERSEAS INVESTMENT

Company Law

The PRC Company Law (《中華人民共和國公司法》) was promulgated by the Standing Committee of the National People's Congress ("**SCNPC**"), on December 29, 1993 and implemented on July 1, 1994, and last revised on December 29, 2023, which came into effect on July 1, 2024. Under the PRC Company Law, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested enterprises. Pursuant to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail. The major amendments of the latest PRC Company Law, which came into effect on July 1, 2024, include improving the company establishment and exit regime, optimizing the organizational structures of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholder and management, and reinforcing the social responsibilities of companies, among others. We do not expect the amendments to have any material adverse effect on our operational and financial performance.

Foreign Investment

Investment activities in mainland China by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》) (the "**Encouraged Catalog**"), and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**"), which are promulgated and amended from time to time by the Ministry of Commerce (the "**MOFCOM**"), and the National Development and Reform Commission (the "**NDRC**"), and together with the PRC Foreign Investment Law (《中華人 民共和國外商投資法》) (the "**Foreign Investment Law**") and its respective implementation rules and ancillary regulations.

The Foreign Investment Law was promulgated by NPC in March 2019 and came into effect on January 1, 2020, which replaced three then existing laws on foreign investments in mainland China, namely, the PRC Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law of PRC (《中華人民共和國外資企業法》). The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List, which was promulgated or approved by the State Council. To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the Foreign Investment Law of PRC (《中華人民共和國外商投資法實施條例》) (the "**Foreign Investment Implementation Regulations**") was promulgated by the State Council in December 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment and advances a higher-level opening.

The NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施（負面清單）（2024年版）》) (the “**2024 Negative List**”) on September 6, 2024, to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Foreign Investment Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Product Quality Responsibility

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”), which was promulgated by the SCNPC on February 22, 1993 and implemented on September 1, 1993, and last revised on December 29, 2018, the engagement in product manufacturing and sales activities within the territory of mainland China shall comply with the Product Quality Law. Producers shall be responsible for the quality of the products they produce and sell. Quality of products shall meet the following requirements: (i) the products shall be free from any unreasonable threats to personal safety or safety of property, and shall conform to national standards or trade standards for ensuring human health and personal or property safety if there are such standards; (ii) the products shall have the functions they are supposed to have, except where there are explanations about the functional defects; and (iii) the products shall meet the standards specified on the products or packages thereof and the quality condition specified by way of product instructions or samples. In case of violation of the Product Quality Law, the market regulatory authorities have the right to order producers and sellers to stop production and sales, confiscate the products which are illegally produced or sold and impose fines. Any illegal gains shall be confiscated. In case of serious violations, the business license of a producer or seller will be revoked, and if the violation is so serious as to have constituted a crime, the producer or seller will be prosecuted for criminal liability.

Pursuant to the PRC Civil Code (《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 damages caused to other party due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, and elimination of danger.

Consumer Protection

Pursuant to the Law of the PRC on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) was promulgated by the SCNPC on October 31, 1993 and implemented on January 1, 1994, and last revised on October 25, 2013, which came into effect on March 15, 2014.the operators to provide consumers with the goods they produce or sell or to provide services shall comply with the Law on the Protection of the Rights and Interests of Consumer. Operators shall bear civil liability under the following circumstances: (i) a defect exists in a product or service; (ii) a product does not possess the functions it is supposed to possess, and no declaration thereof is made at the time of sale; (iii) the product standards indicated on a product or on the package of such product are not met; (iv) the quality condition indicated by way of product description or physical sample, etc. is not met; (v) products that have been formally declared by the state to be obsolete are produced or expired or deteriorated products are sold; (vi) the products sold are short on quantity; (vii) the contents and costs of the services are in violation of the agreement; or (viii) consumers' requests for repair, redoing, replacement, return, making up the quantity of a product, refund of payment for the products or services, or claims for compensation have been deliberately delayed or unreasonably rejected. Operators who fail to fulfill the security obligations and causes harm to consumers shall bear tort liability. If an operator's provision of goods or services violates the provisions of the Law on the Protection of the Rights and Interests of Consumer and infringes upon the legitimate rights and interests of consumers, which constitutes a crime, the operator shall be subject to criminal liability according to the law.

Laws and Regulations Relating to Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), promulgated by the SCNPC on June 29, 2002 and implemented on November 1, 2002, and last revised on June 10, 2021, entities engaged in production and business activities in mainland China shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and polices, improve conditions, promote the development of production safety standards, 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.

LAWS AND REGULATIONS ON E-COMMERCE AND ONLINE TRANSACTION

E-Commerce

The E-commerce Law of the PRC (《中華人民共和國電子商務法》) (the "**E-Commerce Law**"), enacted by the SCNPC on August 31, 2018, and implemented from January 1, 2019, establishes fundamental guidelines for e-commerce operators engaging in commercial activities. The E-Commerce Law proposes a series of requirements on e-commerce operators, including third-party e-commerce platform operators, registered product or service providers of platforms, and online business operators operating through a self-built website or any other network.

According to the E-Commerce Law, e-commerce operators are obligated to uphold principles of voluntariness, equality, fairness, and good faith in their business dealings. They are further mandated to comply with legal provisions and business ethics, participate equitably in market competition, fulfill responsibilities pertaining to consumer rights protection, environmental preservation, intellectual property safeguarding, network security, and personal information confidentiality. E-commerce operators are also held accountable for the quality of their products and services.

In instances where e-commerce operators fail to meet their contractual obligations, breach agreed-upon terms, or cause harm to others, they are liable for civil consequences as stipulated by the law. Moreover, e-commerce entities conducting business activities without obtaining required administrative permits, offering goods or services prohibited by laws or administrative regulations, or neglecting their obligations to provide necessary information, may incur penalties imposed by the market supervision and management authorities, in accordance with pertinent laws and administrative regulations.

Online Transaction

The Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which was enacted by the SAMR on March 18, 2025, was implemented from May 1, 2025, to regulate all business activities involving sales of commodities or provision of services through the internet and other information networks as well as the supervision and administration thereof by market regulatory departments within the territory of mainland China. No online transaction business may engage in business operations without a license or permit in violation of any law, regulation or decision of the State Council. Except under the circumstances where registration is not required as prescribed in Article 10 of the E-Commerce Law, an online transaction business shall undergo market entity registration in accordance with the law. In addition, an online transaction business shall disclose commodity or service information in a comprehensive, truthful, accurate and timely manner, and protect consumers' right to know and right to choose.

LAWS AND REGULATIONS IN RELATION TO EXPORTATION OF GOODS

Import and Export Management

According to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002 and was last amended on March 10, 2024, with the latest amendment being effective on May 1, 2024, the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and last amended on December 30, 2022, the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by MOFCOM on June 25, 2004, which came into effect on July 1, 2004 and last amended on May 10, 2021 and the Administrative Provisions of the Customs of the People's Republic of China on Record-filing of Customs Declaration Entities (《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 of the PRC on November 19, 2021 which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers. Customs declaration entities refer to consignees or consignors of imported or exported goods or customs brokers that have filed for record with Customs. Customs declaration entities may conduct customs declaration business within the customs territory of the PRC.

Imported and Exported Commodities Inspection

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》) which was promulgated by the SCNPC on February 21, 1989, and implemented on August 1, 1989, and last revised on April 29, 2021, has come into effect on the same date, 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》) which was promulgated by the State Council on 23 October, 1992 and implemented on the same date, and last revised on March 29, 2022, the General Administration of Customs is responsible for inspection of import and export commodities. The entry-exit inspection and quarantine authorities shall conduct inspection on the import and export commodities listed in the catalog and other import and export commodities that shall be subject to the inspection of the entry-exit inspection organs as prescribed by laws and administrative regulations. For the import and export commodities other than those that are subject to statutory inspection by the entry-exit inspection and quarantine authorities 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.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

Anti-Monopoly Law

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**"), which was promulgated by the SCNPC on August 30, 2007 and implemented on August 1, 2008, and last revised on June 24, 2022, has come into effect on August 1, 2022, the Anti-Monopoly Law applies to the monopolistic practices in domestic economic activities in mainland China as well as the monopolistic practices outside mainland China which have exclusion or restriction effects on domestic market competitions. The monopolistic practices under the Anti-Monopoly Law include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. The anti-monopoly law enforcement agencies designated by the State Council are responsible for enforcement of the Anti-Monopoly Law in accordance with the provisions of the Anti-Monopoly Law. The anti-monopoly law enforcement agencies of the State Council may, according to the needs of their work, authorize the corresponding agencies of the people's governments of provinces, autonomous regions, and municipalities to be responsible for enforcement of the Anti-Monopoly Law. Operators who violate the provisions of the Anti-Monopoly Law will be ordered by the anti-monopoly law enforcement agencies to stop the illegal act, any illegal gains shall be confiscated and be imposed a fine.

Anti-Unfair Competition Law

According to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "**Anti-unfair Competition Law**"), which was promulgated by the SCNPC on September 2, 1993 and implemented on December 1, 1993, and last revised on April 23, 2019, operators shall comply with the principle of voluntariness, equality, impartiality, integrity and abide by laws and business ethics in market transactions. Under the Anti-unfair Competition Law, unfair competition refers to an operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators who violate of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

LAWS AND REGULATIONS RELATING TO ENVIRONMENT PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989 and implemented on the same date, and subsequently revised on April 24, 2014, has come into effect on January 1, 2015, enterprises, public institutions and other producers and operators shall prevent and reduce environmental pollution and ecological damage, and shall take the liabilities for the damages caused according to the laws. The state adopts the pollution discharge permit management system. Enterprises, public institutions and other producers and operators which are subject to the pollution discharge permit management shall discharge pollutants according to the requirements of the pollution discharge permit; and those that fail to obtain the pollution discharge permit shall not discharge pollutants.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002 and implemented on September 1, 2003, and last revised on December 29, 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 and implemented on the same date, and subsequently revised on July 16, 2017, has come into effect on October 1, 2017,the state implements a system to assess the environment impact of construction projects. If the construction project may result in a material impact on the environment, a thorough environmental impact report on the potential environmental impact is required; if the construction project may result in only slight impact on the environment, an environmental impact statement of analyzing or special evaluation will be required; if the construction project may only result in very little impact on the environment and no environmental impact appraisal is required, a registration form of environmental impact shall be filed. Construction projects without undergoing assessment for environmental impact according to the laws cannot commence construction. After the completion of the construction projects for which environment effect report and environment effect statement was prepared, a construction unit shall, according to the standards and procedures formulated by the competent administrative department for environment protection under the State Council, conduct inspection and acceptance of supplementary environment protection facilities, and prepare inspection and acceptance report. No supplementary facilities of such projects may be put into production or use until such facilities pass inspection and acceptance; no supplementary facilities that failed to undergo or pass the inspection and acceptance procedure may be put into production or use.

If an enterprise violates the provisions of the aforesaid laws and regulations, the environmental protection administrative departments at the county level or above may order it to stop production or construction, impose a fine and order it to conduct rehabilitation; if the violation constitutes a crime, the enterprise may be held criminally liable according to law.

LAWS AND REGULATIONS RELATING TO LARGE-SCALE EQUIPMENT RENEWALS AND TRADE-IN

According to the Action Plan for Promoting Large-scale Equipment Renewals and Trade-ins of Consumer Goods (《推動大規模設備更新和消費品以舊換新行動方案》) (the “**Action Plan**”), which was promulgated by the State Council on March 7, 2024, measures including equipment renewal, trade-ins of consumer goods, recycling, and utilization, improving standards, and strengthening policy guarantee will be taken to promote investment and consumption. In the field of trade-in of household appliances, the Action Plan supports household appliance sales enterprises to carry out trade-in promotional activities with production enterprises and recycling enterprises, to set up online and offline home appliance trade-in zones, and give preferential treatment to consumers who exchange old household appliances for energy-saving household appliances. The Action Plan encourages subsidized consumers to purchase green smart home appliances and accelerates the implementation of after-sales service improvement actions for household appliances.

According to the Several Measures on Supporting Large-scale Equipment Renewals and Trade-ins of Consumer Goods (《關於加力支持大規模設備更新和消費品以舊換新的若干措施》), which was promulgated by the NDRC and the Ministry of Finance on July 24, 2024, approximately RMB300 billion in ultra-long special treasury bonds will be earmarked to boost large-scale equipment renewals and replace old consumer goods with new ones. Individual consumers will enjoy trade-in subsidies for 8 types of household appliances such as refrigerators, washing machines, televisions, air conditioners, computers, water heaters, household stoves, and range hoods with energy efficiency or water efficiency standards of level 2 or above. The subsidy standard is 15% of the product’s sales price, and an additional 5% subsidy will be given to purchase products with energy efficiency or water efficiency standards of level 1 and above. Each consumer can subsidize 1 piece of each type of product, and the subsidy for each piece does not exceed RMB2,000.

REGULATIONS IN RELATION TO INFORMATION SECURITY AND DATA PRIVACY

Government authorities of mainland China have enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure, including the Decision of the Standing Committee of the National People’s Congress on Internet Security Protection(《全國人民代表大會常務委員會關於維護互聯網安全的決定》) enacted on December 28, 2000 and amended on August 27, 2009 by the SCNPC, the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》)issued by the Ministry of Public Security on December 13, 2005 and took effect on March 1, 2006, the Decision of the Standing Committee of the National People’s Congress on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated by the SCNPC on December 28, 2012, the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) promulgated by the MIIT on December 29, 2011, and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT on July 16, 2013. Internet information in mainland China is regulated and restricted from a national security standpoint. In addition, the CAC, the MIIT, the Ministry of Public Security, and the SAMR jointly issued the Provisions on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序

必要個人信息範圍規定》) on March 12, 2021, effective from May 1, 2021, specifying that the operator of an Internet application shall not refuse a user to use the App's basic functional services on the grounds that the user disagrees with the collection of unnecessary personal information.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users regulate the collection and use of users' personal information in the provision of telecommunications services and internet information services in mainland China. Telecommunication business operators and internet information service providers are required to institute and disclose their own rules for the collection and use of users' personal information. They must specify the purposes, manners, and scopes of information collection and use, obtain consent from the relevant individuals, and keep the collected personal information confidential. Such operators and providers are prohibited from disclosing, tampering with, damaging, selling, or illegally providing others with the collected personal information. They are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage, or loss. Once users terminate the use of telecommunications services or internet information services, these operators and providers shall stop collecting and using the users' personal information and provide services for canceling user accounts.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users further define the scope of users' personal information, including user name, birth date, ID card number, address, phone number, account, password, and other information that may be used to identify the user's identity independently or in combination with other information, as well as the time and place of the users' service use. Furthermore, according to the Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), or the Interpretations, issued by the Supreme People's Court and the Supreme People's Procuratorate on May 8, 2017 and became effective on June 1, 2017, personal information means various information recorded electronically or by other means, which may be used to identify the identity of natural persons or reflect the activities of specific natural persons, including but not limited to name, ID card number, contact information, address, account and password, property status, and tracks.

On November 1, 2015, the Ninth Amendment to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》) issued by the SCNPC came into effect. Pursuant to this Amendment, any internet service provider that fails to fulfill its obligations related to internet information security administration as required by applicable laws and refuses to rectify after being ordered to do so shall, if any of the following circumstances exists, be sentenced to fixed-term imprisonment of not more than three years, criminal detention, or public surveillance, and may also be fined either additionally or exclusively: (i) causing a large-scale dissemination of illegal information; (ii) causing serious consequences due to the leakage of user information; (iii) causing the loss of evidence in criminal cases, with serious circumstances; or (iv) having other serious circumstances. In addition, any individual or unit that commits any of the following acts, if the circumstances are serious, shall also be held criminally liable: (i) selling or providing citizens' personal information to others in violation of relevant state regulations; or (ii) stealing or illegally obtaining citizens' personal information by other means.

On June 22, 2007, the Ministry of Public Security, the National Administration of State Secrets Protection, and other governmental authorities issued the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》), which stipulates that the security protection grades of information systems are divided into five levels. For a newly built information system or an existing one that is classified as Grade II or above, its operator or user shall, within 30 days from the date of its commissioning, go through the filing procedures with the local public security organ at or above the municipal level with districts.

On June 1, 2017, the Cyber Security Law of the PRC, or the Cyber Security Law (《中華人民共和國網絡安全法》), promulgated by the SCNPC came into effect. It is formulated to maintain network security, safeguard cyberspace sovereignty, national security, and public interests, protect the lawful rights and interests of citizens, legal persons, and other organizations, and require that network operators (including but not limited to internet information service providers) take technical and other necessary measures to ensure the safe and stable operation of networks, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality, and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements set forth in other existing laws and regulations on personal information protection and strengthens the obligations and responsibilities of internet service providers, including but not limited to: (i) keeping all collected user information strictly confidential and establishing a sound user information protection system; (ii) adhering to the principles of legality, propriety, and necessity in collecting and using user information, and disclosing the rules, purposes, methods, and scopes of such collection and use; (iii) taking measures to prevent user personal information from being leaked, tampered with, damaged, or illegally provided to third parties, and prohibiting the illegal provision of user personal information to third parties. Violations of the Cyber Security Law and related regulations may result in administrative liabilities, including warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of business operations, shutting down websites, etc. In severe cases, criminal liabilities may also be incurred.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of the PRC, or the Data Security Law (《中華人民共和國數據安全法》), which came into effect in September 2021. The Data Security Law provides for data security and privacy protection obligations of entities and individuals engaged in data processing activities. It also establishes a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm caused to national security, public interests, or the legitimate rights and interests of individuals or organizations when data is tampered with, destroyed, leaked, or illegally obtained or used. Appropriate protection measures shall be taken according to the corresponding data security protection levels. For example, processors of important data shall specify responsible persons and management bodies for data security, conduct risk assessments on their data processing activities, and submit risk assessment reports to the relevant competent authorities. In addition, the Data Security Law stipulates a national security review procedure for data processing activities that may affect national security and imposes cross-border controls on certain data and information.

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which came into effect on September 1, 2021. Pursuant to the Regulations, critical information infrastructure shall mean any important network facilities or information systems in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government affairs, and national defense science and technology, which may seriously endanger national security, people's livelihood, and public interests in case of damage, loss of function, or data leakage. Relevant competent departments of each industry and field related to critical information infrastructure (or Protection Departments) shall be responsible for formulating the identification criteria for operators of critical information infrastructure within their respective industries and fields, and lawfully determine such operators. Units identified as operators of critical information infrastructure shall be clearly informed of the determination results.

On September 30, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "**Data Security Regulations**"), which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the People's Republic of China and took effect on January 1, 2025. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to national security review in accordance with relevant laws and regulations and do not include the article of "if a data processor's proposed listing in Hong Kong affects or may affect national security, the data processor shall apply for the national security review according to relevant laws and regulations" that as presented in the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》),which was promulgated by the CAC on November 14, 2021. Furthermore, the Data Security Regulations include, but are not limited to, the following provisions: (i) The Data Security Regulations provide specific operational guidelines for the provisions on notification, consent, and individual rights in the Personal Information Protection Law; (ii) The Data Security Regulations stipulate the requirements for establishing an important data catalog and specify the responsibility of network data processors to identify and report important data; (iii) The Data Security Regulations optimize cross-border data security management norms and clarify the conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not informed or publicly announced as important data by relevant regions or departments does not need to be declared for security assessment of data outbound as important data; (iv) The Data Security Regulations set out the network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

December 28, 2021, the CAC, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of National Security, the Ministry of Finance, the MOFCOM, the People's Bank of China, the SAMR, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. The Cybersecurity Review Measures provide that (i) a "network platform operator" holding over one million members' personal information shall apply for a cybersecurity review when listing their securities in a foreign country, and (ii) a "network platform operator" carrying out data processing activities that affect or may affect national security shall apply for a cybersecurity review.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the CAC, the MIIT, the Ministry of Public Security, and the SAMR on January 23, 2019, app operators shall collect and use personal information in compliance with the Cyber Security Law and shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators shall not force their users to make authorization by means of default settings, bundling, suspending installation or use of the app or other similar means and shall not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasized by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests (《關於開展APP侵害用戶權益專項整治工作的通知》), which was issued by MIIT on October 31, 2019. On November 28, 2019, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《App違法違規收集使用個人信息行為認定方法》). This regulation further illustrates certain commonly seen illegal practices of app operators in terms of personal information protection and specifies acts of app operators that will be considered as "collection and use of personal information without users' consent."

On May 28, 2020, the National People's Congress adopted the Civil Code of the PRC (《中華人民共和國民法典》), which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or disclose personal information of others.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC, or the Personal Information Protection Law (《中華人民共和國個人信息保護法》), which integrates the scattered rules with respect to personal information rights and privacy protection and became effective on November 1, 2021. The Personal Information Protection Law applies to personal information processing activities within mainland China, as well as certain personal information processing activities outside mainland China, including those for provision of products and services to natural persons within mainland China or for analyzing and assessing acts of natural persons within mainland China. The Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose, the method of processing, the type of personal information processed and retention period to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation. Processors processing personal information exceeding the threshold to be set by the relevant authorities and operators of key information infrastructure are required to store, within the territory of mainland China, the personal information collected and produced within mainland China. Furthermore, the Personal Information Protection Law also provides for the rights of natural persons whose personal information is processed, and takes special care of the personal information of children under 14 and sensitive personal information.

On July 7 2022, the CAC promulgated Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022. The Measures for the Security Assessment of Outbound Data Transfer specified that when data processors engage in outbound data transfer under any of the following circumstances, they shall apply for security assessment to the CAC in accordance with the relevant national regulations: (i) where a data processor transfers critical information abroad; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals transfers personal information abroad; (iii) where a data processor has transferred personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year, and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required.

On February 22, 2023, the CAC promulgated Measures for the Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》), which came into effect on June 1, 2023. Pursuant to Measures for the Standard Contract for Outbound Transfer of Personal Information, personal information processor transferring personal information abroad shall conclude Standard Contract if satisfy all the following conditions: (1) the data processor who intends to transfer personal information abroad is not a critical information infrastructure operator; (2) the data processor processes personal information of less than one million individuals; (3) the data processor has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and (4) the data processor has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year.

On February 6, 2023, the MIIT promulgated the Notice of the MIIT on Further Improving the Service Capabilities of Mobile Internet Applications (《工業和信息化部關於進一步提升移動互聯網應用服務能力的通知》), which came into effect on February 6, 2023. The Notice on Further Improving the Service Capabilities of Mobile Internet Applications stipulates that users shall be informed of personal information processing rules in a concise, clear and easy-to understand way, and in case of changes, users shall be informed of the latest development in time. The data processors shall highlight the purpose, method and scope of sensitive personal information processing activities, and establish a list of personal information that has been collected, and do not induce users to agree to personal information processing rules with default check, small prints or lengthy texts.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), which became effective on the date of promulgation. According to the provisions, where a data processor transfers data abroad, it may be exempted from applying for a cross-border transfer security assessment, concluding a standard contract for personal information to be provided abroad or passing a security certificate for protection of personal information if it satisfies any of the following conditions: (i) where it is really necessary to provide personal information abroad for the purpose of concluding or performing a contract to which an individual concerned is a party, such as cross-border shopping, cross-border delivery, cross-border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa handling and examination services; (ii) where it is really necessary to provide employees' personal information abroad for the purpose of conducting cross-border human resources management in accordance with the employment rules and regulations and collective contracts formulated in accordance with the law; (iii) where it is really necessary to provide personal information abroad in an emergency to protect the life, health and property safety of a natural person; or (iv) where a data processor other than a critical information infrastructure operator provides abroad the personal information (excluding sensitive personal information) of not more than 100,000 persons accumulatively as of January 1 of the current year.

On July 21, 2023, the Ministry of Industry and Information Technology issued the Notice on Carrying out the Filing of Mobile Internet Applications (《關於開展移動互聯網應用程序備案工作的通知》), requiring APP operators engaged in Internet information services within the territory of the People's Republic of China to complete filing formalities in accordance with the Anti-Telecommunications Network Fraud Law of the People's Republic of China (《中華人民共和國反電信網絡詐騙法》) and the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》). App operators shall complete filing formalities with the provincial-level communications administration bureau where they are domiciled, and their network access service providers and App distribution platforms (including the distribution platforms of mini programs, quick applications and others) shall submit such applications online for inspection and review through the National Internet Basic Resources Management System.

On February 12, 2025, the Cyberspace Administration of China issued the Administrative Measures for the Compliance Audit of Personal Information Protection (《個人信息保護合規審計管理辦法》), which will come into effect on May 1, 2025. According to the Measures, the term "compliance audit of personal information protection" refers to supervisory activities that review and evaluate whether the personal information processing activities of personal information processors comply with laws and administrative regulations. Personal information processors that handle the personal information of over 10 million individuals shall conduct a personal information protection compliance audit at least once every two years. Where a personal information processor is in any of the following circumstances, the Cyberspace Administration of China and other departments performing personal information protection duties (hereinafter collectively referred to as the "**Protection Departments**") may require it to entrust a professional institution to conduct a compliance audit of its personal information processing activities: (i) Where significant risks are identified in the personal information processing activities, such as severe impacts on individual rights or insufficient security measures; (ii) Where the personal information processing activities may infringe upon the rights and interests of a large number of individuals; (iii) In the event of a personal information security incident resulting in the leakage, tampering, loss, or destruction of personal information of over 1 million individuals or sensitive personal information of over 100,000 individuals.

On December 8, 2022, the MIIT promulgated the Measures for Data Security Management in the Industrial and Information Technology Sector (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), which came into effect on January 1, 2023. The Measures for Data Security Management in the Industrial and Information Technology Sector (Trial) makes detailed provisions on classified and tiered data management, data lifecycle security management, data security monitoring and early warning and contingency management. It clearly stipulates that the data in the industrial and information fields can be divided into three levels: general data, important data and core data, and stipulates that the data processors in the industrial and information fields have the obligation to file with the relevant authorities their catalogs of important data and core data recognized according to the identification criteria for important data and core data in industrial and information technology sector.

On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security, the SAMR jointly promulgated Administrative Provisions on Recommendation Algorithms in Internet-based Information Services (《互聯網信息服務算法推薦管理規定》) which became effective and implemented on March 1, 2022, implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, stipulates that algorithm recommendation service providers shall inform users of their provision of algorithm recommendation services in a conspicuous manner and publicize the basic principles, purpose intentions, and main operating mechanisms of algorithm recommendation services in an appropriate manner.

On November 25, 2022, the CAC promulgated the Administrative Provisions on Deep Synthesis in Internet-based Information Services (《互聯網信息服務深度合成管理規定》), which was released after being approved by the Ministry of Industry and Information Technology and the Ministry of Public Security, and came into force on January 10, 2023, pursuant to which, deep synthesis service providers shall fulfill their principal responsibilities for information security, establish and improve management systems for, among other things, user registration, algorithm mechanism review, scientific and technological ethics review, information release review, data security, personal information protection, combating telecom and online fraud, and emergency response, and have safe and controllable technical support measures.

On July 10, 2023, the CAC and several governmental authorities promulgated Interim Measures for the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) which became effective on August 15, 2023, impose compliance requirements for providers of generative AI services to the general public within the territory of PRC. Generative AI service providers shall carry out pre-training, optimization training, and other training data processing activities in accordance with the law and provisions, and assume responsibility as a producer of online information content in accordance with the law and fulfill online information security obligations.

LAWS AND REGULATIONS RELATING TO TAXATION

Income Tax

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**"), promulgated by the SCNPC on March 16, 2007, implemented on January 1, 2008 and last revised on December 29, 2018, and the Implementation Rules of the EIT Law (《企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, came into effect on January 1, 2008 and then promulgated on December 6, 2024 and implemented on January 20, 2025, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country or region but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. Key high-tech enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

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 and implemented on January 1, 1994, and last revised on November 19, 2017, has come into effect on the same date and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance on December 25, 1993 and last amended on October 28, 2011, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within the territory of mainland China are taxpayers of value-added tax, and shall pay VAT in accordance with law. Unless otherwise stipulated, the VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable leasing services, selling immovables, transferring land use rights, or selling or importing specific goods; unless otherwise stipulated, 6% for taxpayers selling services or intangible assets.

According to the Circular of the MOF and the SAT on Adjusting Value-added Tax Rate (《財政部、稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the SAT on April 4, 2018 and became effective on May 1, 2018, the tax rates for the taxable sales or goods import activity, which were subject to the tax rates of 17% and 11% respectively, were adjusted to 16% and 10% respectively.

According to the Circular on Policies in Relation to the Deepening of Value-added Tax Reforms (《關於深化增值稅改革有關政策的公告》), which was jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019, and has come into effect on April 1, 2019, the tax rate of 16% and 10% originally applicable to general VAT taxpayers' VAT taxable sales or goods import shall be adjusted to 13% and 9%, respectively.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and last revised on December 29, 2018, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and has come into effect on January 1, 2008, revised on December 28, 2012 and came into effect on July 1, 2013, written labor contracts shall be executed between an entity and its employees if an employment relationship is established. Employers are required to inform their employees about their job responsibilities, working conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and in full in accordance with the commitments set forth in their employment contracts and the relevant PRC laws and regulations.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, came into effect on July 1, 2011 and last revised on December 29, 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999 and revised on March 24, 2019, the Trial Measures for Enterprise Staff Maternity Insurance (《企業職工生育保險試行辦法》), which was promulgated by the Ministry of Human Resources and Social Security and came into effect on January 1, 1995, the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council and came into effect on January 1, 2004, amended on December 20, 2010 and came into effect on January 1, 2011, and the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated and implemented on April 3, 1999 and last revised on March 24, 2019, employers in mainland China shall provide their employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing provident fund. Employers who fail to contribute to the above social insurance may be subject to a fine and ordered to make full payment within a prescribed time period. If an employing entity fails to make the payment towards housing provident funds within a prescribed time limit, an application may be made to a people's court for enforcement.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and implemented on April 1, 1985, and last revised on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001, implemented on July 1, 2001 and last amended on December 11, 2023, with the latest amendment being effective on January 20, 2024, patents in mainland China are divided into invention patent, utility patent and design patent. Invention patent shall be valid for 20 years from the date of application, while utility patent shall be valid for 10 years and design patent shall be valid for 15 years from the date of application respectively. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

Trademark

According to the Trademark Law of the PRC (the "**Trademark Law**"), was promulgated by the Standing Committee on August 23, 1982 and became effective on March 1, 1983 and last revised on April 23, 2019 and implemented on November 1, 2019 and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002 and implemented on September 15, 2002, and amended on April 29, 2014, has come into effect on May 1, 2014, a trademark registered by the Trademark Office is a registered trademark, including the commodity trademark, service trademark, collective trademark and certification trademark. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. The trademark registrant shall apply for renewal within 12 months before the expiry date for further use of the registered trademark. The valid period for each renewal of registration is 10 years, counted from the next day of the expiration day of the last term.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), promulgated by the SCNPC on September 7, 1990 and implemented on June 1, 1991, and last revised on November 11, 2020 and came into effect on June 1, 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Pursuant to 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 the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in mainland China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) which was promulgated by the Ministry of Industry and Information Technology of the PRC on August 24, 2017 and came into effect on November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the People's Republic of China (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998 and implemented on July 1, 1999, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration 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》) and several supporting guidelines (collectively referred to as the "**Overseas Listing Regulations**"). Under Overseas Listing Regulations, mainland China domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) 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) 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) 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; or (v) 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 Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a 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.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《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》), which has come into effect on March 31, 2023. Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue), the following persons will have an interest or a short position in the Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

				Immediately after the Capitalization Issue	Immediately following completion of the [REDACTED]	
Name of Shareholder	**Nature of interest**	**Description of Shares**	**Number of Shares held**	**Approximate percentage of shareholding in our total Share capital**	**Approximate percentage of shareholding in our A Shares**	**Approximate percentage of shareholding in our total Share capital**
Mr. Chang Jing (昌敬)	Beneficial owner	A Shares	[**REDACTED**]	21.01%	[**REDACTED**]	[**REDACTED**]

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue), have interests or short positions in Shares or underlying Shares which would fall to be disclosed 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 our share capital carrying rights to vote in all circumstances at general meetings of our Company.

FUTURE PLANS

See the section headed "Business—Our Strategies" for a detailed description of our future plans.

[REDACTED]

The table below sets forth the estimated [**REDACTED**] of the [**REDACTED**] that we will receive after deduction of [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**]:

[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**], at an [**REDACTED**] of [**REDACTED**] per H Share, assuming the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**], or [**REDACTED**], will be used to expand our international business and strengthen our brand recognition:

  (i) Approximately [**REDACTED**], or [**REDACTED**], will be used to conduct multi-channel branding and marketing activities. We will elevate brand awareness and audience conversions through localized, multi-channel campaigns. In particular, we will continuously leverage social media, KOL collaborations, and celebrity endorsement, supported by high-visibility digital campaigns, to maximize our product visibility and amplify our outreach efforts.

  (ii) Approximately [**REDACTED**], or [**REDACTED**], will be used to expand our global DTC and distribution channels. For DTC sales expansion, we will scale our self-operated e-commerce stores while strengthening existing partnerships to boost platform traffic. In parallel, we will further globalize our distribution network. Specifically, we intend to (a) partner with additional online marketplaces and deepen our collaborations with both vertical-specific platforms with a focus on consumer electronics and regionally dominant e-commerce players, and (b) partner with additional renowned retailers and leverage their offline stores and digital platforms, to maximize our consumer reach.

(iii) Approximately [**REDACTED**], or [**REDACTED**], will be used to enhance our local operation capabilities in our focused markets, such as the United States, Europe and Asia-Pacific region, while deepening our penetration in emerging markets with significant growth potential, including Latin America and the Middle East. We plan to build up our dedicated sales teams and establish local after-sales service centers staffed by qualified personnel, aimed at strengthening consumer support and brand loyalty. Additionally, we plan to appoint regional managers and hire trained experts to enhance our nationwide or regional sales management. They function to oversee the implementation of our go-to-market strategy in each market, ensuring alignment of our overall business development goals with local dynamics. For emerging markets, in particular, we will establish local subsidiaries and regional sales offices to strengthen our on-the-ground presence, enabling closer proximity to local users of our products and more agile market responsiveness. Based on our proven success in developed markets, we will take an omni-channel approach, integrating online platforms and offline distribution networks to maximize our market coverage.

- Approximately [**REDACTED**], or [**REDACTED**], will be used to strengthen our R&D capabilities and broaden our product portfolio:

(i) Approximately [**REDACTED**], or [**REDACTED**], will be used in the R&D of our technologies over a medium- to long-term, aimed at exploring emerging technologies and cultivating deep technological reserves to fuel innovations and sustain our market leadership. Specifically, we plan to use:

(a) approximately [**REDACTED**], or [**REDACTED**], to enhance our software capabilities, such as SLAM algorithms, navigation algorithms for path planning, object recognition, intelligent voice control, and other related technologies; and

(b) approximately [**REDACTED**], or [**REDACTED**], to optimize the design and engineering of hardware components, such as laser ranging modules, motion control modules, cleaning system, chassis system, and mechanical arms.

(ii) Approximately [**REDACTED**], or [**REDACTED**], will be used in extending the reach of our technologies in new product categories and upgrading our existing products. Specifically, we plan to use:

(a) approximately [**REDACTED**], or [**REDACTED**], will be used to extend the reach of our technologies in new product categories, such as intelligent outdoor cleaning products. We plan to conduct extensive research and testing activities to validate the cross-category potential of technologies. We also intend to recruit high-caliber professionals with domain-specific expertise in our target categories, enabling faster product development cycles; and

(b) approximately [**REDACTED**], or [**REDACTED**], will be used to incorporate new features and upgrade the performance of our existing products. We intend to translate our technological advancements into OTA firmware updates or new models with greater adaptability and efficiency in complex home environments. In addition, we will continue to fine-tune our offerings by catering to diverse needs of different user groups across different geographies.

(iii) Approximately [**REDACTED**], or [**REDACTED**], will be used for potential acquisitions and collaborations globally to strengthen our product offering and innovation capabilities. Our key areas of acquisition focus include targets that offer operational synergies by providing us with access to complementary product offerings, technologies, sales and distribution channels, or have established market positions. As of the Latest Practicable Date, we had not identified any specific targets for acquisitions or investments, or entered into any investment agreement, to which we will apply these [**REDACTED**].

- Approximately [**REDACTED**], or [**REDACTED**], will be used to invest in scaling up overseas production capabilities, while dedicating to rigorous quality management. As we expand our global footprints, we plan to build up our overseas production lines of different product categories. This enables us to produce closer to our target markets, reduce lead times, and enable a faster response to rising local demands. We also seek to collaborate with multiple qualified EMS providers and other contract manufacturers with plants in multiple geographies outside mainland China. To accomplish our goal, our overseas expansion will take the form of in-house capital expenditure, joint venture investments, and acquisitions, where appropriate. We believe that strengthening our manufacturing capacity worldwide helps us enhance our manufacturing flexibility, mitigate prospect exposure to geopolitical risks, including tariff and trade restrictions.

- The remaining amount of approximately [**REDACTED**], or [**REDACTED**], will be used to provide funding for our working capital and other general corporate purposes.

The additional [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be [**REDACTED**]. Additional [**REDACTED**] received due to the exercise of any [**REDACTED**] will be used for the above purposes accordingly on a pro rata basis in the event that the [**REDACTED**] is exercised.

We will only place the [**REDACTED**] of the [**REDACTED**] that are not immediately required for the above purposes into short-term interest-bearing accounts at licensed commercial banks and/or relevant authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in relevant jurisdictions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[**REDACTED**]

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[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING ROBOROCK TECHNOLOGY CO., LTD.

Introduction

We report on the historical financial information of Beijing Roborock Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-79, which comprises the consolidated statements of profit or loss, statements of 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 and 2024 (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 and 2024 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-79 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**] of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 Note 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 and 2024 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.

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 I-3 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] 2025

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		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	6,610,736	8,639,481	11,918,473
Cost of revenue		(3,441,120)	(3,964,280)	(5,916,839)
Gross profit		3,169,616	4,675,201	6,001,634
Other income and gains	5	187,306	280,122	400,013
Selling expenses		(1,227,850)	(1,712,828)	(2,967,201)
Administrative expenses		(174,619)	(285,586)	(425,549)
Research and development expenses		(488,612)	(619,026)	(971,439)
Reversal of impairment losses/(impairment losses) on financial assets, net	6	(3,619)	(21,756)	10,877
Other expenses and losses		(80,477)	(163,621)	(136,319)
Finance costs	7	(1,579)	(9,498)	(10,323)
Fair value gains/(losses) on financial instruments		(30,733)	177,083	195,784
Share of profits/(losses) of an associate		(228)	(308)	70
PROFIT BEFORE TAX	6	1,349,205	2,319,783	2,097,547
Income tax expenses	10	(165,738)	(268,578)	(121,003)
PROFIT FOR THE YEAR		1,183,467	2,051,205	1,976,544
Attributable to:				
Owners of the parent		1,183,477	2,051,218	1,976,563
Non-controlling interests		(10)	(13)	(19)
		1,183,467	2,051,205	1,976,544
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic (RMB per share)		4.61	7.99	7.69
Diluted (RMB per share)		4.60	7.96	7.66

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	1,183,467	2,051,205	1,976,544
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	17,725	(800)	12,355
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	17,725	(800)	12,355
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,201,192	2,050,405	1,988,899
Attributable to:			
Owners of the parent	1,201,202	2,050,418	1,988,918
Non-controlling interests	(10)	(13)	(19)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	1,322,929	1,314,573	1,397,852
Right-of-use assets	*14(a)*	84,536	129,087	185,693
Intangible assets	*15*	6,517	18,452	22,435
Financial assets at fair value through profit or loss	*18*	113,513	376,863	352,625
Investment in an associate	*16*	20,658	20,351	20,420
Deferred tax assets	*28*	52,228	134,785	247,260
Prepayments and other assets	*21*	46,228	87,938	114,779
Long term time deposits	*22*	1,900,834	3,397,725	3,391,213
Total non-current assets		3,547,443	5,479,774	5,732,277
CURRENT ASSETS				
Inventories	*19*	693,652	928,189	1,490,094
Trade receivables	*20*	327,506	274,690	1,038,179
Prepayments, other receivables and other assets	*21*	187,369	969,757	1,409,223
Financial assets at fair value through profit or loss	*18*	3,795,469	5,024,402	4,990,667
Time deposits	*22*	1,501,673	871,421	1,378,027
Cash and cash equivalents	*23*	779,943	828,409	1,446,263
Total current assets		7,285,612	8,896,868	11,752,453
CURRENT LIABILITIES				
Trade and bills payables	*24*	702,392	1,499,123	2,824,780
Other payables and accruals	*26*	275,908	911,923	1,066,289
Contract liabilities	*25*	65,244	85,120	200,446
Income tax payable		88,356	264,840	137,450
Derivative financial instruments		9,890	–	–
Provision		45,513	92,471	154,692
Lease liabilities	*14(b)*	16,819	25,588	43,710
Total current liabilities		1,204,122	2,879,065	4,427,367
NET CURRENT ASSETS		6,081,490	6,017,803	7,325,086
TOTAL ASSETS LESS CURRENT LIABILITIES		9,628,933	11,497,577	13,057,363

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Lease liabilities	*14(b)*	69,035	109,660	154,017
Deferred tax liabilities	*28*	529	2,449	22,468
Deferred income		2,000	3,965	10,694
Total non-current liabilities		71,564	116,074	187,179
Net assets		9,557,369	11,381,503	12,870,184
EQUITY				
Equity attributable to owners of the parent				
Share capital	*29*	93,692	131,477	184,723
Reserves	*31*	9,462,687	11,249,049	12,684,503
		9,556,379	11,380,526	12,869,226
Non-controlling interests		990	977	958
Total equity		9,557,369	11,381,503	12,870,184

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital	Treasury shares	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Foreign exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	66,806	–	5,011,834	46,513	33,403	(13,212)	3,346,215	8,491,559	1,000	8,492,559
Profit for the year	–	–	–	–	–	–	1,183,477	1,183,477	(10)	1,183,467
Exchange differences related to foreign operations	–	–	–	–	–	17,725	–	17,725	–	17,725
Total comprehensive income for the year	–	–	–	–	–	17,725	1,183,477	1,201,202	(10)	1,201,192
Statutory surplus reserve	–	–	–	–	13,443	–	(13,443)	–	–	–
Dividends declared and approved in respect of the previous year	–	–	–	–	–	–	(140,293)	(140,293)	–	(140,293)
Equity-settled share-based payments	–	–	–	71,958	–	–	–	71,958	–	71,958
Exercise of equity-settled share-based payments	163	–	36,110	(43,247)	–	–	–	(6,974)	–	(6,974)
Repurchase of shares	–	(61,073)	–	–	–	–	–	(61,073)	–	(61,073)
Shares issued from capitalisation of capital reserve	26,723	–	(26,723)	–	–	–	–	–	–	–
At 31 December 2022	93,692	(61,073)*	5,021,221*	75,224*	46,846*	4,513*	4,375,956*	9,556,379	990	9,557,369
At 1 January 2023	93,692	(61,073)	5,021,221	75,224	46,846	4,513	4,375,956	9,556,379	990	9,557,369
Profit for the year	–	–	–	–	–	–	2,051,218	2,051,218	(13)	2,051,205
Exchange differences related to foreign operations	–	–	–	–	–	(800)	–	(800)	–	(800)
Total comprehensive income for the year	–	–	–	–	–	(800)	2,051,218	2,050,418	(13)	2,050,405
Statutory surplus reserve	–	–	–	–	18,893	–	(18,893)	–	–	–
Dividends declared and approved in respect of the previous year	–	–	–	–	–	–	(118,988)	(118,988)	–	(118,988)
Dividends declared and approved in respect of the interim period	–	–	–	–	–	–	(120,774)	(120,774)	–	(120,774)
Equity-settled share-based payments	–	–	–	106,346	–	–	–	106,346	–	106,346
Exercise of equity-settled share-based payments	309	13,002	63,577	(67,028)	–	–	–	9,860	–	9,860
Repurchase of shares	–	(102,715)	–	–	–	–	–	(102,715)	–	(102,715)
Shares issued from capitalisation of capital reserve	37,476	–	(37,476)	–	–	–	–	–	–	–
At 31 December 2023	131,477	(150,786)*	5,047,322*	114,542*	65,739*	3,713*	6,168,519*	11,380,526	977	11,381,503

	Attributable to owners of the parent									
	Share capital	Treasury shares	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Foreign exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	131,477	(150,786)	5,047,322	114,542	65,739	3,713	6,168,519	11,380,526	977	11,381,503
Profit for the year	–	–	–	–	–	–	1,976,563	1,976,563	(19)	1,976,544
Exchange differences related to foreign operations	–	–	–	–	–	12,355	–	12,355	–	12,355
Total comprehensive income for the year	–	–	–	–	–	12,355	1,976,563	1,988,918	(19)	1,988,899
Statutory surplus reserve	–	–	–	–	26,623	–	(26,623)	–	–	–
Dividends declared and approved in respect of the previous year	–	–	–	–	–	–	(614,518)	(614,518)	–	(614,518)
Equity-settled share-based payments	–	–	–	92,230	–	–	–	92,230	–	92,230
Exercise of equity-settled share-based payments	618	30,970	97,650	(79,628)	–	–	–	49,610	–	49,610
Repurchase of shares	–	(27,540)	–	–	–	–	–	(27,540)	–	(27,540)
Shares issued from capitalisation of capital reserve	52,628	–	(52,628)	–	–	–	–	–	–	–
At 31 December 2024	184,723	(147,356)*	5,092,344*	127,144*	92,362*	16,068*	7,503,941*	12,869,226	958	12,870,184

* These reserve accounts comprise the combined reserves of RMB9,462,687,000, RMB11,249,049,000 and RMB12,684,503,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		1,349,205	2,319,783	2,097,547
Adjustments for:				
Finance costs	*7*	1,579	9,498	10,323
Share of profits/(losses) of an associate		228	308	(70)
Interest income	*5*	(92,727)	(134,604)	(175,093)
Losses/(gains) on disposal of property, plant and equipment		5,924	(934)	959
Fair value losses/(gains) on financial instruments, net		30,733	(177,083)	(195,784)
Depreciation of property, plant and equipment	*13*	95,308	112,945	123,869
Depreciation of right-of-use assets	*14*	14,000	25,316	34,172
Amortisation of intangible assets	*15*	864	2,595	3,522
Equity-settled share-based expense	*30*	71,958	106,346	92,230
Impairment of inventories	*6*	27,841	62,402	55,246
Impairment of property, plant and equipment		38,226	85,646	39,957
Impairment losses/(reversal of impairment losses) on trade receivables, prepayments, other receivables and other assets, net		3,619	21,756	(10,877)
Exchange gains		(22,253)	(20,548)	(19,968)
Amortisation of deferred income		(500)	(2,035)	(421)
(Increase) in inventories		(120,609)	(292,745)	(613,401)
Increase in trade receivables, prepayments, other receivables and other assets		(24,985)	(707,816)	(1,195,861)
Increase/(decrease) in trade and bills payables, other payables and accruals and contract liabilities		(103,470)	937,608	1,818,023
Cash generated from operations		1,274,941	2,348,438	2,064,373
Income tax paid		(165,895)	(168,865)	(335,122)
Interest received		11,422	6,358	4,617
Net cash flows generated from operating activities		1,120,468	2,185,931	1,733,868
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income and interest received		133,571	156,588	249,545
Proceeds from disposal of property, plant and equipment		67	683	–
Proceeds from disposal of a subsidiary		265	–	–
Maturity of time deposits and certificates of deposit		1,520,000	1,440,000	864,427
Redemption of financial assets at fair value through profit or loss		4,625,772	4,457,487	5,776,724
Purchases of financial assets at fair value through profit or loss		(3,717,055)	(5,893,019)	(5,655,284)
Purchases of property, plant and equipment, intangible assets and other non-current assets		(254,822)	(247,810)	(292,545)
Purchase of time deposits and certificates of deposit		(2,812,736)	(2,262,142)	(1,294,866)
Net cash flows used in investing activities		(504,938)	(2,348,213)	(351,999)

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Contribution from investors		5,822	7,498	25,975
Proceeds from share schemes		5,111	39,069	75,343
Proceeds from financial liabilities in relation to bond pledging arrangement		–	523,498	–
Proceeds from bill discounting		99,235	404,913	902,145
Payments for repurchase of shares		(61,073)	(102,715)	(54,847)
Repayment of financial liabilities in relation to bond pledging arrangement		–	–	(190,498)
Repayment of bill discounting		(99,235)	(404,913)	(902,145)
Dividends paid		(140,293)	(239,762)	(615,178)
Interest paid		(2,345)	(9,498)	(10,323)
Lease payments	*14*	(9,619)	(19,116)	(30,641)
Net cash flows generated from/(used in) financing activities		(202,397)	198,974	(800,169)
NET INCREASE IN CASH AND CASH EQUIVALENTS		413,133	36,692	581,700
Cash and cash equivalents at beginning of year		346,903	779,943	828,409
Effects of exchange rate changes on cash and cash equivalents		19,907	11,774	36,154
CASH AND CASH EQUIVALENTS AT END OF YEAR		779,943	828,409	1,446,263
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*23*	779,943	828,409	1,446,263
Cash and cash equivalents as stated in the statement of financial position	*23*	779,943	828,409	1,446,263
Cash and cash equivalents as stated in the statement of cash flows		779,943	828,409	1,446,263

COMPANY STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	1,218,490	1,160,323	1,132,634
Intangible assets		5,905	11,755	16,006
Financial assets at fair value through profit or loss	*18*	1,680	–	170,865
Investments in subsidiaries	*17*	1,177,430	2,788,134	3,683,042
Deferred tax assets		972	11,109	25,134
Prepayments and other assets	*21*	6,842	20,174	215,661
Long term time deposits	*22*	1,800,424	2,657,413	2,734,681
Total non-current assets		4,211,743	6,648,908	7,978,023
CURRENT ASSETS				
Inventories		491,483	199,010	261,539
Trade receivables	*20*	235,465	2,112,991	2,298,497
Prepayments, other receivables and other assets	*21*	137,044	509,085	187,708
Financial assets at fair value through profit or loss	*18*	2,934,980	1,798,742	1,632,197
Time deposits	*22*	1,348,050	718,467	1,200,126
Cash and cash equivalents	*23*	316,427	44,784	191,172
Total current assets		5,463,449	5,383,079	5,771,239
CURRENT LIABILITIES				
Trade and bills payables		1,191,004	2,087,289	3,450,668
Other payables and accruals		158,725	215,071	254,217
Contract liabilities		310,144	419,463	23,954
Income tax payable		–	84,193	–
Provision		21,921	46,361	20,952
Total current liabilities		1,681,794	2,852,377	3,749,791
NET CURRENT ASSETS		3,781,655	2,530,702	2,021,448
TOTAL ASSETS LESS CURRENT LIABILITIES		7,993,398	9,179,610	9,999,471
NON-CURRENT LIABILITIES				
Deferred income		2,000	–	7,150
Total non-current liabilities		2,000	–	7,150
Net assets		7,991,398	9,179,610	9,992,321
EQUITY				
Share capital	*29*	93,692	131,477	184,723
Reserves		7,897,706	9,048,133	9,807,598
Total equity		7,991,398	9,179,610	9,992,321

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was formerly established as a limited liability company in Haidian District, Beijing, the People's Republic of China (the "**PRC**") on 4 July 2014, and converted to a joint stock limited liability company on December 25, 2018. The Company completed the listing of our A Shares on the SSE STAR Market (stock code: 688169) in February 2020. The registered office of the Company is located at Room 1001, Floor 10, Building 3, Yard 17, Anju Road, Changping District, Beijing, PRC.

During the Relevant Periods, the Company and its subsidiaries are principally engaged in the design, research and development, production, and sale of intelligent home cleaning products, including smart robotic vacuum cleaners.

Particulars of the Company's principal subsidiaries are as follows:

Name*	Place of incorporation/ registration and business	Date of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company — As at 31 December 2022 Direct	2022 Indirect	2023 Direct	2023 Indirect	2024 Direct	2024 Indirect	Principal activities
Shenzhen Rock Times Technology Co., Ltd.	PRC/Mainland China	2017/5/18	RMB10,000,000	100	–	100	–	100	–	Sales of intelligent home cleaning products
Shallwin Technology (HK) Limited	Hong Kong	2017/11/7	HKD10,000	–	100	–	100	–	100	Sales of intelligent home cleaning products
Roborock (HK) Limited	Hong Kong	2018/7/17	USD113,056,485	100	–	100	–	100	–	Sales of intelligent home cleaning products
Beijing Roborock Innovation Technology Co., Ltd.	PRC/Mainland China	2018/12/17	RMB450,000,000	100	–	100	–	100	–	Software development
Roborock Technology Co.	United States	2018/11/13	USD5,000	–	100	–	–	–	100	Sales of intelligent home cleaning products
Beijing Roborock Invision Technology Co., Ltd.	PRC/Mainland China	2019/4/29	RMB365,000,000	100	–	100	–	100	–	Sales of intelligent home cleaning products
Roborock International B.V.	Netherlands	2019/5/23	EUR200,000	–	100	–	–	–	100	Sales of intelligent home cleaning products
Roborock Godo Kaisha	Japan	2019/6/27	JPY1,000,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Roborock Poland sp. z o. o.	Poland	2020/6/17	PLN20,000	–	–	–	–	–	99.75	Sales of intelligent home cleaning products
Taiwan Roborock Technology Co., Ltd.	Taiwan	2020/9/8	TWD500,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Roborock Germany GmbH	Germany	2020/11/4	EUR300,000	–	–	–	100	–	100	Sales of intelligent home cleaning products

Name*	Place of incorporation/ registration and business	Date of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company As at 31 December						Principal activities
				2022		2023		2024		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	
Roborock Korea Corp.	Korea	2020/11/16	KRW100,000,000	–	100	–	100	–	100	Sales of intelligent home cleaning products
Wuxi Jinshi Weikai Investment Partnership Enterprise (Limited Partnership)	PRC/Mainland China	2020/11/30	RMB51,683,334	–	96.74	–	96.74	–	96.74	Investment holding and management
Shenzhen Roborock Innovation Technology Co., Ltd.	PRC/Mainland China	2020/12/23	RMB20,000,000	–	100	–	100	–	100	Research and development of intelligent home cleaning products
Huizhou Roborock Intelligent Manufacturing Technology Co., Ltd.	PRC/Mainland China	2022/6/24	RMB600,000,000	100	–	100	–	100	–	Production intelligent home cleaning products
Roborock Technology Limited	Canada	2023/6/16	CAD10,000	–	–	–	–	–	100	Research and development of intelligent home cleaning products
Nanjing Roborock Innovation Technology Co., Ltd.	PRC/Mainland China	2024/6/13	RMB50,000,000	–	–	–	–	100	–	Sales of intelligent home cleaning products
Roborock Technology (UK) Co., Ltd.	United Kingdom	2024/3/30	GBP200,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Roborock Invision (HK) Limited	Hong Kong	2024/4/12	HKD10,000	–	–	–	–	–	100	Wholesale of intelligent home cleaning products
Hangzhou Roborock Invision Technology Co., Ltd.	PRC/Mainland China	2024/10/21	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Huizhou Roborock Invision Technology Co., Ltd.	PRC/Mainland China	2024/10/18	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Nanjing Roborock Invision Technology Co., Ltd.	PRC/Mainland China	2024/10/24	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Beijing Roborock Invision Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/4/18	RMB50,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Fuzhou Gulou Roborock Invision Technology Co., Ltd.	PRC/Mainland China	2024/11/21	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Suzhou Kejiehang Technology Co., Ltd.	PRC/Mainland China	2024/11/22	RMB20,000,000	–	–	–	–	–	100	Sales of intelligent home cleaning products

Name*	Place of incorporation/ registration and business	Date of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company As at 31 December						Principal activities
				2022		2023		2024		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	
Hubei Roborock Invision Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/12/9	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Chengdu Roborock Invision Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/12/17	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Qingdao Roborock Invision Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/12/20	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Shanghai Kehuihang Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/12/23	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Changsha Roborock Invision Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/12/24	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Ningbo Roborock Shallwin Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/12/26	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products
Hefei Roborock Shallwin Commercial & Trading Co., Ltd.	PRC/Mainland China	2024/12/30	RMB100,000	–	–	–	–	–	100	Sales of intelligent home cleaning products

Note:

* The English names of all group companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

The statutory auditors of the subsidiaries of the Group during the Relevant Periods are set out below:

Company name	Name of statutory auditors		
	2022	2023	2024
Beijing Roborock Innovation Technology Co., Ltd.	PricewaterhouseCoopers Zhong Tian LLP	PricewaterhouseCoopers Zhong Tian LLP	Ernst & Young Hua Ming LLP
Wuxi Jinshi Weikai Investment Partnership Enterprise (Limited Partnership)	PricewaterhouseCoopers Zhong Tian LLP	PricewaterhouseCoopers Zhong Tian LLP	Ernst & Young Hua Ming LLP
Nanjing Roborock Innovation Technology Co., Ltd.	*	*	Ernst & Young Hua Ming LLP
Nanjing Roborock Invision Technology Co., Ltd.	*	*	Ernst & Young Hua Ming LLP
Huizhou Roborock Intelligent Manufacturing Technology Co., Ltd.	*	PricewaterhouseCoopers Zhong Tian LLP	Ernst & Young Hua Ming LLP
Shenzhen Rock Times Technology Co., Ltd.	Zhonglian CPA firm	Zhonglian CPA firm	Shenzhen Yuehua CPA firm
Shenzhen Roborock Innovation Technology Co., Ltd.	Zhonglian CPA firm	Zhonglian CPA firm	Shenzhen Yuehua CPA firm
Beijing Roborock Invision Technology Co., Ltd.	PricewaterhouseCoopers Zhong Tian LLP	PricewaterhouseCoopers Zhong Tian LLP	Ernst & Young Hua Ming LLP
Beijing Roborock Invision Commercial & Trading Co., Ltd.	*	*	Ernst & Young Hua Ming LLP
Roborock (HK) Limited	PricewaterhouseCoopers	PricewaterhouseCoopers	Ernst & Young
Shallwin Technology (HK) Limited	PricewaterhouseCoopers	PricewaterhouseCoopers	Ernst & Young

Note:

* These entities were not yet established for the respective year.

Apart from the above-mentioned subsidiaries, no statutory financial statements were issued by other subsidiaries of the Company during the Relevant Periods.

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 (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, 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.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value.

Basis of consolidation

A subsidiary is an 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 statements of the subsidiaries are prepared for the same reporting period 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 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 or not. 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 assets (including goodwill), liabilities, any non-controlling interest and the foreign exchange 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 earnings, 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 new and 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* [3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures* [3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments* [2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity* [2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]
Amendments to IFRS 21	*Lack of Exchangeability* [1]
Annual Improvements to IFRS Accounting Standards—Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 [2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 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 new and revised IFRS Accounting Standards upon initial application. So far, except for the application of the IFRS 18 which is expected to affect the presentation and disclosures in the Group's future financial statements, the Group has expected that these standards will have no significant effect on the Group's financial performance and financial position.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. As a consequence of the issuance of IFRS 18, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. While the application of the IFRS 18 is not expected to have material impact on the financial performance and financial position the Group but is expected to affect the disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the on the presentation and disclosure of the Group's financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investment in associates

An associate is an entity over which the Group 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 investments in associates are 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.

The Group's share of the post-acquisition results and other comprehensive income of associates 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 the associates, 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 its associates are eliminated to the extent of the Group's investments in the associates, 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 investments in associates.

Upon loss of significant influence over the associates, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and preferred shares at fair value at the end of each of the 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 Historical Financial Information 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 of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract costs, deferred tax assets, financial assets and non-current 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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 the statement of 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 of the 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 the statement of 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 the statement of 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	2.375%
Moulds and production equipment	9.5% to 50%
Office equipment, electronic equipment and others	9.5% to 33.3%
Leasehold improvements	Over the lease terms

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 each financial year end.

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 the statement of 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 useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised 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 each financial year end.

Research and development costs

All research costs are charged to the statement of 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.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

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 (that is 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. 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:

Buildings . . . . 1 to 6 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised 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 recognised 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 buildings (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 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 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 amortised 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 the statement of profit or loss when the asset is derecognised, modified or impaired.

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 the statement of 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 the Group's 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 the end of each of the Relevant Periods, 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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 180 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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 which apply the simplified approach under certain circumstances 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 and bills payables, other payables and accruals and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing bank borrowings 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 the statement of 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 the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

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 the statement of 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 the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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 the statement of 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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of 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 the weighted average cost 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 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 consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain intelligent home cleaning products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

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 of the 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 of the 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 and associates, 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 and associates, 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 of the 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 of 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 of the 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.

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.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Sale of intelligent home cleaning products*

Revenue from the sale of intelligent home cleaning products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of intelligent home cleaning products provide customers with rights of return and sales rebates, giving rise to variable consideration.

(i) Variable consideration

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, provision is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Sales rebates

Various types of sales rebates may be provided to different customers. To estimate the variable consideration for the expected future rebates, the most likely amount method is used because this method best predicts the amount of variable consideration in the contract, given the large number of customer contracts that have similar characteristics. The requirements on constraining estimates of variable consideration are applied and the provision for the expected future rebates is recognised.

(ii) Consideration payable to a customer

The Group accounts for consideration payable to a customer as a reduction of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. If the consideration payable to a customer includes a variable amount, the Group estimates the transaction price, including assessing whether the estimate of variable consideration is constrained. To estimate the variable consideration, the most likely amount method is used, as this method best predicts the amount of variable consideration, given the large number of customer contracts that have similar characteristics.

Revenue from other sources

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.

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).

Share-based payments

The Company operates several share option schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange 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 at which they are granted. The fair value of Type II Restricted Share Incentive Schemes are determined by an external valuer using a binomial option pricing model or Black-Scholes-Merton Model. The fair value of Core Management Team Stock Ownership Plans are based on the factors including the closing price of the Company's shares on the grant date and the exercise price, further details of which are given in Note 30 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 of the 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 the statement of 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. 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.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new grant is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new grants are treated as if they were a modification of the original grant, as described in the previous paragraph.

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 Group's employees in Mainland China are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute certain percentages of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Events after the Relevant Periods

If the Group receives information after the Relevant Periods, but prior to the date of authorisation for issue, about conditions that existed at the end of the Relevant Periods, it will assess whether the information affects the amounts that it recognises in the Historical Financial Information. The Group will adjust the amounts recognised in the Historical Financial Information to reflect any adjusting events after the Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the Relevant Periods, the Group will not change the amounts recognised in the Historical Financial Information, 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

These financial statements are 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of 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).

The functional currencies of certain overseas subsidiaries and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange 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 recognised in the statement of profit or loss.

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, and the disclosure of contingent liabilities. 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:

Investments in structured entities

The Group assesses whether it has control, joint control, or significant influence over the structured entities in which it invests. Key judgements in evaluating control over a structured entity include:

- The nature of the structured entity's relevant activities and the decision-making processes for such activities;
- Whether the rights held by the Group provide it with the power to direct those activities; and
- The types of variable returns and whether the Group can use its rights to affect the amount of such returns.

If there are changes in one or more of the above factors, the Group will reassess its status accordingly.

Deferred tax assets

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. Further details of the Group's unrecognised tax losses at the end of each of the Relevant Periods are contained in Note 28 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the 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.

Provision for expected credit losses on trade receivables and other receivables

The loss allowance for trade receivables is calculated based on exposure at default ("**EAD**") and assumptions of the expected credit loss ("**ECL**") rates. The assessment of the expected credit loss rates is a significant estimate, which involves management's assessment of the correlation among historical credit loss experience, current market conditions, forecast economic conditions and ECLs at the end of each of the Relevant Periods. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. When considering forecast economic conditions, the Group evaluates different economic scenarios. The Group regularly monitors and reviews the assumptions underlying ECLs calculations, including risks of economic downturn, external market conditions, changes in customer circumstances, and gross domestic product ("**GDP**"). 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 and the Group's trade receivables and other receivables is disclosed in Note 20 and Note 21 to the Historical Financial Information, respectively.

Provision for inventories to net realisable value

When determining the provision for inventories to write-down the net realisable value, the Group estimates the net realisable value of finished goods by deducting relevant selling expenses and taxes from the estimated selling price. Such estimates are based on current market conditions and historical sales experience, which is sensitive to changes in circumstances and forecast economic conditions and may materially change due to market fluctuations. Management periodically reassesses these estimates and adjusts accordingly.

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each of the Relevant Periods. Property, plant and equipment 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.

Variable consideration for returns and sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of intelligent home cleaning products with rights of return and sales rebates. The Group has developed a statistical model for forecasting sales returns. The model used the historical return data to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group has applied a statistical model for estimating expected sales rebates for contracts with more than one sales threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and sales rebates quarterly and the sales rebates liabilities and provisions are adjusted accordingly. Estimates of expected returns and sales rebates are sensitive to changes in circumstances and the Group's experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Provision for warranties

The accrued amount for product quality warranties is estimated by the Group based on the costs expected to be incurred in fulfilling such warranties. Factors influencing the warranty liability include the volume of products covered by warranties, historical and estimated repair rates, and the average cost of fulfilling warranty obligations. The Group continuously evaluates these estimates and revises them based on actual circumstances.

4. OPERATING SEGMENT INFORMATION

The Group determines the reporting segments on the basis of internal organisation structure, management requirements and internal report principles.

For the Relevant Periods, the Group was primarily engaged in the design, development, production, and sales of smart cleaning products, including robotic vacuum cleaners. The Group did not segregate these operations in its internal organisational structure or management requirements. Management also concluded that there was no need to distinguish the operating results of these businesses when reviewing internal reports, allocating resources, or evaluating performance. Accordingly, the Group did not identify separate operating segments and no further operating segment analysis thereof is presented.

Geographical information

The Group's non-current assets (other than financial assets, investments in an associate and deferred tax assets) as at 31 December 2022, 2023 and 2024 amounting to RMB1,460,210,000, RMB1,550,050,000 and RMB1,720,759,000, respectively, were located in Mainland China. There are no material non-current assets located in other countries or regions.

Information about major customers

During the Relevant Periods, revenues from transactions with single external customers (including entities under common control with those customers) amounting to 10% or more of the Group's revenues are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	%	%	%
Proportion of revenue from the major customers to the total revenue of the Group			
Customer A	12	16	13
Customer B	10	–*	12

Note:

* Revenue from the major customer was less than 10% in that period presented.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Sale of goods	6,610,736	8,639,481	11,918,473

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Transfer at a point in time	6,610,736	8,639,481	11,918,473

Information about the Group's performance obligations is summarised below:

Sale of intelligent home cleaning products

The performance obligation is satisfied upon delivery of the intelligent home cleaning products and payment is generally due within 90 days from delivery, except for most of the Group's distributors and customers placing orders via the Company's official website, where payment in advance is required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	65,244	85,120	200,446

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	59,777	115,832	189,431
Additional deduction of VAT	–	4,549	2,793
Interest income	92,727	134,604	175,093
Others	12,549	3,655	12,728
Total other income	165,053	258,640	380,045
Gains			
Foreign exchange differences, net	22,253	20,548	19,968
Gain on disposal of items of property, plant and equipment	–	934	–
Total gains	22,253	21,482	19,968
Total other income and gains	187,306	280,122	400,013

Note:

* Government grants have been received from the local government authorities to support the Group's development. There are no unfulfilled conditions related to these government grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold		3,441,120	3,964,280	5,916,839
Depreciation of property, plant and equipment	*13*	95,308	112,945	123,869
Depreciation of right-of-use assets	*14*	14,000	25,316	34,172
Amortisation of intangible assets	*15*	864	2,595	3,522
Research and development costs		122,026	186,770	386,193
Expenses relating to low-value/ short-term leases	*14*	1,896	3,244	4,535
Employee benefit expense (including directors, chief executives and supervisors' remuneration—Note 8)				
Salaries, bonuses, allowances and benefits in kind		407,918	546,943	869,122
Pension scheme contributions		39,088	45,481	70,021
Equity-settled share-based payment expense	*30*	71,958	106,346	92,230
Total		518,964	698,770	1,031,373
Foreign exchange differences, net		(22,253)	(20,548)	(19,968)
Impairment losses of inventories*		27,841	62,402	55,246
Impairment losses of property, plant and equipment*		38,226	85,646	39,957
Impairment losses/(reversal of impairment losses) of financial assets, net:				
Impairment losses of trade receivables, net	*20*	2,775	2,292	4,825
Impairment losses/(reversal of impairment losses) on financial assets included in other receivables and other assets, net		844	19,464	(15,702)
Total		3,619	21,756	(10,877)
Product warranty provision		94,827	302,800	444,679
Gains/(losses) on disposal of items of property, plant and equipment		(5,924)	934	(959)
Gains/(losses) on financial assets at Fair value through profit or loss, net		(30,733)	177,083	195,784

Note: Impairment losses of inventories and property, plant and equipment are included in other expenses and losses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities and other liabilities	1,579	9,498	10,323

8. DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' REMUNERATION

Directors' and chief executives' remuneration for the year, disclosed pursuant to 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 as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fees	240	233	160
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	14,888	15,516	17,953
Equity-settled share-based payment expense	4,855	6,534	8,216
Pension scheme contributions	605	539	563
Subtotal	20,348	22,589	26,732
Total	20,588	22,822	26,892

During the Relevant Periods, certain directors were granted share awards, in respect of their services to the Group, under the share award scheme of the Company, further details of which are set out in Note 30 to the Historical Financial Information. The fair value of such awards, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Relevant Periods is included in the above directors' and chief executives' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Mr. Huang Yijian	80	80	80
Mr. Jiang Yujie	80	80	80
Mr. Hu Tianlong *(ii)*	80	73	–
Total	240	233	160

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and the chief executives

Year ended 31 December 2022

	Fees	**Salaries, bonuses, allowances and benefits in kind**	**Equity-settled share-based payment expense**	**Pension scheme contributions**	**Total remuneration**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors *(i)*:					
Mr. Chang Jing	–	2,542	–	58	2,600
Mr. Wan Yunpeng *(iii)*	–	606	1,005	50	1,661
Ms. Sun Jia	–	942	243	58	1,243
Ms. Zhang Ruimin	–	1,244	774	58	2,076
Subtotal	–	5,334	2,022	224	7,580
Chief executives:					
Mr. Quan Gang	–	2,545	1,005	58	3,608
Mr. Qian Qijie	–	1,960	774	45	2,779
Mr. Shen Rui *(iv)*	–	1,089	774	51	1,914
Ms. Wang Xuan	–	944	280	58	1,282
Subtotal	–	6,538	2,833	212	9,583
Total	–	11,872	4,855	436	17,163

Year ended 31 December 2023

	Fees	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors *(i)*:					
Mr. Chang Jing	–	2,920	–	63	2,983
Ms. Sun Jia	–	1,139	549	63	1,751
Ms. Zhang Ruimin	–	1,237	1,212	63	2,512
Subtotal	–	5,296	1,761	189	7,246
Chief executives:					
Mr. Quan Gang	–	2,938	1,437	63	4,438
Mr. Qian Qijie	–	2,358	1,318	46	3,722
Ms. Wang Xuan	–	1,141	462	63	1,666
Subtotal	–	6,437	3,217	172	9,826
Total	–	11,733	4,978	361	17,072

Year ended 31 December 2024

	Fees	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors *(i)*:					
Mr. Chang Jing	–	3,114	–	66	3,180
Ms. Sun Jia	–	1,373	628	66	2,067
Ms. Zhang Ruimin *(v)*	–	1,233	930	59	2,222
Mr. Wu Qi *(vi)*	–	179	474	8	661
Subtotal	–	5,899	2,032	199	8,130
Chief executives:					
Mr. Quan Gang	–	3,314	2,171	66	5,551
Mr. Qian Qijie	–	2,898	1,527	50	4,475
Ms. Wang Xuan	–	1,321	444	66	1,831
Subtotal	–	7,533	4,142	182	11,857
Total	–	13,432	6,174	381	19,987

Notes:

(i) During the Relevant Periods, executive directors of the Company are not compensated in respect of their services rendered as the capacity of the director of the Company and the above disclosed remuneration represented their remuneration as employees of the Group.

(ii) Mr. Hu Tianlong resigned as the independent non-executive director of the Company on 1 December 2023.

(iii) Mr. Wan Yunpeng resigned as the executive director of the Company on 17 November 2022.

(iv) Mr. Shen Rui resigned as the chief executive of the Company on 17 November 2022.

(v) Ms. Zhang Ruimin resigned as the executive director of the Company on 19 November 2024.

(vi) Mr. Wu Qi was redesignated from executive director to non-executive director of the Company on 23 June 2025.

(c) Supervisors

Year ended 31 December 2022

	Fees	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Xie Haojian	–	1,947	–	58	2,005
Ms. Li Qiong	–	534	–	53	587
Ms. Qi Lai	–	535	–	58	593
Total	–	3,016	–	169	3,185

Year ended 31 December 2023

	Fees	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Xie Haojian	–	2,339	814	63	3,216
Ms. Li Qiong	–	552	212	63	827
Mr. Jiang Haifeng	–	828	424	46	1,298
Ms. Qi Lai	–	64	106	6	176
Total	–	3,783	1,556	178	5,517

Year ended 31 December 2024

	Fees	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Xie Haojian	–	2,882	1,331	66	4,279
Ms. Li Qiong	–	657	262	66	985
Mr. Jiang Haifeng	–	982	449	50	1,481
Total	–	4,521	2,042	182	6,745

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included 4, 5 and 4 directors, the chief executives and supervisors for the years ended 31 December 2022, 2023 and 2024 respectively, details of whose emoluments are set out in Note 8(b). Details of the remuneration for the year of the remaining 1, nil and 1 employee during the years ended 31 December 2022, 2023 and 2024 respectively, are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	1,435	–	2,343
Equity-settled share-based payment expense	577	–	765
Pension scheme contributions	58	–	66
Total	2,070	–	3,174

The number of non-director, non-chief executive and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2022	2023	2024
HK$2,000,001 to HK$2,500,000	1	–	–
HK$3,000,001 to HK$3,500,000	–	–	1
Total	1	–	1

During and prior to the Relevant Periods, the above employees were granted share awards of the Company in respect of their services to the Group, under the share-based award schemes of the Group, further details of which are set out in Note 30 to the Historical Financial Information. The fair value of such share awards, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods was included in the above employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

Mainland China

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% unless subject to preferential tax as set out below.

The Company was qualified as a High and New Technology Enterprise ("**HNTE**") on 21 October 2020 and 26 October 2023 and was entitled to a preferential tax rate of 15% during the Relevant Periods.

Certain of the Group's PRC subsidiaries are accredited as HNTE and were therefore entitled to a preferential income tax rate of 15% during the Relevant Periods. Such qualifications are subject to review by the relevant tax authorities in the PRC for every three years.

One of the Group's PRC subsidiaries is qualified as a "Double Soft Enterprise" ("**DSE**") during the Relevant Periods and this subsidiary was exempted from EIT for five years commencing from 2019, the first year of profitable operation, followed by 10% applicable tax rates for thereafter years if the criteria of DSE are met each year.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during Relevant Periods. A subsidiary of the Group was a qualifying entity under the twotiered profits tax rates regime, of which the first HK$2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%. Overseas tax is calculated on the estimated assessable profits for the Relevant Periods at the rates of taxation prevailing in the respective jurisdictions.

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current tax	195,396	345,349	207,732
Deferred tax *(Note 28)*	(29,658)	(76,771)	(86,729)
Total tax charge for the year	165,738	268,578	121,003

A reconciliation of the tax charge applicable to profit before tax at the statutory rate for the PRC in which the Company's operating subsidiaries are registered to the tax charge at the effective tax rate is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	1,349,205	2,319,783	2,097,547
Tax at the statutory tax rate of 25%	337,301	579,946	524,387
Preferential tax rates applicable to the Group	(116,559)	(223,115)	(147,719)
Income tax refunds	–	(57,755)	(155,078)
Income not subject to tax	–	–	(173)
Utilisation of unrecognised deductible temporary differences from prior periods	(9,867)	(20)	(8,508)
Unrecognised on deductible temporary differences	23,836	36,115	19,731
Research & development cost super-deductions and fixed assets tax incentives	(69,031)	(67,072)	(110,279)
Others	58	479	(1,358)
Tax charge at the effective tax rate	165,738	268,578	121,003

There was no share of tax attributable to associate included in "Share of profits/(losses) of an associate" in the consolidated statement of profit or loss during the Relevant Periods.

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred.

The Group is assessing its potential exposure based on the information available regarding the financial performance of the Group in 2024. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which it operates are above 15%. There are a limited number of jurisdictions where the Pillar Two effective tax rate is slightly below 15%. The Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments and evaluate the potential future impact on its financial statements as more countries prepare to enact the Pillar Two model rules.

11. DIVIDENDS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interim dividend	–	120,774	–
Proposed final dividend	118,988	614,518	197,635

The final dividends of RMB12.7, RMB46.8 and RMB10.7 per 10 shares (tax inclusive) in respect of the years ended 31 December 2022, 2023 and 2024, respectively, were proposed by the Board of Directors of the Company and approved by the Company's shareholders at the Company annual general meetings.

In addition, an interim dividend of RMB9.191 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 was declared by the Board of Directors of the Company. No interim dividend was declared by the Board of Directors of the Company in respect of the years ended 31 December 2022 and 2024.

12. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the Relevant Periods.

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. 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 of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,183,477	2,051,218	1,976,563

	Number of shares		
	2022	2023	2024
	'000	*'000*	*'000*
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	256,490	256,744	256,890
Effect of dilution—weighted average number of ordinary shares:			
Share award schemes	772	1,036	1,242
Total	257,262	257,780	258,132

Pursuant to the capital reserve capitalization plans approved at the Company's annual general meetings of shareholders, the Company distributed 0.4 share for each existing share to the then shareholders from its capital reserve based on the then issued share capital of the Company in July 2022, July 2023, August 2024 and June 2025, respectively.

Further details are contained in Note 29 to the Historical Financial Information for the capitalization during the Relevant Periods and in Note 37 to Historical Financial Information for the capitalization in June 2025.

The earnings per share for each of the Relevant Periods have been calculated to reflect shares issued as mentioned in the above capital reserve capitalization plans in the preparation of the Historical Financial Information throughout the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	**Moulds and production equipment**	**Office, electronic equipment and others**	**Construction in progress**	**Leasehold improvements**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022						
At 1 January 2022:						
Cost	–	249,667	27,412	1,147,260	11,409	1,435,748
Accumulated depreciation and impairment	–	(160,628)	(14,507)	–	(773)	(175,908)
Net carrying amount	–	89,039	12,905	1,147,260	10,636	1,259,840
Opening net carrying amount	–	89,039	12,905	1,147,260	10,636	1,259,840
Additions	–	134,338	11,733	58,412	191	204,674
Transfer from construction in progress	1,150,637	–	55,035	(1,205,672)	–	–
Disposals and others	–	(5,893)	(1,809)	–	(349)	(8,051)
Depreciation charge	(21,726)	(64,549)	(6,050)	–	(2,983)	(95,308)
Impairment*	–	(37,879)	(347)	–	–	(38,226)
Closing net carrying amount	1,128,911	115,056	71,467	–	7,495	1,322,929
At 31 December 2022:						
Cost	1,150,637	375,801	91,763	–	11,182	1,629,383
Accumulated depreciation and impairment	(21,726)	(260,745)	(20,296)	–	(3,687)	(306,454)
Net carrying amount	1,128,911	115,056	71,467	–	7,495	1,322,929

	Buildings	Moulds and production equipment	Office, electronic equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	1,150,637	375,801	91,763	11,182	1,629,383
Accumulated depreciation and impairment	(21,726)	(260,745)	(20,296)	(3,687)	(306,454)
Net carrying amount	1,128,911	115,056	71,467	7,495	1,322,929
Opening net carrying amount	1,128,911	115,056	71,467	7,495	1,322,929
Additions	–	144,100	21,121	26,631	191,852
Disposals and others	–	(464)	(1,153)	–	(1,617)
Depreciation charge	(32,593)	(66,780)	(8,282)	(5,290)	(112,945)
Impairment*	–	(85,247)	(399)	–	(85,646)
Closing net carrying amount	1,096,318	106,665	82,754	28,836	1,314,573
At 31 December 2023:					
Cost	1,150,637	487,494	109,918	37,813	1,785,862
Accumulated depreciation and impairment	(54,319)	(380,829)	(27,164)	(8,977)	(471,289)
Net carrying amount	1,096,318	106,665	82,754	28,836	1,314,573

	Buildings	Moulds and production equipment	Office, electronic equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024					
Cost	1,150,637	487,494	109,918	37,813	1,785,862
Accumulated depreciation and impairment	(54,319)	(380,829)	(27,164)	(8,977)	(471,289)
Net carrying amount	1,096,318	106,665	82,754	28,836	1,314,573
Opening net carrying amount	1,096,318	106,665	82,754	28,836	1,314,573
Additions	5,182	220,284	22,189	3,218	250,873
Disposals and others	–	(2,799)	(969)	–	(3,768)
Depreciation charge	(32,645)	(71,786)	(12,630)	(6,808)	(123,869)
Impairment*	–	(39,818)	(139)	–	(39,957)
Closing net carrying amount	1,068,855	212,546	91,205	25,246	1,397,852
At 31 December 2024:					
Cost	1,155,819	701,124	130,807	41,031	2,028,781
Accumulated depreciation and impairment	(86,964)	(488,578)	(39,602)	(15,785)	(630,929)
Net carrying amount	1,068,855	212,546	91,205	25,246	1,397,852

Note:

* The impairment of the Group's property, plant and equipment primarily pertains to moulds. The assessment and identification of impairment provision for mould-related fixed assets are mainly based on factors such as product sales plans, production scheduling, and whether the moulds can be repurposed for other new product projects to identify the indicators.

The Company

	Buildings	Moulds and production equipment	Office, electronic equipment and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022					
Cost	–	192,838	17,267	1,147,260	1,357,365
Accumulated depreciation and impairment	–	(123,823)	(11,770)	–	(135,593)
Net carrying amount	–	69,015	5,497	1,147,260	1,221,772
Opening net carrying amount	–	69,015	5,497	1,147,260	1,221,772
Additions	–	106,948	7,519	58,412	172,879
Transfer from construction in progress to other property, plant and equipment, net	1,150,637	–	55,035	(1,205,672)	–
Disposals and others	–	(81,605)	(289)	–	(81,894)
Depreciation charge	(21,726)	(46,962)	(2,973)	–	(71,661)
Impairment*	–	(22,368)	(238)	–	(22,606)
Closing net carrying amount	1,128,911	25,028	64,551	–	1,218,490
At 31 December 2022					
Cost	1,150,637	145,832	79,043	–	1,375,512
Accumulated depreciation and impairment	(21,726)	(120,804)	(14,492)	–	(157,022)
Net carrying amount	1,128,911	25,028	64,551	–	1,218,490

	Buildings	Moulds and production equipment	Office, electronic equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023				
Cost	1,150,637	145,832	79,043	1,375,512
Accumulated depreciation and impairment	(21,726)	(120,804)	(14,492)	(157,022)
Net carrying amount	1,128,911	25,028	64,551	1,218,490
Opening net carrying amount	1,128,911	25,028	64,551	1,218,490
Additions	–	1,692	3,275	4,967
Disposals and others	–	(21,490)	(314)	(21,804)
Depreciation charge	(32,593)	(3,067)	(5,285)	(40,945)
Impairment*	–	(360)	(25)	(385)
Closing net carrying amount	1,096,318	1,803	62,202	1,160,323
At 31 December 2023				
Cost	1,150,637	80,631	80,234	1,311,502
Accumulated depreciation and impairment	(54,319)	(78,828)	(18,032)	(151,179)
Net carrying amount	1,096,318	1,803	62,202	1,160,323

	Buildings	Moulds and production equipment	Office, electronic equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024				
Cost	1,150,637	80,631	80,234	1,311,502
Accumulated depreciation and impairment	(54,319)	(78,828)	(18,032)	(151,179)
Net carrying amount	1,096,318	1,803	62,202	1,160,323
Opening net carrying amount	1,096,318	1,803	62,202	1,160,323
Additions	5,182	35	4,920	10,137
Disposals and others	–	(12)	–	(12)
Depreciation charge	(32,645)	(903)	(3,387)	(36,935)
Impairment*	–	(876)	(3)	(879)
Closing net carrying amount	1,068,855	47	63,732	1,132,634
At 31 December 2024				
Cost	1,155,819	80,637	85,151	1,321,607
Accumulated depreciation and impairment	(86,964)	(80,590)	(21,419)	(188,973)
Net carrying amount	1,068,855	47	63,732	1,132,634

Note:

* The impairment of the Group's property, plant and equipment primarily pertains to moulds. The assessment and identification of impairment provision for mould-related fixed assets are mainly based on factors such as product sales plans, production scheduling, and whether the moulds can be repurposed for other new product projects to identify the indicators.

14. LEASES

The Group as a lessee

The Group has lease contracts for buildings in its operations, which generally have lease terms between 1 and 6 years.

The Group's right-of-use assets are recognised for lease contracts of buildings. The movements of right-of-use assets during the Relevant Periods are as follows:

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings
	RMB'000
As at 1 January 2022	22,617
Additions	79,368
Lease modification and termination	(3,449)
Depreciation charge	(14,000)
As at 31 December 2022 and 1 January 2023	84,536
Additions	78,203
Lease modification and termination	(8,336)
Depreciation charge	(25,316)
As at 31 December 2023 and 1 January 2024	129,087
Additions	97,558
Lease modification and termination	(6,780)
Depreciation charge	(34,172)
As at 31 December 2024	185,693

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	RMB'000
Carrying amount as at 1 January 2022	16,552
New leases	77,765
Accretion of interest recognised during the year	1,579
Payments	(6,593)
Lease modification and termination	(3,449)
Carrying amount as at 31 December 2022 and 1 January 2023	85,854
New leases	72,630
Accretion of interest recognised during the year	9,498
Payments	(24,398)
Lease modification and termination	(8,336)
Carrying amount as at 31 December 2023 and 1 January 2024	135,248
New leases	94,152
Accretion of interest recognised during the year	10,323
Payments	(36,371)
Lease modification and termination	(5,625)
Carrying amount as at 31 December 2024	197,727

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 31 December			
Analysed into:			
Current portion	16,819	25,588	43,710
Non-current portion	69,035	109,660	154,017

The maturity analysis of lease liabilities is disclosed in Note 36 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	1,579	9,498	10,323
Depreciation charge of right-of-use assets	14,000	25,316	34,172
Expense relating to:			
– Short-term leases and leases of low-value assets	1,896	3,244	4,535
Total amount recognised in profit or loss	17,475	38,058	49,030

The total cash outflow for leases is disclosed in Note 32 to the Historical Financial Information.

15. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
At 1 January 2022	
Cost	8,039
Accumulated amortisation	(2,301)
Net carrying amount	5,738
Year ended 31 December 2022	
Opening net carrying amount	5,738
Additions	1,643
Amortisation charge	(864)
Closing net carrying amount	6,517
At 31 December 2022	
Cost	9,682
Accumulated amortisation	(3,165)
Net carrying amount	6,517

	Software
	RMB'000
At 1 January 2023	
Cost	9,682
Accumulated amortisation	(3,165)
Net carrying amount	6,517
Year ended 31 December 2023	
Opening net carrying amount	6,517
Additions	14,530
Amortisation charge	(2,595)
Closing net carrying amount	18,452
At 31 December 2023	
Cost	24,212
Accumulated amortisation	(5,760)
Net carrying amount	18,452

	Software
	RMB'000
At 1 January 2024	
Cost	24,212
Accumulated amortisation	(5,760)
Net carrying amount	18,452
Year ended 31 December 2024	
Opening net carrying amount	18,452
Additions	7,505
Amortisation charge	(3,522)
Closing net carrying amount	22,435
At 31 December 2024	
Cost	31,716
Accumulated amortisation	(9,281)
Net carrying amount	22,435

16. INVESTMENT IN AN ASSOCIATE

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets			
– Ningbo Meishan Bonded Port Area Shihezi Equity Investment Partnership Enterprise (Limited Partnership)	20,658	20,351	20,420

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group			Principal activity
			As at 31 December			
			2022	2023	2024	
Ningbo Meishan Bonded Port Area Shihezi Equity Investment Partnership Enterprise (Limited Partnership)	Ordinary shares	PRC/Mainland China	47.62	47.62	47.62	Investment holding

The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of the associate's profit/(loss) for the year	(228)	(307)	69
Share of the associate's total comprehensive income/(loss)	(228)	(307)	69
Aggregate carrying amount of the Group's investments in the associate	20,658	20,351	20,420

17. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	1,177,430	2,788,134	3,683,042

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	2,816,263	3,436,712	3,003,452
Asset management plans	979,206	1,802,690	2,158,080
Equity investments with preferred rights	113,513	161,863	181,760
Subtotal	3,908,982	5,401,265	5,343,292
Less: non-current portion			
– Wealth management products	–	(215,000)	(170,865)
– Equity investments with preferred rights	(113,513)	(161,863)	(181,760)
Subtotal	(113,513)	(376,863)	(352,625)
Total	3,795,469	5,024,402	4,990,667

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	1,955,774	1,798,742	1,803,062
Asset management plans	979,206	–	–
Equity investments with preferred rights	1,680	–	–
Subtotal	2,936,660	1,798,742	1,803,062
Less: non-current portion			
– Equity investments with preferred rights	(1,680)	–	–
– Wealth management products	–	–	(170,865)
Subtotal	(1,680)	–	(170,865)
Total	2,934,980	1,798,742	1,632,197

19. INVENTORIES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	63,398	66,578	193,973
Consigned materials	4,293	3,114	1,341
Finished goods	625,961	858,497	1,294,780
Total	693,652	928,189	1,490,094

20. TRADE RECEIVABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	334,211	283,709	1,052,076
Impairment	(6,705)	(9,019)	(13,897)
Net carrying amount	327,506	274,690	1,038,179

The disclosures about trade receivables due from the related parties are included in Note 33 to the Historical Financial Information.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from subsidiaries	12,812	2,038,961	2,287,676
Trade receivables form others	225,807	78,206	14,696
Impairment	(3,154)	(4,176)	(3,875)
Net carrying amount	235,465	2,112,991	2,298,497

The Group's trading terms with most of its distributors are payment in advance, while for other customers are on credit. The credit period is generally from 14 days to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the year end, based on the invoice date and net of impairment, is as follows:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	326,079	274,690	1,035,234
1 to 2 years	1,427	–	2,945
Total	327,506	274,690	1,038,179

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	3,895	6,705	9,019
Impairment losses *(Note 6)*	2,775	2,292	4,825
Exchange adjustment	35	22	53
At end of year	6,705	9,019	13,897

An impairment analysis is performed at each reporting date using a probability of default approach to measure expected credit losses. The expected credit losses were estimated by reference to the probability of default and loss given default for the relevant credit rating grades published by international credit rating agencies. The calculation reflects the probability-weighted outcome, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is no expectation of recovery. The probability of default applied ranged from 0.04% to 3.30%, from 0.05% to 0.29% and from 0.04% to 3.42%, respectively, as at 31 December 2022, 2023 and 2024.

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	89,042	150,559	212,659
Other receivables	62,523	714,141	873,909
Deductible input VAT	65,673	158,092	347,415
Rights of return assets	6,393	16,327	31,157
Prepaid income tax	11,586	39,662	46,304
Others	–	–	17,971
Subtotal	235,217	1,078,781	1,529,415
Impairment	(1,620)	(21,086)	(5,413)
Subtotal	233,597	1,057,695	1,524,002
Less: non-current portion			
– Prepayments and other assets	(46,228)	(87,938)	(114,779)
Total	187,369	969,757	1,409,223

The disclosures about other receivables due from the related parties are included in Note 33 to the Historical Financial Information.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	42,482	62,577	106,796
Other receivables	91,402	444,600	36,658
Deductible input VAT	10,846	20,757	52,364
Rights of return assets	459	2,603	423
Due from subsidiaries	–	–	180,455
Prepaid income tax	–	38	26,755
Subtotal	145,189	530,575	403,451
Impairment	(1,303)	(1,316)	(82)
Subtotal	143,886	529,259	403,369
Less: non-current portion			
– Prepayments and other assets	(6,842)	(20,174)	(215,661)
Total	137,044	509,085	187,708

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The movements in the loss allowance for impairment of financial assets are as follows:

The Group

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	(766)	(1,620)	(21,086)
Reversal of impairment losses/(impairment losses)	(851)	(19,464)	15,702
Exchange adjustment	(3)	(2)	(29)
At end of year	(1,620)	(21,086)	(5,413)

22. TIME DEPOSITS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits, current portion	1,501,673	871,421	1,378,027
Time deposits, non-current portion	1,900,834	3,397,725	3,391,213
Total	3,402,507	4,269,146	4,769,240

As at 31 December 2022, 2023 and 2024, the time deposits of the Group denominated in RMB amounted to RMB3,402,507,000, RMB4,269,146,000 and RMB4,769,240,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and 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.

The Group's time deposits are at fixed interest rates and are deposited with creditworthy banks with no recent history of default.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits, current portion	1,348,050	718,467	1,200,126
Time deposits, non-current portion	1,800,424	2,657,413	2,734,681
Total	3,148,474	3,375,880	3,934,807

23. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks and in hand	779,943	828,409	1,446,263

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks and in hand	316,427	44,784	191,172

At as 31 December 2022, 2023 and 2024, the cash and cash equivalents of the Group denominated in RMB amounted to RMB535,216,000, RMB203,868,000 and RMB313,723,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and 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 are deposited with creditworthy banks with no recent history of default.

24. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	702,392	1,499,123	2,824,780

The trade payables are non-interest-bearing and are normally settled on terms of no more than one year.

The Group's disclosures about trade and bills payables due to the related parties are included in Note 33 to the Historical Financial Information.

25. CONTRACT LIABILITIES

An analysis of the Group's contract liabilities arising from short-term advances received from customers is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Receipt in advance			
– Sale of goods*	65,244	85,120	200,446

Note:

* The increase in contract liabilities in 2023 and 2024 was primarily attributable to the increase in advances received from our distributors in our robot vacuums business.

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payroll and social assurance payables	119,810	142,047	209,494
Other payables	98,481	216,336	380,999
Financial liabilities in relation to bond pledging arrangement	–	523,498	333,000
Tax payable	57,617	30,042	142,796
Total	275,908	911,923	1,066,289

Details of other payables are as follow:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Sales rebates liabilities	56,342	114,831	235,818
Repurchase obligation for restricted shares	4,986	43,609	66,218
Payments for non-current assets	19,900	30,133	49,898
Professional and consulting expenses	12,453	22,341	14,668
Deposits	1,743	4,013	10,512
Others	3,057	1,409	3,885
Total	98,481	216,336	380,999

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

The disclosures about other payables and accruals due to the related parties are included in Note 33 to the Historical Financial Information.

27. COMMITMENTS

The Group

Capital commitments:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of equipments	26,022	4,323	989
Renovation costs	15,409	1,130	2,241
Purchase of moulds	8,950	22,828	46,562
Total	50,381	28,281	49,792

28. DEFERRED TAX

Deferred tax assets

The movements in Group's deferred tax assets during the Relevant Periods are as follows:

	Provision for impairment losses of assets	Unrealised profits of intra-group internal transactions	Tax deductible losses	Accrued expenses	Provision for warranty	Provision for sales rebates	Provision for sales returns	Lease liabilities	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	8,855	14,516	9,006	1,891	1,712	1,031	2,138	2,787	28,429	70,365
Deferred tax credited/(charged) to the statement of profit or loss during the year, net	1,553	4,963	6,795	317	2,866	1,408	(530)	17,129	3,279	37,780
Exchange differences	985	–	2,860	–	383	–	625	–	4	4,857
Deferred tax charged to the statement of reserves during the year	–	–	–	–	–	–	–	–	(19,906)	(19,906)
At 31 December 2022 and 1 January 2023	11,393	19,479	18,661	2,208	4,961	2,439	2,233	19,916	11,806	93,096
Deferred tax credited/(charged) to the statement of profit or loss during the year, net	7,274	63,487	(7,965)	11,872	2,195	6,941	3,929	12,953	4,641	105,327
Exchange differences	233	–	432	–	79	–	118	–	1	863
Deferred tax charged to the statement of reserves during the year	–	–	–	–	–	–	–	–	3,003	3,003
At 31 December 2023 and 1 January 2024	18,900	82,966	11,128	14,080	7,235	9,380	6,280	32,869	19,451	202,289
Deferred tax credited/(charged) to the statement of profit or loss during the year, net	(5,941)	9,258	74,207	1,148	5,439	3,880	5,980	4,369	(2,666)	95,674
Exchange differences	116	–	795	–	70	–	129	–	–	1,110
Deferred tax charged to the statement of reserves during the year	–	–	–	–	–	–	–	–	4,617	4,617
At 31 December 2024	13,075	92,224	86,130	15,228	12,744	13,260	12,389	37,238	21,402	303,690

Deferred tax liabilities

The movements in Group's deferred tax liabilities during the Relevant Periods are as follows:

	Changes in fair value of other equity instrument investments	Right-of-use assets	Depreciation allowance in excess of related depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	30,598	2,677	–	33,275
Deferred tax charged/(credited) to profit or loss	(14,185)	16,678	5,629	8,122
At 31 December 2022 and 1 January 2023	16,413	19,355	5,629	41,397
Deferred tax charged/(credited) to profit or loss	19,973	12,367	(3,784)	28,556
At 31 December 2023 and 1 January 2024	36,386	31,722	1,845	69,953
Deferred tax charged to profit or loss	5,763	3,168	14	8,945
At 31 December 2024	42,149	34,890	1,859	78,898

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	52,228	134,785	247,260
Net deferred tax liabilities recognised in the consolidated statement of financial position	(529)	(2,449)	(22,468)

The details of unrecognised deferred tax assets are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	–	978	2,598
Deductible tax losses	159,303	429,502	431,616
Total	159,303	430,480	434,214

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

At 31 December 2022, 2023 and 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deductible tax losses for unrecognised deferred tax assets will expire in the following years:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
2026	336	336	336
2027	293	293	293
2028	–	390	390
2029	–	–	75,038
2031	–	96,123	30,800
2032	158,241	214,734	205,671
2033	–	117,229	116,785
Indefinite	433	397	2,303
Total	159,303	429,502	431,616

29. SHARE CAPITAL

The movements of the Company's issued share capital during the Relevant Periods are as follows:

	Number of ordinary shares	**Share capital**
	'000	*RMB'000*
At 1 January 2022	66,806	66,806
Exercise of equity-settled share-based payment *(Note (a))*	163	163
Shares issued from capitalisation of capital reserve *(Note (b))*	26,723	26,723
As at 31 December 2022 and 1 January 2023	93,692	93,692
Exercise of equity-settled share-based payment *(Note (a))*	309	309
Shares issued from capitalisation of capital reserve *(Note (b))*	37,476	37,476
As at 31 December 2023 and 1 January 2024	131,477	131,477
Exercise of equity-settled share-based payment *(Note (a))*	618	618
Shares issued from capitalisation of capital reserve *(Note (b))*	52,628	52,628
As at 31 December 2024	184,723	184,723

Notes:

(a) The details of exercise of equity-settled share-based payment during the relevant periods are as stipulated in Note 30 to the Historical Financial Information.

(b) Pursuant to the capital reserve capitalization plans approved at the Company's annual general meetings of shareholders, the Company distributed 0.4 share for each existing share to the then shareholders from its capital reserve based on the then issued share capital of the Company in July 2022, July 2023 and August 2024, and a total of 26,722,524, 37,476,646 and 52,627,802 shares were issued to the then shareholders in July 2022, July 2023 and August 2024, respectively.

30. SHARE-BASED PAYMENTS

Restricted Share Incentive Schemes

(a) 2020 Type II Restricted Share Incentive Scheme

On 17 August 2020, as approved by the 2020 Third Extraordinary General Meeting of Shareholders, the Company implemented a restricted share incentive scheme (the "**2020 Type II Restricted Share Incentive Scheme**") for eligible employees of the Group. Under this scheme, the Company granted a total of 575,600 Type II restricted shares to 203 participants at an initial exercise price of RMB54.23 per share to be paid by the participants to subscribe the Company's share upon the completion of the vesting period.

Subsequent adjustments to the exercise price were made by the Board of Directors in accordance with the scheme's pricing mechanism as follows:

– Adjusted to RMB52.175 per share on 18 August 2021;

– Adjusted to RMB35.768 per share on 17 August 2022;

– Adjusted to RMB24.641 per share on 29 August 2023; and

– Adjusted to RMB13.608 per share on 28 August 2024.

Pursuant to the 2020 Type II Restricted Share Incentive Scheme, the participants are entitled to vest 25% of the total granted restricted shares annually over a four-year period from the initial grant date, subject to the fulfilment of the certain vesting conditions (including company performance and service requirements) as the prerequisite for exercising the rights. This scheme is classified as an equity-settled share-based payment arrangement.

The fair value of the restricted shares granted under the 2020 Type II Restricted Share Incentive Scheme was estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the restricted shares were granted. Based on the assessment, the estimated fair value of this scheme fell within the range of RMB364.36 to RMB364.42 per restricted share. The following table lists the key inputs to the model used:

Exercise price of the Type II restricted shares:	RMB54.23 per share
Expected life of the Type II restricted shares (years):	2-5 years
Expected volatility:	39.82%-42.88%
Expected dividend yield:	0%
Risk-free rate:	2.61%-2.81%

(b) 2022 Type II Restricted Share Incentive Scheme

On 17 May 2022, as approved by the 2021 Annual General Meeting of Shareholders, the Company implemented a restricted share incentive scheme (the "**2022 Type II Restricted Share Incentive Scheme**") for eligible employees of the Group. Under this scheme, the Company granted a total of 248,300 Type II restricted shares to 479 participants at an initial exercise price of RMB50.00 per share to be paid by the participants to subscribe the Company's share upon the completion of the vesting period.

Subsequent adjustment to the exercise price were made by the Board of Directors in accordance with the scheme's pricing mechanism as follows:

– Adjusted to RMB23.53 per share on 18 July 2023; and

– Adjusted to RMB22.61 per share on 18 May 2024.

Pursuant to the 2022 Type II Restricted Share Incentive Scheme, the participants are entitled to vest 25% of the total granted restricted shares annually over a four-year period from the initial grant date, subject to the fulfilment of the certain vesting conditions (including company performance and service requirements) as the prerequisite for exercising the rights. This scheme is classified as an equity-settled share-based payment arrangement.

The fair value of the restricted shares granted under the 2022 Type II Restricted Share Incentive Scheme was estimated as at the date of grant using the Black-Scholes-Merton Model, taking into account the terms and conditions upon which the restricted shares were granted. Based on the assessment, the estimated fair value of this scheme fell within the range of RMB536.77 to RMB540.54 per restricted share. The following table lists the key inputs to the model used:

Exercise price of the Type II restricted shares:	RMB50.00 per share
Expected life of the Type II restricted shares (years):	2-5 years
Expected volatility:	41.70%-43.15%
Expected dividend yield:	0%
Risk-free rate:	1.95%-2.46%

(c) ***2023 Type II Restricted Share Incentive Scheme***

On 21 June 2023, as approved by the 2023 Second Extraordinary General Meeting of Shareholders, the Company implemented a restricted share incentive scheme (the "**2023 Type II Restricted Share Incentive Scheme**") for eligible employees of the Group. Under this scheme, the Company granted a total of 542,615 Type II restricted shares to 206 participants at an initial exercise price of RMB166.04 per share to be paid by the participants to subscribe the Company's share upon the completion of the vesting period.

Subsequent adjustment to the exercise price were made by the Board of Directors in accordance with the scheme's pricing mechanism as follows:

– Adjusted to RMB80.07 per share on 6 August 2024.

Pursuant to the 2023 Type II Restricted Share Incentive Scheme, the participants are entitled to vest 25% of the total granted restricted shares annually over a four-year period from the initial grant date, subject to the fulfilment of the certain vesting conditions (including company performance and service requirements) as the prerequisite for exercising the rights. This scheme is classified as an equity-settled share-based payment arrangement.

The fair value of the restricted shares granted under the 2023 Type II Restricted Share Incentive Scheme was estimated as at the date of grant using the Black-Scholes-Merton Model, taking into account the terms and conditions upon which the restricted shares were granted. Based on the assessment, the estimated fair value of this scheme fell within the range of RMB129.74 to RMB159.21 per restricted share. The following table lists the key inputs to the model used:

Exercise price of the Type II restricted shares:	RMB166.04 per share
Expected life of the Type II restricted shares (years):	2-5 years
Expected volatility:	40.05%-41.62%
Expected dividend yield:	0%
Risk-free rate:	1.92%-2.38%

(d) ***2024 Type II Restricted Share Incentive Scheme***

On 8 July 2024, as approved by the 2024 First Extraordinary General Meeting of Shareholders, the Company implemented a restricted share incentive scheme (the "**2024 Type II Restricted Share Incentive Scheme**") for eligible employees of the Group. Under this scheme, the Company granted a total of 53,968 Type II restricted shares to 29 participants at an initial exercise price of RMB208.15 per share to be paid by the participants to subscribe the Company's share upon the completion of the vesting period.

Pursuant to the 2024 Type II Restricted Share Incentive Scheme, the participants are entitled to vest 25% of the total granted restricted shares annually over a four-year period from the initial grant date, subject to the fulfilment of the certain vesting conditions (including company performance and service requirements) as the prerequisite for exercising the rights. This scheme is classified as an equity-settled share-based payment arrangement.

The fair value of the restricted shares granted under the 2024 Type II Restricted Share Incentive Scheme was estimated as at the date of grant using the Black-Scholes-Merton Model, taking into account the terms and conditions upon which the restricted shares were granted. Based on the assessment, the estimated fair value of this scheme fell within the range of RMB176.54 to RMB211.55 per restricted share. The following table lists the key inputs to the model used:

Exercise price of the Type II restricted shares:	RMB208.15 per share
Expected life of the Type II restricted shares (years):	2-5 years
Expected volatility:	33.65%-37.97%
Expected dividend yield:	0%
Risk-free rate:	1.50%-2.75%

Employee Stock Ownership Plan of the Group

(a) Phase I Core Management Team Stock Ownership Plan

On 17 May 2022, as approved by the 2021 Annual General Meeting of Shareholders, the Company established the Phase I Core Management Team Stock Ownership Plan. Under this plan, eligible employees of the Group ("**Incentive Participants**") were granted the Company's ordinary A shares repurchased from the open market (accounted for as treasury shares) in multiple tranches.

The Phase I Core Management Team Stock Ownership Plan was valid and effective for 60 months, with a maximum scale of 102,224 shares. Incentive participants were required to subscribe for the shares at a price of RMB50 per share at grant date. In May 2022, the Company received total subscription payments of RMB5,111,200, which were initially recognised as "Other payables—repurchase obligation for restricted shares", and subsequently derecognised in batches when the vesting conditions were satisfied.

Pursuant to the Phase I Core Management Team Stock Ownership Plan, the granted shares shall be vested in four equal tranches of 25% each, subject to the following vesting schedule: 12 months, 24 months, 36 months, and 48 months from the date of share transfer to the plan for each respective granted batch. The maximum lock-up period is 48 months. The actual number of shares vested for each tranche shall be determined based on company performance and individual performance. This plan is classified as an equity-settled share-based payment arrangement.

The fair value of the Phase I Core Management Team Stock Ownership Plan was based on the factors including the closing price of the Company's shares on the grant date and the exercise price.

(b) 2023 Core Management Team Stock Ownership Plan

On 21 June 2023, as approved by the 2023 Second Extraordinary General Meeting of Shareholders, the Company established the 2023 Core Management Team Stock Ownership Plan. Under this plan, eligible employees of the Group ("**Incentive Participants**") were granted the Company's ordinary A shares repurchased from the open market (accounted for as treasury shares) in multiple tranches.

The 2023 Core Management Team Stock Ownership Plan was valid and effective for 60 months, with a maximum scale of 238,300 shares. Incentive participants were required to subscribe for the shares at a price of RMB166.04 per share at grant date. In June 2023, the Company received total subscription payments of RMB39,069,212, which were initially recognised as "Other payables—repurchase obligation for restricted shares", and subsequently derecognised in batches when the vesting conditions were satisfied.

Pursuant to the 2023 Core Management Team Stock Ownership Plan, the granted shares shall be vested in four equal tranches of 25% each, subject to the following vesting schedule: 12 months, 24 months, 36 months, and 48 months from the date of share transfer to the plan for each respective granted batch. The maximum lock-up period is 48 months. The actual number of shares vested for each tranche shall be determined based on company performance and individual performance. This plan is classified as an equity-settled share-based payment arrangement.

The fair value of the 2023 Core Management Team Stock Ownership Plan was based on the factors including the closing price of the Company's shares on the grant date and the exercise price.

(c) ***2024 Core Management Team Stock Ownership Plan***

On 8 July 2024, as approved by the 2024 First Extraordinary General Meeting of Shareholders, the Company established the 2024 Core Management Team Stock Ownership Plan. Under this plan, eligible employees of the Group ("**Incentive Participants**") were granted the Company's ordinary A shares repurchased from the open market (accounted for as treasury shares) in multiple tranches.

The 2024 Core Management Team Stock Ownership Plan was valid and effective for 60 months, with a maximum scale of 170,285 shares. Incentive participants were required to subscribe for the shares at a price of RMB208.15 per share at grant date. In July 2024, the Company received total subscription payments of RMB35,444,822.75, which were initially recognised as "Other payables—repurchase obligation for restricted shares", and subsequently derecognised in batches when the vesting conditions were satisfied.

Pursuant to the 2024 Core Management Team Stock Ownership Plan, the granted shares shall be vested in four equal tranches of 25% each, subject to the following vesting schedule: 12 months, 24 months, 36 months, and 48 months from the date of share transfer to the plan for each respective granted batch. The maximum lock-up period is 48 months. The actual number of shares vested for each tranche shall be determined based on company performance and individual performance. This plan is classified as an equity-settled share-based payment arrangement.

The fair value of the 2024 Core Management Team Stock Ownership Plan was based on the factors including the closing price of the Company's shares on the grant date and the exercise price.

Particulars and movements of the Restricted Share Incentive Schemes during the years ended 31 December 2022, 2023 and 2024 were as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ended 31 December 2024	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
		'000		*'000*		*'000*
At the beginning of the year	52.175	400,977	42.619	628,279	111.961	1,212,071
Granted during the year	50.000	248,284	166.040	542,615	208.150	53,968
Increased due to capitalisation of capital reserve	40.480	239,777	89.881	468,358	62.846	509,793
Exercised during the year	35.768	(162,782)	24.251	(309,208)	42.039	(617,876)
Forfeited during the year	39.435	(97,977)	35.049	(117,973)	57.476	(89,981)
At the end of the year	42.619	628,279	111.961	1,212,071	75.727	1,067,975

Particulars and movements of the Employee Stock Ownership Plans during the years ended 31 December 2022, 2023 and 2024 were as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ended 31 December 2024	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
		'000		*'000*		*'000*
At the beginning of the year	–	–	50.000	125,373	131.894	466,774
Granted during the year	50.000	100,224	166.040	235,300	150.637	170,285
Increased due to capitalisation of capital reserve	50.000	40,090	125.704	144,269	268.968	254,824
Exercised during the year	–	–	50.000	(30,468)	515.594	(123,053)
Forfeited during the year	50.000	(14,941)	50.000	(7,700)	–	–
At the end of the year	50.000	125,373	131.894	466,774	257.307	768,830

31. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(a) Capital reserve

The capital reserve mainly represents the amount paid by shareholders for capital injection in excess of the nominal value of the shares issued.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in Note 30 to the Historical Financial Information.

(c) Other reserve

The amounts of the Group's other reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages I-7 to I-8 of the financial statements.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods the Group had non-cash additions to lease liabilities of RMB77,765,000, RMB72,630,000 and RMB94,152,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in lease liabilities arising from financing activities

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	16,552	85,854	135,248
Changes from financing cash flows	(6,593)	(24,398)	(36,371)
New leases	77,765	72,630	94,152
Interest expenses	1,579	9,498	10,323
Lease modification and termination	(3,449)	(8,336)	(5,625)
At end of year	85,854	135,248	197,727

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,896	3,244	4,535
Within financing activities	11,198	28,614	40,964
Total	13,094	31,858	45,499

33. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties:

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group during the Relevant Periods.

Name of the related parties	Relationship
Xiaomi Communications Co., Ltd	Controlled or significantly influenced by the same party as the Group
Xiaomi Inc.	Controlled or significantly influenced by the same party as the Group
Youpin Information Technology Co., Ltd.	Controlled or significantly influenced by the same party as the Group
Jishi (Qingdao) International Trade Co., Ltd	Controlled or significantly influenced by the same party as the Group
Xiaomi Youpin Technology Co., Ltd.	Controlled or significantly influenced by the same party as the Group
Beijing Zilin Real Estate Co., Ltd.	Controlled or significantly influenced by the same party as the Group
Shanghai Luoke Intelligent Technology Co., Ltd.	Company where director is the connected natural person of the Group
Qingdao Yeelink Information Technology Co., Ltd.	Company where director is the connected natural person of the Group
Wuxi Newstart Controls Technology Co., Ltd	Investee company of the Group
Wuxi Convert Electrical Machinery Co., Ltd.	Subsidiary of an investee company of the Group

During the Relevant Periods, in addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material transactions with the Group's related parties.

(b) Transactions with related parties:

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Purchases of goods and services:	*(i)*			
Xiaomi Inc.		5,040	3,026	1,032
Youpin Information Technology Co., Ltd.		3,536	871	290
Xiaomi Communications Co., Ltd.		510	–	–
Qingdao Yeelink Information Technology Co., Ltd.		99	–	–
Wuxi Convert Electrical Machinery Co., Ltd.		13,539	–	–
Total		22,724	3,897	1,322
Sales of goods and rendering of services:	*(ii)*			
Xiaomi Communications Co., Ltd.		15,281	1,422	409
Shanghai Luoke Intelligent Technology Co., Ltd.		299	–	–
Xiaomi Youpin Technology Co., Ltd.		(195)	–	–
Total		15,385	1,422	409
Purchases of properties:				
Beijing Zilin Real Estate Co., Ltd.		9,765	–	–
Jishi (Qingdao) International Trade Co., Ltd		–	–	346
Total		9,765	–	346

Notes:

(i) The sales of goods and services to related parties were made according to the published prices and conditions mutually agreed by both parties.

(ii) The purchases of goods and services from related parties were made according to the published prices and conditions mutually agreed by both parties.

(c) Outstanding balances with related parties:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables:			
Xiaomi Communications Co., Ltd.	3,487	2,951	2,903
Youpin Information Technology Co., Ltd.	2,173	2,956	664
Total	5,660	5,907	3,567
Prepayments, other receivables:			
Youpin Information Technology Co., Ltd.	100	100	100
Trade and bills payables:			
Wuxi Convert Electrical Machinery Co., Ltd.	3,855	558	–
Xiaomi Inc.	1,105	4,131	1,032
Total	4,960	4,689	1,032
Other payables and accruals:			
Beijing Zilin Real Estate Co., Ltd.	39	–	–
Key management personnel of the Group	10,968	15,387	10,372

(d) Compensation of key management personnel (including share-based payments) of the Group

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Compensation paid to key management personnel	24,007	26,657	39,305

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2022:			
Financial assets at fair value through profit or loss	3,908,982	–	3,908,982
Trade receivables	–	327,506	327,506
Financial assets included in prepayments, other receivables and other assets	–	32,530	32,530
Cash and cash equivalents	–	779,943	779,943
Time deposits	–	3,402,507	3,402,507
Total	3,908,982	4,542,486	8,451,468
As at 31 December 2023:			
Financial assets at fair value through profit or loss	5,401,265	–	5,401,265
Trade receivables	–	274,690	274,690
Financial assets included in prepayments, other receivables and other assets	–	615,246	615,246
Cash and cash equivalents	–	828,409	828,409
Time deposits	–	4,269,146	4,269,146
Total	5,401,265	5,987,491	11,388,756
As at 31 December 2024:			
Financial assets at fair value through profit or loss	5,343,292	–	5,343,292
Trade receivables	–	1,038,179	1,038,179
Financial assets included in prepayments, other receivables and other assets	–	736,667	736,667
Cash and cash equivalents	–	1,446,263	1,446,263
Time deposits	–	4,769,240	4,769,240
Total	5,343,292	7,990,349	13,333,641

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2022:			
Trade and bills payables	–	702,392	702,392
Other payables and accruals	–	98,481	98,481
Lease liabilities	–	85,854	85,854
Derivative financial instruments	9,890	–	9,890
Total	9,890	886,727	896,617
As at 31 December 2023:			
Trade and bills payables	–	1,499,123	1,499,123
Other payables and accruals	–	739,834	739,834
Lease liabilities	–	135,248	135,248
Total	–	2,374,205	2,374,205
As at 31 December 2024:			
Trade and bills payables	–	2,824,780	2,824,780
Other payables and accruals	–	713,999	713,999
Lease liabilities	–	197,727	197,727
Total	–	3,736,506	3,736,506

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2022, 2023 and 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(a) Fair value hierarchy

As at 31 December 2022, 2023 and 2024, the hierarchy of financial assets and liabilities measured at fair value on a recurring basis was as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Financial assets:				
Wealth Management products	–	–	2,816,263	2,816,263
Asset management plans	–	–	979,206	979,206
Equity investments with preferred rights	–	–	113,513	113,513
Total financial assets	–	–	3,908,982	3,908,982
Financial liabilities:				
Derivative financial instruments	–	9,890	–	9,890
Total financial liabilities	–	9,890	–	9,890
As at 31 December 2023				
Financial assets:				
Wealth Management products	–	–	3,436,712	3,436,712
Asset management plans	1,802,690	–	–	1,802,690
Equity investments with preferred rights	–	–	161,863	161,863
Total financial assets	1,802,690	–	3,598,575	5,401,265
As at 31 December 2024				
Financial assets:				
Wealth Management products	–	–	3,003,452	3,003,452
Asset management plans	1,852,475	305,605	–	2,158,080
Equity investments with preferred rights	–	–	181,760	181,760
Total financial assets	1,852,475	305,605	3,185,212	5,343,292

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 and 2024.

The timing of transfers is determined at the date of the event or change in circumstances that causes the transfers. During the Relevant Periods, there were no transfers between Level 1 and Level 2.

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price, and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow approach and market comparable company approach. The inputs of the valuation technique mainly include expected yield, risk-free rate, expected volatility and discount for lack of marketability.

The following table presents the changes within Level 3 for the years ended 31 December 2022, 2023 and 2024:

Reconciliation of Level 3 fair value measurements	**Financial assets at fair value through profit or loss**		
	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	4,846,375	3,908,982	3,598,575
Additions	3,720,054	5,075,660	5,355,284
Disposals	(4,741,752)	(4,528,813)	(5,887,272)
Changes in exchange rates	–	–	6
Changes in fair value	84,305	157,251	118,619
Transfer to Level 1 financial instruments	–	(1,014,505)	–
At the end of year	3,908,982	3,598,575	3,185,212

(c) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs of major financial assets and liabilities used in Level 3 fair value measurements of major financial assets:

Description	Fair values – Years ended 31 December 2022	2023	2024	Valuation technique(s)	Unobservable inputs	Range of inputs – Years ended 31 December 2022	2023	2024	Sensitivity of fair value to the input
	RMB'000	*RMB'000*	*RMB'000*						
Financial assets at fair value through profit or loss									
– Wealth management products	2,816,263	3,436,712	3,003,452	Net asset value	Expected yield	1.85%-4.60%	1.65%-3.10%	1.67%-3.05%	5% increase (decrease) in expected yield would result in increase (decrease) in fair value by 2022: RMB3,563,152 (RMB3,563,152) 2023: RMB5,335,620 (RMB5,335,620) 2024: RMB2,951,886 (RMB2,951,886)
– Asset management plans	979,206	–	–	Net asset value	N/A	N/A	–	–	N/A

Description	Fair values Years ended 31 December 2022	2023	2024	Valuation technique(s)	Unobservable inputs	Range of inputs Years ended 31 December 2022	2023	2024	Sensitivity of fair value to the input
	RMB'000	*RMB'000*	*RMB'000*						
Other non-current financial assets – Equity investments with preferred rights	113,513	161,863	181,760	Market approach	Risk-free rate	2.35%-2.52%	2.08%-2.32%	1.11%-2.34%	1% increase (decrease) in risk-free rate would result in increase (decrease) in fair value by 2022: RMB584,000 (RMB599,000) 2023: RMB495,600 (RMB505,400) 2024: RMB682,500 (RMB750,500)
					Expected volatility	32%-57%	35%-45%	35%-45%	1% increase (decrease) in expected volatility would result in increase (decrease) in fair value by 2022: RMB27,000 (RMB27,000) 2023: RMB12,600 (RMB22,400) 2024: RMB244,500 (RMB100,500)
					Discount for lack of marketability ("**DLOM**")	20%-26%	16%-30%	16%-30%	1% increase (decrease) in DLOM would result in increase (decrease) in fair value by 2022: RMB578,000 (RMB578,000) 2023: RMB770,600 (RMB770,400) 2024: RMB1,533,500 (RMB1,533,500)

(d) Valuation processes

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. For equity investments with preferred rights, the Group engages independent external valuation experts to determine their fair value. The valuation is reviewed and approved by the finance department.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise financial assets at fair value through profit or loss, time deposits 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 such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk (including foreign currency risk and price 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.

(a) Market risk

(i) Foreign currency risk

The Group primarily operates in Mainland China, and the main transactions are denominated in RMB. The Group's exposure to foreign currency risk arising from recognised foreign currency assets or liabilities and future foreign currency transactions is mainly denominated in USD. The scale of its foreign currency transactions, assets and liabilities is monitored on an ongoing basis, in order to minimise the risk.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the USD exchange rate of the Group's equity due to changes in the currency translation.

	Increase/ (decrease) in exchange rates	Increase/ (decrease) in Profit for the year
	%	*RMB'000*
As at 31 December 2022		
If RMB strengthens against the USD	5	(614)
If RMB weakens against the USD	(5)	614
As at 31 December 2023		
If RMB strengthens against the USD	5	(7,537)
If RMB weakens against the USD	(5)	7,537
As at 31 December 2024		
If RMB strengthens against the USD	5	(1,552)
If RMB weakens against the USD	(5)	1,552

(ii) Price risk

The Group is exposed to price risk mainly arising from investments held by the Group that are classified as fair value through profit or loss. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. Each investment is managed by management on a case by case basis.

(b) Credit risk

The Group trades only with recognised and creditworthy third 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 except for items individually assessed. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the deputy general manager.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross amounts for financial assets.

As 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	–	–	–	334,211	334,211
Financial assets included in prepayments, other receivables and other assets					
– Normal*	34,151	–	–	–	34,151
Cash and cash equivalents	779,943	–	–	–	779,943
Time deposits	3,402,507	–	–	–	3,402,507
Total	4,216,601	–	–	334,211	4,550,812

As 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	–	–	–	283,709	283,709
Financial assets included in prepayments, other receivables and other assets					
– Normal*	636,332	–	–	–	636,332
Cash and cash equivalents	828,409	–	–	–	828,409
Time deposits	4,269,146	–	–	–	4,269,146
Total	5,733,887	–	–	283,709	6,017,596

As 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	–	–	–	1,052,076	1,052,076
Financial assets included in prepayments, other receivables and other assets					
– Normal*	742,080	-	-	-	742,080
Cash and cash equivalents	1,446,263	–	–	–	1,446,263
Time deposits	4,769,240	–	–	–	4,769,240
Total	6,957,583	–	–	1,052,076	8,009,659

Note:

* 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. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is disclosed in Note 20 to the Historical Financial Information.

(c) Liquidity risk

Cash flow forecast is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on contractual undiscounted payments, is as follows:

As at 31 December 2022

	Within one year	One to two years	Two to five years	Over five years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	702,392	–	–	–	702,392
Other current liabilities	98,481	–	–	–	98,481
Derivative financial instruments	9,890	–	–	–	9,890
Lease liabilities	20,611	17,884	41,391	19,620	99,506
Total	831,374	17,884	41,391	19,620	910,269

As at 31 December 2023

	Within one year	One to two years	Two to five years	Over five years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	1,499,123	–	–	–	1,499,123
Other payables and accruals	216,336	–	–	–	216,336
Other current liabilities	523,498	–	–	–	523,498
Lease liabilities	32,048	31,725	65,452	27,486	156,711
Total	2,271,005	31,725	65,452	27,486	2,395,668

As at 31 December 2024

	Within one year	One to two years	Two to five years	Over five years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	2,824,780	–	–	–	2,824,780
Other payables and accruals	380,999	–	–	–	380,999
Other current liabilities	333,000	–	–	–	333,000
Lease liabilities	52,901	47,008	117,059	8,961	225,929
Total	3,591,680	47,008	117,059	8,961	3,764,708

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain a healthy capital structure to reduce the cost of capital.

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 adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group is not subject to any externally imposed capital requirements and monitors capital on the basis of the asset-liability ratios. The asset-liability ratios as at 31 December 2022, 2023 and 2024 were as follows:

	As at 31 December		
	2022	**2023**	**2024**
Total asset	10,833,055	14,376,642	17,484,730
Total liability	1,275,686	2,995,139	4,614,546
Asset-liability ratio	12%	21%	26%

37. EVENTS AFTER THE RELEVANT PERIODS

On 25 April 2025, the final dividend distribution of RMB197,635,000 as further disclosed in Note 11 to the Historical Financial Information for the year ended 31 December 2024 was approved by the Company's shareholders at the Company annual general meeting.

Besides, on the same date, the capital reserve capitalization plan was also approved by the Company's shareholders at the Company annual general meeting to distribut 0.4 share for each existing share to the then shareholders from its capital reserve based on the then issued share capital and a total of 73,907,541 shares were issued in June 2025.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

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 for information purposes only. The [**REDACTED**] *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.*

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

1. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on the current laws and practices in the PRC, is subject to change and does not constitute legal or tax advice to H-Share holders. The discussion below has no intention to cover all possible tax consequences resulting from the holding of H Shares, nor does it take the specific circumstances of any particular into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of the holding of H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of the Latest Practicable Date, which is subject to change and may have retrospective effect.

The PRC Taxation

A. *Taxation on Dividends*

Individual Investors

Pursuant to *the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) (the "**IIT Law**"), which was latest amended on August 31, 2018 and came into effect on January 1, 2019, and *the Implementation Provisions of the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法實施條例》), which was latest amended on December 18, 2018 and came into effect on January 1, 2019, dividends distributed by PRC enterprises are subject to PRC Individual Income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a PRC enterprise is normally subject to withholding tax of 20% unless such tax is specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Meanwhile, according to *the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies* (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (Cai Shui [2015] No. 101) issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015 and coming into effect on September 8, 2015, where an individual acquires the shares of a listed company through a public offering or trading at the stock exchange where the company is listed and such individual holds the shares for more than one year, the dividend and bonus income shall be temporarily exempted from individual income tax. However, in the case where the holding period of such shares is no more than one month, the dividend shall be subject to individual income tax in full; while in the case where the holding period is between the range of one month to one year (inclusive), only 50% of the dividend income shall be subject to individual income tax. In each case where individual income tax shall be leviable, an uniform rate of 20% shall apply.

Pursuant to *the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

According to *the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation* Administration ([2019] No. 35) and coming into effect as of January 1, 2020, the non-resident taxpayers with tax payment obligations within the territory of the PRC may, if they need enjoy the entitlement to treaty benefits, receive such treaty benefit at the time of making tax declarations, or at the time of making withholding declarations via tax withholding agents, and in such way as "self-judgment of eligibility, declaration of entitlement, and maintenance of relevant materials for future inspection by the tax authority".

Enterprise Investors

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**") enacted by the National People's Congress ("**NPC**") on March 16, 2007, and effective from January 1, 2008, latest amended on December 29, 2018, and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, latest amended on December 6, 2024, a non-resident enterprise shall be subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise the shares of which are issued and listed in Hong Kong, if such non-resident enterprise does not have an institution or establishment in the PRC, or if, where such non-resident enterprise has an institution or establishment in the PRC, the PRC-sourced income is not actually connected with such institution or establishment in the PRC. Such withholding tax may, where applicable, be reduced or exempted pursuant to a treaty for the avoidance of double taxation. Such withholding tax payable by non-resident enterprises is deducted at source, where the payer of dividends, is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment of dividends is made or due.

The Circular on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the State Taxation Administration (the "**STA**") on November 6, 2008, further clarifies that a PRC-resident enterprise shall withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394), which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise listed on overseas stock exchanges shall withhold and remit corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further adjusted pursuant to a tax treaty or agreement that China has entered into with the relevant jurisdictions, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

According to *the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation* Administration ([2019] No. 35) and coming into effect as of January 1, 2020, the non-resident taxpayers with tax payment obligations within the territory of the PRC may, if they need enjoy the entitlement to treaty benefits, receive such treaty benefit at the time of making tax declarations, or at the time of making withholding declarations via tax withholding agents, and in such way as "self-judgment of eligibility, declaration of entitlement, and maintenance of relevant materials for future inspection by the tax authority".

Tax Treaties

Non-resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC are generally entitled to a reduction of the withholding taxes to be imposed on the dividends received from a PRC company. The PRC has entered into Avoidance of Double Taxation Arrangements with a number of countries and regions including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. According to *the Law of the People's Republic of China on the Administration of Tax Collection*, in the case of a discrepancy between the provisions of the relevant tax treaties or agreements concluded between the People's Republic of China and other countries and the provisions of *the Law of the People's Republic of China on the Administration of Tax Collection*, the provisions of the treaties or agreements shall prevail.

In the event that a non-resident taxpayer entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements does not enjoy the benefits, such non-resident taxpayer may elect to apply to the PRC tax authorities for a refunding of the withholding tax in excess of the agreed tax rate, and such refunding is subject to verification by the PRC tax authorities.

B. Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Pursuant to the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) ("**Circular 36**"), effective from May 1, 2016, and latest amended on March 20, 2019, individuals and entities providing service within the PRC are obligated to pay Value-Added Tax ("**VAT**"). According to Circular 36 and the appendixes thereto, "providing service" shall include the assignment of financial products, inclusive of marketable securities, and the provision of service shall be deemed "within the PRC" where either the service provider or the recipient of service is situated within the PRC, except as otherwise provided by Circular 36 or other rules promulgated by the Ministry of Treasury and the National Taxation Bureau. The assignment of marketable securities is subject to a VAT rate of 6% on the taxable income, provided, however, that individuals are exempt from VAT obligations when engaging in the transfer of financial products. The taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual Investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance ("**MOF**") and the STA on continuing the exemption policy of Individual Income Tax over Income of Individuals Arising from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

On December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Restriction (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167). This circular, effective from January 1, 2010, provides that individuals' income derived from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempt from individual income tax, while for the listed shares subject to sales restrictions, an individual income tax of 20% shall apply. As of the Latest Practicable Date, there are no provisions expressly providing that individual income tax shall be imposed on non-resident individuals for the transfer of shares in a PRC resident enterprise listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and the Implementation Regulations of the Enterprise Income Tax Law of the PRC, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments. The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), as issued by the Standing Committee of the NPC on June 10, 2021 and came into effect on July 1, 2022, Units and individuals who establish taxable instruments or conduct securities transactions within the territory of China, or units and individuals who establish taxable instruments or conduct securities transactions outside the territory of China but use taxable instruments within the territory of China shall pay stamp duty.

Estate Duty

As of the last practicable date,there is presently no imposition of estate duty in China.

2. FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi ("**RMB**"), which is currently subject to foreign exchange control and cannot be freely converted into foreign exchange. The State Administration of Foreign Exchange (the "**SAFE**"), under the authorization of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (the "**Regulations on Foreign Exchange Administration**") which became effective on April 1, 1996. The Regulations on Foreign Exchange Administration classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to the SAFE's approval, while capital account items are still subject to such approval. Pursuant to the latest amendment to the Regulations on Foreign Exchange Administration made on August 5, 2008, the PRC does not impose any restriction on international payments and transfers under the current account items.

On June 20, 1996, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "**Settlement Regulations**"), which became effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Reforming the RMB Exchange Rate Regime issued by the PBOC (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16) and came into effect on July 21, 2005, the PRC will reform the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Therefore, the RMB exchange rate was no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the RMB in the interbank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day.

Starting from 4 January 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On 1 July 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers offered quotations after excluding the highest and lowest quotations,and announce the central parity of the RMB against currencies such as the USD at 9:15 a.m. on each working day. On 11 August 2015, the PBOC announced to improve the central parity quotations of RMB against the USD by authorizing market makers to provide central parity quotations to the China Foreign Exchange Trading System before the interbank foreign exchange market opens every day with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

On 5 August 2008, the State Council promulgated the Regulations of the People's Republic of China on Foreign Exchange Administration (the "**Amended Regulations on Foreign Exchange**") which made significant changes on the supervisory system for foreign exchange in the PRC. Firstly, the Amended Regulations on Foreign Exchange adopted balanced treatment on the inflow and outflow of foreign capital. Incomes in foreign currencies overseas can be remitted to the PRC or remained overseas, and foreign currencies of capital account items and funds for settlement in foreign currencies can only be used according to the purposes approved by relevant competent authorities and foreign exchange administration. Secondly, the Amended Regulations on Foreign Exchange improved the RMB exchange mechanism based on market supply and demand. Thirdly, the Amended Regulations on Foreign Exchange enhanced the monitoring of cross-border capital flow in foreign currencies, whereby the state could implement necessary protection or controlling measures on international balance of payments when material imbalance of income and expenses related to cross-border trading arise or might arise, or serious crises in the domestic economy occur or might occur. Fourthly, the Amended Regulations on Foreign Exchange enhanced the regulation and administration on foreign currency trading, and granted extensive authorization to the SAFE to enhance its supervisory and administrative capacity.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment from foreign exchange accounts opened at the designated foreign exchange banks, on the strength of valid transaction receipt or proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批專案等事項的決定》) (Guo Fa [2014] No. 50), which decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE promulgated and implemented the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), pursuant to which a domestic company shall, within 15 business days upon the end of its overseas issuance and listing, register the overseas listing with the Administration of Foreign Exchange in the city where such company is registered; the proceeds from an overseas listing of a domestic company may be remitted to the PRC or deposited overseas, but the use of the proceeds shall be consistent with such contents as specified in the registration documents and other disclosure documents.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and taking effect on June 1, 2015, two of the administrative approval items, being the approval of foreign exchange registration under domestic direct investment and the approval of foreign exchange registration under overseas direct investment, have been canceled, the foreign exchange registration under domestic direct investment and overseas direct investment shall thereafter be directly handled by banks. The SAFE and its branch offices shall, through the relevant foreign exchange business handled by banks, indirectly regulate the foreign exchange registration of direct investment.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. The proportion of discretionary settlement of domestic institutions' foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (Hui Fa [2020] No. 8) promulgated with effect from April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III—Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the Company Law of the People's Republic of China. The principal objective of this summary is to provide [**REDACTED**] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the [**REDACTED**]. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the "**Constitution**"), and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "**Legislation Law**"), which was amended by the NPC on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts must be submitted to the people's congress of such provinces or autonomous regions for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法(2023年修訂)》) (the "**Civil Procedure Law**"), adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**") was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised Company Law came into effect on 1 July 2024.

The Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises(《境內企業境外發行證券和上市管理試行辦法》) and its five interpretative guidelines promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**"), in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 28 March 2025.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, shareholding or claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at shareholders' general meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of ordinary shares of a company include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;

(iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;

(iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;

(v) to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to comply with the articles of association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholder's General Meetings

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the supervisory committee;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the company's articles of association;

(ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' general meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the Board;

(v) the Supervisory Committee proposes to convene the meeting;

(vi) other circumstances as stipulated in the articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board should convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting.

Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

(i) to summon shareholder's general meetings and report its work to the shareholder's general meetings;

(ii) to implement the resolutions of the shareholder's general meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;

(ix) to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(x) to formulate a company's basic management system;

(xi) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

(i) a person with no capacity for civil conduct or limited capacity for civil conduct;

(ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of"dishonest persons subject to enforcement"by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' general meetings and summon and preside over board meetings;

(ii) to examine the implementation of resolutions of the Board;

(iii) to sign the securities issued by a company;

(iv) to exercise other powers conferred by the Board.

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from:

(i) embezzling the company's property or misappropriating of the company's capital;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company; or

(vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the Articles of Association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders'meeting and obtain an approval by resolution of the board of directors or the shareholders'meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

A company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting or the shareholders'general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders'general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the general meeting or the shareholders'general meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or is ordered to be closed or dissolved in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders'general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders'meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's property and respectively prepare balance sheet and list of property;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) distributing the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' general meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancelation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of the article 16 of the Trial Measures. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC.

The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與 交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**PRC Securities Law**"), which was amended by the Standing Committee of the NPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**Arbitration Law**"), amended by the Standing Committee of the NPC on September 1 2017 and effective on January 1 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on 26 November 2020 and effective on 27 November 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

This Appendix mainly provides [**REDACTED**] 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 [**REDACTED**].

SHARES AND REGISTERED CAPITAL

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 any entity or individual.

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 special resolutions at the Shareholders' general meeting:

(i) Issue of shares to unspecified persons;

(ii) Issue of shares to specified persons;

(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 securities regulatory authority of the company's stock listing location.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in Company Law of the PRC,other relevant regulations and the Articles of Association.

Repurchase of Shares

Company shall not to repurchase its own shares, unless otherwise under the circumstances:

(i) Reduce our Company's registered capital;

(ii) Merger with other companies which hold our shares;

(iii) Using the shares as an employee stock ownership plan or equity incentive plan;

(iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' general meeting upon their request;

(v) Use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

A resolution shall be passed at the Shareholders' general meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, under the premise of complying with the securities regulatory rules of the company's stock listing place, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting. After the Company has repurchased its own shares in accordance with the circumstances above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted by way of open centralized trading.

Transfer of Shares

The shares issued before the company's initial public offering of A-shares shall not be transferred within one year from the date on which the company's A-share stock is listed and traded on the securities exchange.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures shall not exceed 25% of their total holdings of shares 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.The company's core technical personnel shall not transfer the pre-IPO shares of the company within 12 months from the date of listing of the company's stock, and within 6 months after leaving the position. Within 4 years from the expiration of the lock-up period for the held pre-IPO shares, the annual transfer of pre-IPO shares cannot exceed 25% of the total number of pre-IPO shares held at the time of listing, and the reduction ratio can be cumulatively used. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors and 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, a securities company which holds 5% or more of the Company's shares as a result of its undertaking of the untaken shares in an offer, sale those Company's shares shall not be subject to the six-month time limit as set out above.

Shares or other securities with the nature of equity held by Directors, Supervisors, 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.

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' GENERAL MEETINGS

Shareholders

The Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The original register of Shareholders of [**REDACTED**] foreign shares [**REDACTED**] in Hong Kong is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

(i) To receive distribution of dividends and other forms of benefits according to the number of shares held;

(ii) To legally require, summon, preside over, participate in or authorize proxies of Shareholders to attend the General Meeting and exercise corresponding voting rights;

(iii) To supervise operational activities of our Company, provide suggestions or submit queries;

(iv) To transfer, grant and pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To read and duplicate the Articles of Association, the list of Shareholders, General Meeting minutes, resolutions of meetings of the Board of Directors,and financial and accounting reports,shareholders who meet the regulations may inspect the company's accounting books and vouchers.;

(vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(vii) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the Company;

(viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where our Company's shares are listed, or the Articles of Association.

Where any Shareholder,who meet the regulations may inspect the company's accounting books and vouchers, demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to the Company written documents proving the class(es) and number of shares he holds. The Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

In the event that any resolution of the Shareholders' general meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid. In the event that the convening procedure or voting method of the Shareholders' general meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted.

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 Share participation methods;

(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 for the company's stock listing location and the Articles of Association.

Any company 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.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management other than the Audit Committee when performing their duties in our 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 members of the Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the Shareholders 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 our 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 our Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the court pursuant to the provisions of the preceding two paragraphs.

If the directors, supervisors, or senior management personnel of a wholly-owned subsidiary of the company violate laws, administrative regulations, or the provisions of this charter in the performance of their duties and cause losses to the company, or if others infringe upon the legitimate rights and interests of the wholly-owned subsidiary causing losses, shareholders who individually or collectively hold more than 1% of the company's shares for more than 180 consecutive days may, in accordance with the first three paragraphs of Article 189 of the 'Company Law', request in writing that the supervisory board or the board of directors of the wholly-owned subsidiary file a lawsuit with the People's Court or directly file a lawsuit with the People's Court in their own name. If the wholly-owned subsidiary does not have a supervisory board or supervisors but has an audit committee, the provisions of the first and second paragraphs of this article shall apply.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The controlling Shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company; Who violate Articles of Association and cause losses to the Company shall be liable for compensation.

Controlling Shareholders and ultimate controllers of the Company shall have a duty of care to the Company and Public Shareholders. Controlling Shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the lawful interests of the Company or of public Shareholders in any way such as connected transaction,via the distribution of profits, an asset reorganization, external investments, the use of Company's funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of public Shareholders.

General Provisions for Shareholders' General Meetings

The General Meetings are divided into annual general Shareholders' meetings and extraordinary general Shareholders' meetings. The annual general shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

The Shareholders' general meeting is the organ of authority of the Company, which exercises its powers in accordance with the PRC Company Law:

(i) To elect or remove the Directors and Supervisors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors and Supervisors;

(ii) To examine and approve reports of the Board of Directors;

(iii) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(iv) To decide on any increase or decrease of the Company's registered capital;

(v) To decide on the issue of corporate bonds by the Company;

(vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vii) To amend the Articles of Association;

(viii) Resolution on appointment and dismissal of an accounting firm conducting company audit services by the Company;

(ix) To examine and approve the provision of guarantees stipulated in Article 42 of the articles of association;

(x) To examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xi) To examine and approve matters relating to changes in the use of proceeds;

(xii) To examine and approve the equity incentive plans and employee stock ownership plans;

(xiii) Review and approve related-party transactions with an amount of more than 30 million yuan, which account for more than 1% of the company's most recent audited total assets or market value;

(xiv) Review the credit line, loans, bankers' acceptances, bank guarantees, and international trade financing (such as issuing letters of credit, forfaiting, etc.) or other financing matters applied by the company to banks and other financial institutions where the single amount or cumulative amount within one year accounts for not less than 50% of the total assets audited in the most recent period;

(xv) To examine other matters as required by the laws, administrative regulations, departmental rules, the Articles of Association of the Company or the securities regulatory rules of the place where the Company's shares are listed, which shall be decided by the Shareholders' general meeting.

Apart from the shareholders' meeting authorizing the board of directors to make resolutions on issuing corporate bonds, the aforementioned powers of the shareholders' meeting shall not be exercised by the board of directors or other institutions and individuals through delegation.

If the company provides a guarantee, it shall be submitted to the board of directors or the shareholders' meeting for review and timely disclosure. The following external guarantees (including mortgage, pledge, or guarantee, etc.) by the company should be submitted to the shareholders' meeting for review after being approved by the board of directors:

(1) Guarantees exceeding 10% of the company's most recent audited net assets;

(2) Any guarantees provided after the total amount of external guarantees, including those of the company and its holding subsidiaries, exceeds 50% of the company's most recent audited net assets;

(3) Guarantees provided to guarantors with an asset-liability ratio exceeding 70%;

(4) Guarantees where the amount provided in one year exceeds 30% of the company's most recent audited total assets;

(5) Any guarantees provided after the total amount of external guarantees exceeds 30% of the company's most recent audited total assets;

(6) Guarantees provided to shareholders, actual controllers, and their affiliates;

(7) Other guarantee situations stipulated by the securities regulatory rules of the company's stock listing place or this charter.

For matters within the scope of authority of the board of directors, in addition to being passed by a majority of all directors, they must also be agreed upon by more than two-thirds of the directors present at the board meeting.

When the shareholders' meeting reviews the guarantee item of the fourth item in the preceding paragraph, it must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the shareholders' meeting reviews the guarantee item of the sixth item in the preceding paragraph, that shareholder or a shareholder controlled by the actual controller shall not participate in the vote on that item, and the vote shall be passed by more than half of the voting rights held by the other shareholders present at the shareholders' meeting.

If the company provides guarantees for its wholly-owned subsidiaries, or provides guarantees for holding subsidiaries with equal proportion of counter-guarantees provided by other shareholders of the holding subsidiaries, the provisions of items one to three of this article may be waived. The company should summarize and disclose the aforementioned guarantees in its annual report and semi-annual report.

If the company provides guarantees to related parties, it should have reasonable commercial logic, promptly disclose after being approved by the board of directors, and submit it to the shareholders' meeting for review. If the company provides guarantees to controlling shareholders, actual controllers, and their affiliates, the controlling shareholders, actual controllers, and their affiliates should provide counter-guarantees.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(i) The number of directors is less than the legal minimum number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;

(ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;

(iii) The Shareholders with 10% or more shares(excluding treasury shares) of the Company separately or jointly request;

(iv) The Board of Directors considers it necessary;

(v) The Audit Committee proposes that such a meeting shall be held;

(vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Summoning of Shareholders' General Meetings

Shareholders who individually or collectively hold more than 10% of the shares(excluding treasury shares) of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and 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 written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to hold an extraordinary general meeting, and shall make a written request to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Where the Audit Committee or shareholders decide to convene a Shareholders' general meeting by themselves, they shall notify the Board of Directors in writing and file with the Shanghai Stock Exchange at the same time. Prior to the announcement of the resolution of the Shareholders' general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Audit Committee or the convening shareholders shall submit relevant supporting materials to Shanghai Stock Exchange when issuing the notice of the general meeting and the announcement of the resolutions of the Shareholders' general meeting.

The expenses necessary for the Shareholders' general meeting Summoned by the Audit Committee or the shareholders themselves shall be borne by the Company.

Notice of Shareholders' General Meeting

The notice of a Shareholders' general meeting includes the following:

(i) The time, place and duration of the meeting;

(ii) The matters and proposals to be discussed at the meeting;

(iii) To state, in plain language: all Shareholders have the right to attend the general meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(iv) The shareholding registration date of the Shareholders entitled to attend the general meeting;

(v) Name and telephone number of the permanent contact person for conference affairs;

(vi) The time and procedure for voting via the network or other means.

The notice of the General Meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals. If the matter to be discussed needs the opinion of Independent Directors, the opinions and reasons of Independent Directors will be disclosed at the same time when the notice of General Meeting or supplementary notice is issued. The start time of voting by network or other means at the General Meeting shall not be earlier than 3:00 p.m. on the day before the on-site General Meeting, nor later than 9:30 a.m. on the day of the on-site General Meeting, and the end time shall not be earlier than 3:00 p.m. on the day of the on-site General Meeting.

The convener shall notify all Shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each Shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting.

The interval between the shareholding registration date and the meeting date shall be no more than 7 working days. Once the shareholding registration date is confirmed, it cannot be changed.

Proposals at Shareholders' General Meetings

The Board of Directors, the Audit Committee and Shareholders who individually or jointly hold more than 1% of the shares of the Company shall have the right to put forward proposals to the Company. Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting within 2 days after receiving the proposal, and announce the contents of the interim proposal. Where the Shareholders' general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplementary notice of the Shareholders' general meeting, the convening of the Shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Proxy for the Shareholders' General Meeting

A shareholder may attend, speech and vote at the shareholders' general meeting in person or by proxy.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (hereinafter referred to as the "**Recognized Clearing House**") or its proxy.

Voting at the Shareholders' General Meeting

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies). A special resolution at a shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies).

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting. If a shareholder purchases shares with voting rights 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 and shall not be counted towards the total number of shares with voting rights present at the shareholders' general meeting for thirty-six months after the purchase.

If any shareholder, under applicable laws and regulations and Hong Kong Listing Rules, is required to abstain from voting on any particular matter being considered or is restricted to voting only for or only against any particular matter being considered, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Board of Directors, independent Directors, shareholders holding more than one per cent of the shares with voting rights or investor protection agencies established in accordance with laws may solicit shareholder voting rights. The solicitation of shareholder voting rights should fully disclose specific voting intentions and other information to the solicited party. It is prohibited to solicit shareholder voting rights in a paid or disguised paid manner.Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

The resolution of the General Meeting includes ordinary resolution and special resolution. The following matters shall be approved by the General Meeting through ordinary resolutions:

(i) Work report of the Board of Directors;

(ii) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(iii) Appointment or dismissal of the members of the Board of Directors and their payment and payment methods;

(vi) Other matters other than those shall be approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the General Meeting:

(i) The increase or reduction of the registered capital of the Company;

(ii) The division, spin-off, merger, dissolution and liquidation of the Company or change of company form;

(iii) Any amendment to the Articles of Association;

(iv) Purchase or sale of significant assets within a year or the amount of guarantee provided to others which exceeds 30% of the Company's audited total assets for the latest period;

(v) Share option incentive plan;

(vi) Other matters as required by the laws, administrative regulations, other securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and matters approved by ordinary resolution of the General Meeting which are believed could materially affect our Company and need to be approved by special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors' term of office shall be three years. Upon expiration of the term, the Director may be re-elected. Director can be the general manager or other senior management personnel. However, provided that the total number of Directors who concurrently serve as general manager or other Senior Management Members and Directors who are employee's representatives shall not exceed half (1/2) of the total number of Directors of the Company.

The Company has 4 independent directors, one of them is an employee representative director. and the Board of Directors should not be less than three or one-third independent directors. Independent directors shall faithfully perform their duties and safeguard the interests of the Company, with particular attention to ensuring that the legitimate rights and interests of public shareholders are not jeopardized.

The directors shall abide by laws, administrative regulations, securities regulatory rules for the company's stock listing location and the Articles of Association, and should take measures to avoid conflicts of interest between personal interests and company interests, and it is not allowed to use authority for improper gains.

The directors should bear fiduciary obligations towards the Company:

(i) They shall not encroach upon the property of the Company or misappropriate the funds of the Company;

(ii) The assets of the Company shall not be deposited in any personal account;

(iii) Shall not abuse their authority to accept bribes or other illegal income and shall not misappropriate the properties of the Company;

(iv) Shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the General Meeting;

(v) Shall not use their position to seek commercial opportunities that belong to the company for oneself or others, except where such opportunities are reported to the board of directors or shareholders' meeting and approved by a resolution of the shareholders' meeting, or where the company is unable to utilize the opportunity due to legal, administrative regulations, or provisions of this charter;

(vi) Shall not engage in the same business as the Company either for their own account or for the account of any other person without the report of the board of directors or the shareholders 'meeting, and the approval of the General Meeting;

(vii) Shall not accept commissions paid by others for transactions conducted with the Company as their own;

(viii) Shall not disclose confidential Company's information without authorization;

(ix) Shall not abuse their related party relationships to damage the Company's interests;

(x) Other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the company's shares are listed and the Articles of Association.

The income obtained by the director in violation of above article shall belong to the Company; if losses are caused to the Company, such director shall be liable for compensation.

Directors shall abide by laws, administrative regulations and the Articles of Association, and shall exercise the reasonable care normally due to managers for the best interests of the Company in performing their duties.

Directors have the following diligent obligations to the Company:

(i) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

(ii) Shall treat all Shareholders fairly;

(iii) Shall maintain a timely awareness of the operation and management of the Company;

(iv) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(v) Shall provide information and materials to the Audit Committee and shall not obstruct the Audit Committee from performing its duties;

(vi) Other obligations of diligence stipulated in the laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the Company's Shares are listed, and the Articles of Association.

The fiduciary duty assumed by the Directors shall not be automatically relieved within a reasonable period after the resignation report has not come into effect or has come into effect after the end of the term of office. Their duty of confidentiality of the Company's business secrets shall remain valid after the end of the term of office, until the secrets become public information.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman shall be elected by more than one half of all Directors.

Board of Directors

The Board of Directors consists of eight Directors, four of whom are independent Directors and has one chairman, one of whom is employee representative director. Directors shall be elected or replaced at a shareholders' general meeting.

The Board of Directors exercises the following powers:

(i) To summon the general Shareholders' meeting and report on work to the General Meeting;

(ii) Implement the resolutions of the General Meeting;

(iii) Determine the business and investment plans of our Company;

(iv) Devise the earnings distribution and loss offset plans of our Company;

(v) Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;

(vi) Formulate plans for major acquisitions of the Company, in case of the circumstances stipulated of the Articles of Association the buy-back of shares of our Company, corporate merger, separation, dissolution and changing the form of our Company;

(vii) 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 General Shareholders' Meeting;

(viii) Decide on the setup of our Company's internal management organization;

(ix) To decide on matters such as appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management personnel 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) Set the basic management systems of our Company;

(xi) Make the modification plan to the Articles of Association;

(xii) Manage the disclosure of company information;

(xiii) Request to the general meeting of shareholders to hire or replace the accounting firm auditing for the company;

(xiv) Attend to the work report of our Company's general manager and review the work of the general manager;

(xv) Review the credit lines, loans, bank acceptance bills, bank guarantees and other financing matters applied for by the company from banks and other financial institutions, which are not less than 10% but not more than 50% of the audited total assets of the company in the latest period;

(xvi) Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, other securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors before the Board of Directors meeting can be convened.

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the shareholders' meeting for approval.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the shareholders' general meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Special Committees under the Board

The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors.

Secretary to the Board

The Company shall have a Secretary to the Board of Directors, and shall be responsible for the preparation of the shareholders' general meeting and Board meeting and shall deal with information disclosure and other matters. The Secretary to the Board of Directors shall comply with the relevant provisions of the laws, administrative regulations, departmental rules and the Articles of Association.

General Manager and Other Senior Management Members

The Company shall have one general manager, appointed or dismissed by the Board of Directors. The general manager of the Company is responsible to the Board of Directors and exercises the following powers:

(i) To be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(ii) To organize and implement the Company's annual business plan and investment proposals;

(iii) To draft plans for the establishment of the Company's internal management organizations;

(iv) To draft the Company's basic management system;

(v) To formulate specific rules and regulations for the Company;

(vi) To propose to the Board of Directors on the appointment or dismissal of deputy general manager and financial controller of the Company;

(vii) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(viii) To decide whether the single amount or the cumulative amount of credit lines, loans, bank acceptance bills, bank guarantees and other financing matters (such as letter of credit opening, deposit transfer, etc.) or international trade financing applied for by the company from banks and other financial institutions within one year accounts for less than 10% of the total audited assets of the company in the latest period;

(ix) To decide on related party transactions that do not fall within the approval authority of the board of directors;

(x) Other functions and powers conferred by the Articles of Association or the Board of Directors.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

None of the following persons shall serve as our Director, Supervisor or senior management:

(i) A person who has no civil capacity or has limited civil capacity;

(ii) A person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense, or who has been deprived of his/her political rights for committing an offense where less than five years have lapsed following such deprivation;where probation is declared, two years have not elapsed since the expiration of the probation period;

(iii) A person who is a former director, factory principal or manager or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) A person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license and ordered to close;

(v) A person who has a relatively large sum of debt, which was not paid at maturity and was listed as a dishonest person subjected to enforcement actions by the people's Court;

(vi) A person who is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;

(vii) A person who has been publicly identified by the Shanghai Stock Exchange as unfit to serve as a director or senior manager of a listed company, and the term has not expired;

(viii) Any other circumstances stipulated by laws, administrative regulations or departmental rules are listed.

Where a director is elected or appointed in violation of the provisions of this Article, such election, appointment or appointment shall be invalid. If a director commits any of the circumstances prescribed in this Article during his term of office, the company shall remove him from his post.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC. The Company shall adopt the Gregorian calendar year for its fiscal year, i.e. the fiscal year shall be from January 1 to December 31.

The Company shall submit and disclose its annual reports to the CSRC and the stock exchange in the place where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange in the place where the Company's shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

The Company is required to withdraw 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further withdrawal is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph. Subject to a resolution of the shareholders' general meeting, after withdrawal has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings.

If the General Meeting violates the above provisions and profits are distributed to the Shareholders before the Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned by such Shareholders to the Company.

No profit shall be distributed in respect of the shares of the Company which are held by the Company. The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital. The accumulated funds shall be used to make up the company's losses, first using any accumulated funds and statutory accumulated funds; if still unable to make up the losses, the capital accumulated funds may be used in accordance with regulations.When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

The Company implements a continuous and stable profit distribution policy. The profit distribution of the Company attaches importance to the reporting of investment and reasonable investment and takes into account the sustainable development of the Company.

After the General Meeting of our Company make a resolution on profit distribution plan, the Board of Directors shall complete the distribution within 2 months after the convening of the General Meeting. The specific profit distribution plan can be adjusted in accordance with such provisions and the actual situation when cannot be implemented within 2 months due to the provisions of laws and regulations and securities regulatory rules of the place where the Company's shares are listed.

The Company has implemented an internal audit system and established the internal audit department equipped with dedicated auditors to conduct internal audit and supervision on the Company's financial revenues and expenditures and economic activities. The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The person in charge of audit shall be accountable and report to the Board.

The Company shall appoint such accounting firm which has complied with the Securities Law for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one (1) year and can be re-appointed.

The appointment and disappointment of accounting firm by the Company shall be subject to the approval of the shareholders' general meetings by an ordinary resolution. The Board of Directors shall not appoint the accounting firm before the approval of the shareholders' general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fees of an accounting firm shall be determined at the shareholders' general meeting.

If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm thirty days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the shareholders' general meeting.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

(i) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(ii) The General Meeting adopts a resolution to dissolve our Company;

(iii) Our Company needs to be dissolved for the purpose of merger or division;

(iv) The business license is revoked, or our Company is ordered to close or be dissolved according to applicable law;

(v) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the People's Court to dissolve the Company.

Where our Company is dissolved due to the provisions set forth in i, ii, iv and v above, the liquidation team shall be established within 15 days from the date of the event leading to liquidation to commence dissolution. The personnel of the liquidation team shall be composed of directors. However, this article shall not apply if other provisions are made in the articles of association or if another person is elected by the shareholders' meeting. If the liquidation obligor fails to perform the liquidation obligation in time and causes losses to the company or its creditors, it shall be liable for compensation.

Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in the qualified media and Hong Kong Stock Exchange (www.hkexnews.hk) within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation team shall carry out registration of the claims. During the period for declaration of claims, the liquidation group shall not make any repayment to the creditors.

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

In the event the liquidation team finds that, after taking stock of our Company's property and preparing the balance sheet and list of property, that the assets are insufficient to pay the debts, it shall apply to the people's court to bankruptcy liquidation to the law.

After our Company is declared bankrupt by ruling of the people's court, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(i) Following the revision of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;

(ii) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;

(iii) A Shareholders' General Meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was established as a limited liability company in the PRC on July 4, 2014, and converted to a joint stock limited liability company on December 25, 2018. Our Company completed the listing of our A Shares on the SSE STAR Market (stock code: 688169) in February 2020. For further details on our incorporation and our listing of A Shares, see "History and Corporate Structure—Major Shareholding Changes of our Company" in this document.

Our registered office is located at Room 1001, Floor 10, Building 3, Yard 17, Anju Road, Changping District, Beijing, PRC. We have established a place of business in Hong Kong at 46/F, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong, Hong Kong, and [were] registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●] under the same address. Mr. Ng Tung Ching Raphael (吳東澄), one of our joint company secretaries, has been appointed as our authorized representative for the acceptance of service of process and notices on our behalf in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and Appendix V to this document, respectively.

2. Changes in our share capital

The following sets out the changes in our Company's share capital within the two years immediately preceding the issue of this document:

- On July 6, 2023, a total of 235,300 A Shares held under our Company stock repurchase account was transferred to the 2023 Stock Ownership Plan stock account pursuant to the terms of the 2023 Stock Ownership Plan.

- On July 20, 2023, our Company issued 4 new A Shares for every 10 existing A Shares to Shareholders by way of capital reserve capitalization, representing a total increase of 37,476,646 A Shares. The total share capital of our Company was then increased from 93,691,616 to 131,168,262 A Shares.

- As approved by the eighteenth meeting of the second session of the Board on July 18, 2023, a total of 107,644 A Shares was issued pursuant to the vesting of our Company's 2022 Restricted Share Incentive Plan on July 27, 2023. The total issued share capital of our Company was then increased from 131,168,262 to 131,275,906 A Shares.

- A repurchase mandate for the repurchase of A Shares for the purpose of our Company's Stock Ownership Plans was approved by the nineteenth meeting of the second session of the Board on August 29, 2023. The repurchase mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. As of August 28, 2024, the repurchase of A Shares was completed under the repurchase mandate, with a total of 187,549 A Shares repurchased pursuant to transactions conducted between August 29, 2023 and August 28, 2024, at an average price of RMB298.56 per A Share. Upon repurchase, the repurchased A Shares were held under our Company stock repurchase account, and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meetings and dividend rights. Any repurchased A Shares not granted or transferred within 36 months after the completion of the repurchase shall be canceled.

- As approved by the eighteenth meeting of the second session of the Board on July 18, 2023, a total of 1,029 A Shares was issued pursuant to the vesting of our Company's 2022 Restricted Share Incentive Plan on September 6, 2023. The total issued share capital of our Company was then increased from 131,275,906 to 131,276,935 A Shares.

- As approved by the nineteenth meeting of the second session of the Board on August 29, 2023, a total of 200,535 A Shares was issued pursuant to the vesting of the 2020 restricted share incentive plan of our Company on September 13, 2023. The total issued share capital of our Company was then increased from 131,276,935 to 131,477,470 A Shares.

- As approved by the twenty-fifth meeting of the second session of the Board on May 17, 2024, a total of 101,800 A Shares was issued pursuant to the vesting of our Company's 2022 Restricted Share Incentive Plan on May 27, 2024. The total issued share capital of our Company was then increased from 131,477,470 to 131,579,270 A Shares.

- On July 16, 2024, a total of 170,285 A Shares held under our Company stock repurchase account was transferred to the 2024 Stock Ownership Plan stock account pursuant to the terms of the 2024 Stock Ownership Plan.

- On August 8, 2024, our Company issued 4 new A Shares for every 10 existing A Shares to all Shareholders by way of capital reserve capitalization, representing a total increase of 52,627,802 A Shares. The total issued share capital of our Company was then increased to 184,207,072 A Shares.

- As approved by the twenty-ninth meeting of the second session of the Board on August 5, 2024, a total of 250,522 A Shares was issued pursuant to the vesting of our Company's 2023 Restricted Share Incentive Plan on August 13, 2024. The total issued share capital of our Company was then increased from 184,207,072 to 184,457,594 A Shares.

- As approved by the thirtieth meeting of the second session of the Board on August 28, 2024, a total of 265,554 A Shares was issued pursuant to the vesting of the 2020 restricted share incentive plan of our Company on September 13, 2024. The total issued share capital of our Company was then increased from 184,457,594 to 184,723,148 A Shares.

- A repurchase mandate for the repurchase of A Shares for the purpose of our Company's Stock Ownership Plans was approved by the fourth meeting of the third session of the Board on April 2, 2025. The repurchase mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. Pursuant to the transactions conducted between April 2, 2025 and up until the Latest Practicable Date, a total of 67,000 A Shares have been repurchased, at an average price of RMB182.98 per A Share. Upon repurchase, the repurchased A Shares were held under our Company stock repurchase account, and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meetings and dividend rights. Any repurchased A Shares not granted or transferred within 36 months after the completion of the repurchase shall be canceled.

- As approved by the sixth meeting of the third session of the Board on May 19, 2025, a total of 129,969 A Shares was issued pursuant to the vesting of our Company's 2022 Restricted Share Incentive Plan on May 27, 2025. The total issued share capital of our Company was then increased from 184,723,148 to 184,853,117 A Shares.

- On June 24, 2025, the Company issued 4 new A Shares for every 10 existing A Shares to all Shareholders by way of capital reserve capitalization, representing a total increase of 73,907,541 A Shares. The total issued share capital of our Company was then increased to 258,760,658 A Shares.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

- On December 20, 2023, the issued share capital of Roborock (HK) Limited increased from US$95,056,485 to US$105,056,485. The issued share capital increased to US$108,056,485 on February 23, 2024 and further increased to US$113,056,485 on March 6, 2024.

- On July 12, 2024, the registered capital of Huizhou Roborock Intelligent Manufacturing Technology Co., Ltd. (惠州石頭智造科技有限公司) was increased from RMB100 million to RMB600 million.

- On July 24, 2024, the registered capital of Beijing Roborock Invision Technology Co., Ltd. (北京石頭啟迪科技有限公司) was increased from RMB200 million to RMB365 million.

- On July 25, 2024, the registered capital of Beijing Roborock Innovation Technology Co., Ltd. (北京石頭創新科技有限公司) was increased from RMB270 million to RMB450 million.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of our Shareholders

Pursuant to the shareholders' meeting held on June 23, 2025, the following resolutions, among other things, were duly passed:

(a) the [**REDACTED**] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [**REDACTED**];

(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**] (before the exercise of 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**]; and

(d) authorization of the Board and its authorized persons to handle relevant matters relating to, among other things, the [**REDACTED**], and the [**REDACTED**] and the [**REDACTED**] of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

(a) [**REDACTED**]

2. Intellectual Property Rights of our Group

As of December 31, 2024, the following intellectual property rights are, in the opinion of our Directors, material to our Group's business.

(a) Trademarks

As of December 31, 2024, our Group had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
1.	石头	7	Our Company	PRC	16899001	August 13, 2026
2.	roborock	7	Our Company	PRC	22485882	February 6, 2028
3.	roborock	7	Our Company	PRC	24734624	June 20, 2028
4.	roborock	9	Our Company	PRC	22486046	February 6, 2028
5.	roborock	9	Our Company	PRC	72996653	January 13, 2034
6.	roborock	11	Our Company	PRC	26661295	October 13, 2028
7.	石头	11	Our Company	PRC	61609869	March 13, 2033
8.	石头	7	Our Company	PRC	30425854	May 6, 2031
9.		7	Our Company	PRC	23248111	March 6, 2028

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
10.		7	Our Company	PRC	24734625	June 20, 2028
11.		9	Our Company	PRC	23248368	March 6, 2028
12.		11	Our Company	PRC	64254386	August 27, 2033
13.		7	Roborock Technology Co.	U.S.	5454971	April 24, 2028
14.		7, 9, 35	Our Company	European Union	016666299	April 30, 2027
15.		7	Our Company	Japan	6007302	December 22, 2027
16.		7	Our Company	South Korea	40-1350361	April 12, 2028
17.	ROBOROCK	7	Roborock Technology Co.	U.S.	5547360	August 21, 2028
18.	roborock	7, 9, 35	Our Company	European Union	017298035	October 4, 2027
19.	roborock	7	Our Company	Japan	6074369	August 24, 2028
20.	roborock	7	Our Company	South Korea	40-1407626	October 17, 2028
21.		7, 9	Our Company	Hong Kong	304126248/ 305750307	May 1, 2027; September 19, 2031
22.	roborock	7, 9	Our Company	Hong Kong	304342392/ 305750299	November 20, 2027; September 19, 2031

(b) Patents

As of December 31, 2024, our Group had registered the following patents in the PRC which we considered to be material to our business:

No.	Patent	Patent owner	Type of patent	Patent number	Application date
1.	Intelligent mobile equipment and its trajectory planning method, device, process and medium (智能移動設備及其移動路徑規劃方法、裝置、程序、介質).	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201810141097.6	February 11, 2018
2.	Intelligent mobile equipment and its control method and storage medium (智能移動設備及其控制方法、存儲介質).	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201810476201.7	May 17, 2018
3.	Positioning method of robot, device, electronic equipment and storage medium (機器人的定位方法及裝置、電子設備、存儲介質).	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201811268293.6	October 29, 2018
4.	Intelligent cleaning equipment, positioning method and device, storage medium, electronic equipment (智能清潔設備、重定位方法及裝置、存儲介質、電子設備)	Our Company	Invention	ZL201811392739.6	November 21, 2018
5.	Intelligent cleaning equipment and its control method and readable medium (智能清潔設備及其控制方法和可讀介質).	Our Company	Invention	ZL201811564340.1	December 20, 2018
6.	Robot working area map construction method, device, robot and medium (機器人工作區域地圖構建方法、 裝置、 機器人和介質).	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201910261018.X	April 2, 2019
7.	Sweeping robot voice control method, device, robot and medium (掃地機器人語音控制方法、裝置、機器人和介質) . .	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201910265952.9	April 3, 2019
8.	Robot voice control method, device, robot and medium (機器人語音控制方法、裝置、機器人和介質).	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201910265960.3	April 3, 2019

No.	Patent	Patent owner	Type of patent	Patent number	Application date
9.	Robot voice control method, device, robot and medium (機器人語音控制方法、裝置、 機器人和介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201910266361.3	April 3, 2019
10.	Robot distance measurement method, device, robot and medium (機器人測距校準方法、裝置、機器人和介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201910312237.6	April 18, 2019
11.	A control method, device, equipment and medium for automated cleaning equipment (一種自動清潔設備控制方法、裝置、設備和介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201910628272.9	July 12, 2019
12.	A cleaning robot and its control method (一種清潔機器人及其控制方法)	Our Company	Invention	ZL201910837584.0	September 5, 2019
13.	A cleaning robot and its control method (一種清潔機器人及其控制方法)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL201910838307.1	September 5, 2019
14.	Intelligent cleaning device control method, device and intelligent cleaning device (智能清潔裝置控制方法、裝置與智能清潔裝置)	Shenzhen Roborock Innovation Technology Co., Ltd.	Invention	ZL201911348799.2	December 24, 2019
15.	Fan control method and system (風機控制方法及系統)	Shenzhen Roborock Innovation Technology Co., Ltd.	Invention	ZL202010006720.4	January 3, 2020
16.	Vacuum cleaner control method and vacuum cleaner (吸塵器控制方法及吸塵器)	Shenzhen Roborock Innovation Technology Co., Ltd.	Invention	ZL202010006767.0	January 3, 2020
17.	Charging control method, device and storage medium, cleaning robot (充電控制方法、裝置及存儲介質、清潔機器人)	Our Company	Invention	ZL202010266733.5	April 7, 2020
18.	Control method, device, self-propelled robot and storage medium for self-propelled robot (自行走機器人控制方法、裝置、自行走機器人和存儲介質)	Shenzhen Roborock Innovation Technology Co., Ltd.	Invention	ZL202010382048.9	May 8, 2020

No.	Patent	Patent owner	Type of patent	Patent number	Application date
19.	A distance measurement method, device, robot and storage medium (一種測距方法、裝置、機器人和存儲介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202010887031.9	August 28, 2020
20.	Intelligent cleaning equipment, control method and computer storage medium (智能清潔設備、控制方法、計算機存儲介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202010948471.0	September 10, 2020
21.	Map processing method, device, storage medium and robot (地圖處理方法、裝置、存儲介質和機器人)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202010961095.9	September 14, 2020
22.	Control method, device, electronic equipment, storage medium for cleaning robot (清潔機器人及其控制方法、裝置、電子設備、存儲介質)	Our Company	Invention	ZL202110009046.X	January 5, 2021
23.	Control method and device, medium and electronic equipment for automated cleaning equipment (自動清潔設備控制方法及裝置、介質及電子設備)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110184703.4	February 10, 2021
24.	Control method and device, medium and electronic equipment for automated cleaning equipment (自動清潔設備控制方法及裝置、介質及電子設備)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110184743.9	February 10, 2021
25.	Control method and device, medium and electronic equipment for automated cleaning equipment (自動清潔設備控制方法及裝置、介質及電子設備)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110184809.4	February 10, 2021
26.	Map illustration method and device, medium and electronic equipment (地圖繪製方法及裝置、介質及電子設備)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110184843.1	February 10, 2021
27.	Control method, electronic equipment, storage medium for cleaning robot (清潔機器人及其控制方法、電子設備、存儲介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110280971.6	March 16, 2021

No.	Patent	Patent owner	Type of patent	Patent number	Application date
28.	Child lock control method and device, robot, storage medium, electronic equipment (童鎖控制方法及裝置、機器人、存儲介質、電子設備)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110408127.7	April 15, 2021
29.	An obstacle-avoidance method, device, medium and electronic device for self-propelled equipment (一種自行走設備避障方法、裝置、介質和電子設備).	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110460945.1	April 27, 2021
30.	A distance measurement method, device, robot and storage medium (一種測距方法、裝置、機器人和存儲介質).	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110477259.5	April 29, 2021
31.	Automated cleaning system and its control method, device and storage medium (自動清潔系統及其控制方法、裝置和存儲介質).	Our Company	Invention	ZL202110714126.5	June 25, 2021
32.	Automated cleaning system and its control method, device and storage medium (自動清潔系統及其控制方法血、裝置和存儲介質).	Our Company	Invention	ZL202110727998.5	June 29, 2021
33.	Control method, device, robot and storage medium for automated cleaning equipment (自動清潔設備控制方法、裝置、機器人和存儲介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110727999.X	June 29, 2021
34.	A control method for cleaning robot (一種清潔機器人的控制方法)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110846591.4	July 26, 2021
35.	Control method, device, electronic equipment, storage medium for cleaning robot (清潔機器人及其控制方法、裝置、電子設備、存儲介質) . .	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202110944064.7	August 17, 2021

No.	Patent	Patent owner	Type of patent	Patent number	Application date
36.	A control method, system, equipment and computer-readable storage medium for cleaning equipment (一種清潔設備的控制方法、系統、設備及計算機可讀存儲介質)	Our Company	Invention	ZL202110969866.3	August 23, 2021
37.	Map processing method, device, storage medium and robot (地圖處理方法、裝置、存儲介質及機器人)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202111092206.8	September 17, 2021
38.	Control method, device, cleaning equipment and storage medium for cleaning equipment (清潔設備的控制方法、裝置、清潔設備和存儲介質) . . .	Our Company	Invention	ZL202111153441.1	September 29, 2021
39.	Control method, device, cleaning robot and storage medium for cleaning robot (清潔機器人的控制方法、裝置、清潔機器人和存儲介質)	Our Company	Invention	ZL202111208641.2	October 18, 2021
40.	Cleaning robot control method and control device (清潔機器人控制方法及控制裝置)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202111354798.6	November 16, 2021
41.	Intelligent mobile equipment and its control method and storage medium (智能移動設備及其控制方法、存儲介質)	Our Company	Invention	ZL202111357926.2	May 17, 2018
42.	Control method, device, self-propelled equipment and storage medium for self-propelled robot (自行走設備的控制方法、裝置、自行走設備和存儲介質).	Our Company	Invention	ZL202111486130.7	December 7, 2021
43.	Control method, device, cleaning equipment and storage medium for cleaning equipment (清潔設備的控制方法、裝置、清潔設備和存儲介質) . .	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202111492870.1	December 8, 2021
44.	Vacuum cleaner control method and vacuum cleaner (吸塵器控制方法及吸塵器)	Our Company	Invention	ZL202111594843.5	January 3, 2020

No.	Patent	Patent owner	Type of patent	Patent number	Application date
45.	Multi-camera frame synchronization control method and self-propelled equipment (多攝像頭的幀同步控制方法及自行走設備)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202210005387.4	January 4, 2022
46.	Control method, device and electronic equipment for cleaning robot zone cleaning (清潔機器人劃區清潔的控制方法、裝置及電子設備)	Shenzhen Roborock Innovation Technology Co., Ltd.	Invention	ZL202210005991.7	January 4, 2022
47.	Control method and device for automated cleaning system and automated cleaning equipment (自動清潔系統、自動清潔設備的控制方法及裝置)	Our Company	Invention	ZL202210157381.9	February 21, 2022
48.	Robot voice control method, device, robot and medium (機器人語音控制方法、裝置、機器人和介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202210225162.X	April 3, 2019
49.	Cleaning equipment and its control method (清潔設備及其控制方法)	Our Company	Invention	ZL202210273048.4	March 18, 2022
50.	Control method, device, base station and storage medium for drying equipment (烘乾設備的控制方法、裝置、基站及存儲介質)	Our Company	Invention	ZL202210418141.X	April 20, 2022
51.	Positioning method of robot, device, electronic equipment and storage medium (機器人的定位方法及裝置、電子設備、存儲介質)	Beijing Roborock Innovation Technology Co., Ltd.	Invention	ZL202210535950.9	October 29, 2018
52.	Cleaning system and its control method, device and storage medium (清潔系統及其控制方法、裝置和存儲介質)	Our Company	Invention	ZL202210845827.7	July 19, 2022
53.	Control method, device, washer-dryer and storage medium for washer-dryer (洗烘一體機的控制方法、裝置、洗烘一體機及存儲介質)	Nanjing Roborock Innovation Technology Co., Ltd.	Invention	ZL202211057592.1	August 31, 2022
54.	Distance measurement device and cleaning equipment (測距裝置與清潔設備)	Our Company	Utility Model	ZL202420038303.1	January 5, 2024

No.	Patent	Patent owner	Type of patent	Patent number	Application date
55.	Laser distance measurement device and robot (激光測距裝置和機器人)	Our Company	Utility Model	ZL201922132547.8	December 2, 2019
56.	Distance measurement device and cleaning robot (測距裝置及清潔機器人)	Our Company	Utility Model	ZL202320903075.5	April 20, 2023
57.	Laser distance measurement device and automated cleaning equipment (激光測距裝置及自動清潔設備). . . .	Our Company	Utility Model	ZL202222564175.8	September 27, 2022
58.	Intelligent cleaning equipment and positioning device for the equipment (智能清潔設備和用於其的重定位裝置).	Our Company	Utility Model	ZL201821922614.5	November 21, 2018
59.	A distance measurement sensor for self-propelled equipment and self-propelled equipment (一種自移動設備的測距傳感器及自移動設備)	Our Company	Utility Model	ZL202120600426.6	March 23, 2021
60.	Rotating mop for cleaning robot (side mop) (清潔機器人的旋轉拖布(邊拖))	Our Company	Design	ZL202430008482.X	January 7, 2024
61.	Cleaning robot (清潔機器人)	Our Company	Design	ZL202430008483.4	January 7, 2024
62.	Cleaning robot base station (清潔機器人基站).	Our Company	Design	ZL202430006596.0	January 5, 2024
63.	Cleaning robot base station (清潔機器人基站).	Our Company	Design	ZL202430006895.4	January 5, 2024
64.	Dust collection station (集塵站)	Our Company	Design	ZL202330052655.3	February 15, 2023

(c) Domain Names

As of December 31, 2024, our Group had registered the following domain names which we considered to be material to our business:

No.	Domain name	Registered owner	Place of registration	Date of registration	Expiry date
1.	roborock.com	Our Company	PRC	August 19, 2002	August 19, 2027
2.	rockrobo.com	Our Company	PRC	August 12, 2014	August 12, 2028
3.	roborock.cloud.	Our Company	PRC	December 26, 2022	December 26, 2028

(d) Copyrights

As of December 31, 2024, our Group had registered the following copyrights in the PRC which we considered to be material to our business:

No.	Copyright	Registration number	Registered owner	Date of registration
1.	Robot Status Control Software V1.0 (機器人狀態控制軟件V1.0)	2016SR336727	Our Company	November 18, 2016
2.	Robot System Upgrade Software V1.0 (機器人系統升級軟件V1.0)	2016SR336721	Our Company	November 18, 2016
3.	Robot MCU Programming and Upgrade Software V1.0 (機器人MCU燒錄及升級軟件V1.0)	2016SR336732	Our Company	November 18, 2016
4.	Robot Battery Charging and Discharging Management Software V1.0 (機器人電池充放電管理軟件V1.0)	2016SR351191	Our Company	December 2, 2016
5.	Sweeping Robot Image Processing and Image-assisted Door Segmentation Software V1.0 (掃地機器人圖片處理及圖像輔助房門分割軟件V1.0) . . .	2019SR0279038	Beijing Roborock Innovation Technology Co., Ltd.	March 25, 2019
6.	Sweeping Robot MCU Self-Check Software V1.0 (掃地機器人MCU自檢軟件V1.0)	2019SR0279082	Beijing Roborock Innovation Technology Co., Ltd.	March 25, 2019
7.	Sweeping Robot Operational Safety Detection Software V1.0 (掃地機器人運行安全檢測軟件V1.0)	2019SR0279062	Beijing Roborock Innovation Technology Co., Ltd.	March 25, 2019

No.	Copyright	Registration number	Registered owner	Date of registration
8.	Sweeping Robot Basic Interaction Function Definition Software V1.0 (掃地機器人基本交互功能定義軟件V1.0)	2019SR0279047	Beijing Roborock Innovation Technology Co., Ltd.	March 25, 2019
9.	Roborock Application Software (Android Version) V1.0 (Roborock應用軟件(Android版)V1.0)	2019SR0453147	Our Company	May 13, 2019
10.	Roborock Smart App (Android Version) V1.0 (石頭智能應用程序(Android版)V1.0)	2019SR0424263	Our Company	May 5, 2019
11.	Mobile Object Tracking and Recognition Software V1.0 (移動物品跟蹤識別軟件V1.0)	2019SR1168228	Our Company	November 19, 2019
12.	Sweeping Robot Binocular Distance Calibration System V1.0 (掃地機器人雙目測距校正系統V1.0)	2019SR1438616	Beijing Roborock Innovation Technology Co., Ltd.	December 26, 2019
13.	Sweeping Robot Monocular Distance Calibration System V1.0 (掃地機器人單目測距校正系統V1.0)	2019SR1438624	Beijing Roborock Innovation Technology Co., Ltd.	December 26, 2019
14.	Roborock Sweeping Robot Mobile App System (iOS Version) V1.0 (石頭掃地機器人智能手機應用系統iOS版V1.0)	2019SR0906348	Beijing Roborock Innovation Technology Co., Ltd.	August 30, 2019
15.	Sweeping Robot Gesture Switch System V1.0 (掃地機器人手勢開關系統V1.0)	2019SR0906353	Beijing Roborock Innovation Technology Co., Ltd.	August 30, 2019
16.	Roborock Sweeping Robot Mobile App Backend System (石頭掃地機器人智能手機應用後端系統V1.0)	2019SR0906359	Beijing Roborock Innovation Technology Co., Ltd.	August 30, 2019
17.	Roborock Sweeping Robot Mobile App System (Android Version) V1.0 (石頭掃地機器人智能手機應用系統Android版V1.0)	2019SR0906362	Beijing Roborock Innovation Technology Co., Ltd.	August 30, 2019
18.	Sweeping Robot Remote Control Support Software V1.0 (掃地機器人遙控器支持軟件V1.0)	2020SR1912844	Beijing Roborock Innovation Technology Co., Ltd.	December 29, 2020

No.	Copyright	Registration number	Registered owner	Date of registration
19.	LiDAR Integrated Testing Software V1.0 (激光雷達綜合測試軟件V1.0)	2020SR1912190	Beijing Roborock Innovation Technology Co., Ltd.	December 29, 2020
20.	Roborock Sweeping Robot WeChat Mini Program User Service Software V1.0 (石頭掃地機器人微信小程序用戶服務軟件V1.0)	2020SR1915131	Beijing Roborock Innovation Technology Co., Ltd.	December 30, 2020
21.	Sweeping Robot Mobile App Automated Screenshot System Software V1.0 (掃地機器人智能手機應用自動化截屏系統軟件V1.0)	2020SR1914326	Beijing Roborock Innovation Technology Co., Ltd.	December 30, 2020
22.	Handheld Vacuum Cleaner Electrical Safety Protection Software V1.0 (手持吸塵器電器安全保護軟件V1.0)	2021SR0489244	Shenzhen Roborock Innovation Technology Co., Ltd.	April 2, 2021
23.	Handheld Vacuum Cleaner Charging and Discharging Management Software V1.0 (手持吸塵器充放電管理軟件V1.0)	2021SR0489218	Shenzhen Roborock Innovation Technology Co., Ltd.	April 2, 2021
24.	Handheld Vacuum Cleaner MCU Programming and Upgrade Software V1.0 (手持吸塵器MCU燒錄及升級軟件V1.0)	2021SR0489167	Shenzhen Roborock Innovation Technology Co., Ltd.	April 2, 2021
25.	Handheld Vacuum Cleaner Display Interaction Software V1.0 (手持吸塵器系統顯示交互軟件V1.0)	2021SR0489168	Shenzhen Roborock Innovation Technology Co., Ltd.	April 2, 2021
26.	Handheld Vacuum Cleaner Electric Brush Head Drive Software V1.0 (手持吸塵器電動刷頭驅動軟件V1.0)	2021SR0489158	Shenzhen Roborock Innovation Technology Co., Ltd.	April 2, 2021
27.	Handheld Vacuum Cleaner Brushless Fan Control Software V1.0 (手持吸塵器無刷風機控制軟件V1.0)	2021SR0489304	Shenzhen Roborock Innovation Technology Co., Ltd.	April 2, 2021
28.	Robot Voice File Intelligent Packaging System V1.0 (機器人語音文件智能打包系統V1.0)	2021SR0825455	Beijing Roborock Innovation Technology Co., Ltd.	June 3, 2021

No.	Copyright	Registration number	Registered owner	Date of registration
29.	Sweeping Robot Mobile App Automated OTA + BAT System V1.0 (掃地機器人智能手機應用自動化OTA+BAT系統V1.0)	2021SR0828141	Beijing Roborock Innovation Technology Co., Ltd.	June 3, 2021
30.	Sweeping Robot Room System Management System V1.0 (掃地機器人房間體系管理系統V1.0)	2021SR0825452	Beijing Roborock Innovation Technology Co., Ltd.	June 3, 2021
31.	Sweeping Robot AB Testing System V1.0 (掃地機器人AB測試系統V1.0)	2021SR0825453	Beijing Roborock Innovation Technology Co., Ltd.	June 3, 2021
32.	Sweeping Robot Noise Testing System V1.0 (掃地機器人噪音測試系統V1.0)	2021SR0825450	Beijing Roborock Innovation Technology Co., Ltd.	June 3, 2021
33.	Robot Hardware Abstraction Processing Layer Software V1.0 (機器人硬件抽象處理層軟件V1.0)	2021SR1381149	Beijing Roborock Innovation Technology Co., Ltd.	September 15, 2021
34.	Robot System Monitoring Component System V1.0 (機器人系統監控組件系統V1.0)	2021SR1381150	Beijing Roborock Innovation Technology Co., Ltd.	September 15, 2021
35.	Robot Internal Program Encryption Component System V1.0 (機器人內部程序加密組件系統V1.0)	2021SR1381187	Beijing Roborock Innovation Technology Co., Ltd.	September 15, 2021
36.	Robot Behavior Control State Machine Software V1.0 (機器人行為控制狀態機軟件V1.0)	2021SR1381188	Beijing Roborock Innovation Technology Co., Ltd.	September 15, 2021
37.	Robot Pedestrian and Vehicle Detection Module Software V1.0 (機器人行人及車輛檢測模塊軟件V1.0)	2021SR1381189	Beijing Roborock Innovation Technology Co., Ltd.	September 15, 2021
38.	Robot Charging Management System V1.0 (機器人充電管理系統V1.0) . .	2021SR1726089	Our Company	November 15, 2021
39.	Robot Control System V1.0 (機器人控制系統V1.0)	2021SR1726268	Our Company	November 15, 2021
40.	Robot Auto-Recharging System V1.0 (機器人回充系統V1.0)	2021SR1719232	Our Company	November 12, 2021

No.	Copyright	Registration number	Registered owner	Date of registration
41.	Robot Positioning System V1.0 (機器人定位系統V1.0)	2021SR1726267	Our Company	November 15, 2021
42.	Intelligent Environment Perception and Path Planning System Based on Deep Learning V1.0 (基於深度學習的智能環境感知及路徑規劃系統VI.0)	2021SR2230963	Beijing Roborock Innovation Technology Co., Ltd.	December 31, 2021
43.	Multi-Terminal Intelligent Interaction Sweeping Robot IoT Software V3.5.0 (實現多端智能交互的掃地機器人IoT軟件V3.5.0)	2022SR0347015	Beijing Roborock Innovation Technology Co., Ltd.	March 15, 2022
44.	Multi-Scenario Sweeping Robot AI Vision Recognition System Based on Machine Learning V1.0 (基於機器學習的多場景掃地機器人AI視覺識別系統V1.0)	2022SR0349549	Beijing Roborock Innovation Technology Co., Ltd.	March 15, 2022
45.	Cross-Platform Precision Embedded Motion Control System V1.0 (覆蓋多平臺的精準嵌入式運動控制系統V1.0)	2022SR0378308	Beijing Roborock Innovation Technology Co., Ltd.	March 22, 2022
46.	Sweeping Robot Inertial Attitude Measurement System V1.0 (掃地機慣性姿態測量系統（底層慣導系統）V1.0)	2022SR0394999	Beijing Roborock Innovation Technology Co., Ltd.	March 25, 2022
47.	Commercial Vehicle Hardware Abstraction Layer Module Software V1.0 (商用車硬件抽象層模塊軟件V1.0)	2022SR0547737/ 2023SR0269689	Our Company	April 29, 2022; February 22, 2023
48.	Commercial Vehicle Intelligent Mobile Application (Android) V1.0 (商用車智能手機應用軟件(Android) V1.0)	2022SR0547768/ 2023SR0269690	Our Company	April 29, 2022; February 22, 2023
49.	Handheld Floor Washer Charging and Discharging Management Software V1.0 (手持洗地機充放電管理軟件V1.0)	2022SR0610088	Shenzhen Roborock Innovation Technology Co., Ltd.	May 20, 2022
50.	Handheld Floor Washer Electric Brush Head Drive Protection Software V1.0 (手持洗地機電動刷頭驅動保護軟件V1.0)	2022SR0625209	Shenzhen Roborock Innovation Technology Co., Ltd.	May 23, 2022
51.	Handheld Floor Washer Display Interaction Software V1.0 (手持洗地機顯示交互軟件V1.0)	2022SR0625277	Shenzhen Roborock Innovation Technology Co., Ltd.	May 23, 2022

No.	Copyright	Registration number	Registered owner	Date of registration
52.	Handheld Floor Washer Electrical Safety Protection Software V1.0 (手持洗地機電器安全保護軟件V1.0) . .	2022SR0633000	Shenzhen Roborock Innovation Technology Co., Ltd.	May 24, 2022
53.	Handheld Floor Washer MCU Production Line Programming and Upgrade Software V1.0 (手持洗地機MCU產線燒錄及升級軟件V1.0) . . .	2022SR0633647	Shenzhen Roborock Innovation Technology Co., Ltd.	May 24, 2022
54.	Handheld Floor Washer Main Control Board to Brush Head Drive Board Control Software V1.0 (手持洗地機主控板到刷頭驅動板控制軟件V1.0) . . .	2022SR0718107	Shenzhen Roborock Innovation Technology Co., Ltd.	June 8, 2022
55.	Handheld Floor Washer Brushless Fan Control Software V1.0 (手持洗地機無刷風機控制軟件V1.0)	2022SR0744825	Shenzhen Roborock Innovation Technology Co., Ltd.	June 13, 2022
56.	Handheld Floor Washer Voice Package Decompression Algorithm Software V1.0 (手持洗地機語音包解壓算法軟件V1.0)	2022SR0761423	Shenzhen Roborock Innovation Technology Co., Ltd.	June 16, 2022
57.	Handheld Floor Washer Dirt Sensor Algorithm Software V1.0 (手持洗地機髒污傳感器算法軟件V1.0)	2022SR0761424	Shenzhen Roborock Innovation Technology Co., Ltd.	June 16, 2022
58.	Handheld Floor Washer Electromagnetic Pump Drive Protection Software V1.0 (手持洗地機電磁泵驅動保護軟件V1.0)	2022SR0779886	Shenzhen Roborock Innovation Technology Co., Ltd.	June 17, 2022
59.	Projector Perception Function Software V3.98 (投影儀感知功能軟件V3.98) . .	2022SR1532875	Beijing Roborock Innovation Technology Co., Ltd.	November 17, 2022
60.	Projector Optical Engine and TOF Calibration System V1.0 (投影儀光機與TOF標定系統)	2022SR1515612	Beijing Roborock Innovation Technology Co., Ltd.	November 16, 2022
61.	Commercial Sweeping Robot App (商用掃地機器人APP)	2023SR0011749	Our Company	January 4, 2023
62.	Multi-Scenario Sweeping Robot AI Vision Recognition System Based on Machine Learning V2.0 (基於機器學習的多場景掃地機器人AI視覺識別系統V2.0)	2023SR0012471	Beijing Roborock Innovation Technology Co., Ltd.	January 4, 2023

No.	Copyright	Registration number	Registered owner	Date of registration
63.	Sweeping Robot Smart Docking System V1.0 (掃地機器人智能基座系統V1.0)	2023SR0011578	Beijing Roborock Innovation Technology Co., Ltd.	January 4, 2023
64.	Intelligent Environment Perception and Path Planning System Based on Deep Learning V2.0 (基於深度學習的智能環境感知及路徑規劃系統V2.0)	2023SR0024891	Beijing Roborock Innovation Technology Co., Ltd.	January 5, 2023
65.	Cross-Platform Precision Embedded Motion Control System V2.0 (覆蓋多平臺的精準嵌入式運動控制系統V2.0)	2023SR0024894	Beijing Roborock Innovation Technology Co., Ltd.	January 5, 2023
66.	Commercial Cleaning Robot Smart Docking System (商用清潔機器人智能基座系統)	2023SR0439785	Our Company	April 6, 2023
67.	Sweeping Robot Smart Docking System V2.0 (掃地機器人智能基座系統V2.0)	2024SR0342766	Beijing Roborock Innovation Technology Co., Ltd.	March 1, 2024
68.	Multi-Scenario Sweeping Robot AI Vision Recognition System Based on Machine Learning V3.0 (基於機器學習的多場景掃地機器人AI視覺識別系統V3.0)	2024SR0375560	Beijing Roborock Innovation Technology Co., Ltd.	March 11, 2024
69.	Intelligent Environment Perception and Path Planning System Based on Deep Learning V3.0 (基於深度學習的智能環境感知及路徑規劃系統V3.0)	2024SR0373704	Beijing Roborock Innovation Technology Co., Ltd.	March 11, 2024
70.	Cross-Platform Precision Embedded Motion Control System V3.0 (覆蓋多平臺的精準嵌入式運動控制系統V3.0)	2024SR0367949	Beijing Roborock Innovation Technology Co., Ltd.	March 8, 2024
71.	Multi-Terminal Intelligent Interaction Sweeping Robot IoT Software V4.0 (實現多端智能交互的掃地機器人IoT軟件V4.0)	2024SR0367954	Beijing Roborock Innovation Technology Co., Ltd.	March 8, 2024
72.	Roborock Sweeping Robot Mobile App System (Harmony Version) V1.1.0 (石頭掃地機器人智能手機應用系統Harmony版V1.1.0)	2024SA0087293	Our Company	September 23, 2024

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the interests or short positions of our Directors or chief executive in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**"), once the H Shares are [**REDACTED**] will be as follows:

(i) Interest in Shares of our Company

Name of Director or chief executive	Nature of interest	Description of Shares upon completion of the [REDACTED]	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company immediately after the Capitalization Issue	Approximate percentage of shareholding in the total share capital of our Company upon completion of the [REDACTED](1)
Mr. Chang Jing (昌敬)	Beneficial owner	A Shares	**[REDACTED]**	21.01%	**[REDACTED]**
Mr. Quan Gang (全剛)	Beneficial owner	A Shares	**[REDACTED]**	0.0134%	**[REDACTED]**
Ms. Sun Jia (孫佳)	Beneficial owner	A Shares	**[REDACTED]**	0.0043%	**[REDACTED]**

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue.

(ii) Interest in shares of associated corporations of our Company

Our Directors and chief executive are not interested in the shares of any associated corporation of our Company.

(b) Interests of the substantial shareholders in any member of our Group (other than our Company)

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), our Directors are not aware of any person, not being a Director or chief executive of our Company, who will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, be interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of our Group (other than our Company).

2. Particulars of Service Contracts and Appointment Letters

We [have] entered into a service contract or appointment letter with each of our Directors. The principal particulars of these service contracts and appointment letters are: (a) each of the contracts is for a term of three years following his/her respective effective date of his/her appointment; and (b) each of the contracts is subject to termination in accordance with their respective terms. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

3. Directors' Remuneration

The aggregate amount of remuneration (including fees, salaries, bonus, allowances, share-based compensation, pension scheme contributions and other benefits in kind we paid to our Directors in respect of the financial years ended December 31, 2022, 2023 and 2024 were approximately RMB7.8 million, RMB7.5 million and RMB8.3 million, respectively.

Details of our Directors' remuneration are also set out in Note 8 of the Accountants' Report set out in Appendix I to this document. Save as disclosed in the Accountants' Report, no other emoluments have been paid or are payable by our Company or any of our subsidiaries to our Directors during the Track Record Period.

Two, two and one of the five highest paid individuals were Directors, respectively, for the years ended December 31, 2022, 2023 and 2024. During the Track Record Period, the total emoluments paid to the remaining three, three and four highest paid individuals by us amounted to RMB8.5 million, RMB11.4 million and RMB17.5 million for the years ended December 31, 2022, 2023 and 2024, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration and benefits in kind payable by our Company to our Directors for the financial year ending December 31, 2025 is estimated to be approximately RMB14.2 million.

None of the Directors (or former Directors) or the five highest paid individuals has been paid any sum of money for the Track Record Period (i) as an inducement to join or upon joining us; or (ii) as compensation for loss of office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.

None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, us, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

4. Fees or commissions received

Save in connection with the [**REDACTED**], no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the [**REDACTED**] of any capital of any member of our Group within the two years immediately preceding the date of this document.

5. Disclaimers

(a) Save as disclosed in the section headed "C. Further Information About our Directors and Substantial Shareholders—1. Disclosure of Interests" in this Appendix VI, none of our Directors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have 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 therein, or will be required, pursuant to the Model Code to be notified to us and the Stock Exchange, in each case once our H Shares are [**REDACTED**] on the Stock Exchange.

(b) None of our Directors or any of the parties listed in the section headed "E. Other Information—6. Qualification of Experts" in this Appendix VI is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us.

(c) None of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

(d) Save as disclosed in this document and in connection with the [**REDACTED**], none of the parties listed in the section headed "E. Other Information—6. Qualification of Experts" in this Appendix VI: (i) is interested, legally or beneficially, in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. A SHARE INCENTIVE PLANS

1. Restricted Share Incentive Plans

The following is a summary of the principal terms of 2022 Restricted Share Incentive Plan, 2023 Restricted Share Incentive Plan and 2024 Restricted Share Incentive Plan (collectively, the "**Restricted Share Incentive Plans**"). The terms of Restricted Share Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any further grant of awards by our Company after our [**REDACTED**]. Save as otherwise disclosed, the terms of each of the Restricted Share Incentive Plans are substantially similar and are summarized below.

(i) Purpose

The purpose of the Restricted Share Incentive Plans is to establish an incentive mechanism to attract and retain our Group's management and key employees in order to realize our Group's long-term objectives, which will benefit the sustained development of our Group. The Restricted Share Incentive Plans are implemented to align the interests of our Shareholders with the interests of the Group and employees.

(ii) Administration

The Restricted Share Incentive Plans are subject to the approval of the Shareholders' meeting, the administration of our Board, and the supervision of the Audit Committee and independent Directors of our Company.

(iii) Participants

The participants of the Restricted Share Incentive Plans include core management staff, key technical personnels and key business personnels who have significant contributions to the business development of our Group. Other than excluding supervisors, shareholders who individually or collectively hold 5% or more of the shares of our Company and actual controller of our Company and their spouse, parents and children, the scope of participants excludes independent directors under the 2022 Restricted Share Incentive Plan and all directors under the 2023 Restricted Share Incentive Plan and 2024 Restricted Share Incentive Plan.

(iv) Source and maximum number of Shares

The Shares underlying the Restricted Share Incentive Plans shall be A Shares issued by our Company. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares will only be vested upon fulfilling the conditions stipulated. The number of restricted Shares granted under each of the Restricted Shares Incentive Plans (after adjusting for the Capitalization Issue) are as follows:

Restricted Share Incentive Plan	**Number of restricted Shares granted**
2022 Restricted Share Incentive Plan	953,809
2023 Restricted Share Incentive Plan	1,488,935
2024 Restricted Share Incentive Plan	105,777
Total	**2,548,521**

(v) Date of grant and term

The date on which the restricted Shares are granted shall be determined by the Board within 60 days after the date of approval of the Restricted Share Incentive Plans by the shareholders' meeting. The grant of restricted Shares shall be approved by the Board, registered and announced within 60 days after the approval of the Restricted Share Incentive Plans by the Shareholders' meeting. The Restricted Share Incentive Plans shall be effective from the date of completion of the grant of restricted Shares under the Restricted Share Incentive Plans up to the date when the restricted Shares granted under the Restricted Share Incentive Plans have become fully vested or invalid (for example, as a result of failure to meet the conditions for vesting), provided that the term of the Restricted Share Incentive Plans shall not exceed 60 months.

(vi) Conditions to the grant of restricted Shares

The restricted Shares under the Restricted Share Incentive Plans will only be granted to selected participants if the following conditions are fulfilled:

(a) With respect to our Company, none of the following circumstances having occurred:

(1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;

(2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(3) Our Company has not distributed dividends in accordance with the laws and regulations, our articles of association or our public commitment within the last 36 months after its listing;

(4) Applicable laws and regulations prohibit the implementation of any share incentive plan; or

(5) Any other circumstances determined by the CSRC.

(b) With respect to a grantee, none of the following circumstances having occurred:

(1) The grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;

(2) The grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;

(4) The grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or

(6) Any other circumstances determined by the CSRC.

(vii) Vesting of restricted Shares

The restricted Shares will be vested in four tranches of 25% on a date within each of the four vesting periods in accordance with the vesting schedule set out under the Restricted Share Incentive Plans as follows:

(a) between the first trading date after the 12-month anniversary from the date of grant and the last trading day up to the 24-month anniversary of the date of grant;

(b) between the first trading date after the 24-month anniversary from the date of grant and the last trading day up to the 36-month anniversary of the date of grant;

(c) between the first trading date after the 36-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant; or

(d) between the first trading date after the 48-month anniversary from the date of grant and the last trading day up to the 60-month anniversary of the date of grant.

Prior to vesting, any restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt. Vesting of the restricted Shares shall be subject to fulfillment of each of the following conditions: (1) the conditions set out under paragraph (vii) above are fulfilled; (2) the grantee remains in a continuous employment relationship with the Group for at least 12 months immediately preceding each of the vesting dates and (3) the annual assessment of the grantee and performance targets of the Company as set out under the Restricted Share Incentive Plans are achieved.

The grantees shall pay the grant price upon fulfillment of all the conditions of the restricted Shares to purchase the A Shares from the Company. The grant price of each restricted Shares shall not be lower than the nominal value of each A Share and shall not be lower than the higher of the following:

(a) 50% of the average trading price of the A Shares on the trading date before the announcement of the draft Restricted Share Incentive Plan;

(b) 50% of the average trading price of the A Shares during the 20 trading dates before the announcement of the draft Restricted Share Incentive Plan;

(c) 50% of the average trading price of the A Shares during the 60 trading dates before the announcement of the draft Restricted Share Incentive Plan; or

(d) 50% of the average trading price of the A Shares during the 120 trading dates before the announcement of the draft Restricted Share Incentive Plan.

The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including payment of dividend, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

(viii) Lock-up for Directors and the senior management team

If the grantee is a Director or a senior management of our Company, the number of Shares which can be transferred in each year shall not exceed 25% of the total number of Shares that he or she holds during the period of the employment. No share held by such Director or senior management can be transferred within six months after the termination of his or her employment. If the grantee is a Director or senior management of our Company, any gains arising from the sale of Shares within six months of the purchase or through purchase of Shares within six months of the sale shall belong to our Company and given up to the Board. The grantee shall comply with any change in the applicable laws and regulations on the foregoing lock-up requirements from time to time.

(ix) Dividend and voting rights

Upon transfer of the A Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights. Before the vesting of the restricted Shares, the restricted Shares shall not be entitled to voting rights or the right to receive dividends.

(x) Outstanding restricted Shares

Immediately after the Capitalization Issue, the number of outstanding restricted Shares granted under the Restricted Share Incentive Plans was 1,350,536, representing approximately [**REDACTED**] of the issued Shares immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue).

The following table below sets forth the number of outstanding restricted Shares granted to connected persons of our Company under the Restricted Share Incentive Plans immediately after the Capitalization Issue:

Name of grantee	Position in our Company	Date of grant	Number of outstanding restricted Shares immediately after the Capitalization Issue	Grant Price (per Share)	Approximate percentage of issued Shares immediately after completion of the [REDACTED][(1)]
Ms. Hu Wenjia . .	Director of certain of our subsidiaries	May 17, 2022	192	RMB8.39	[**REDACTED**]

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue.

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding connected persons of our Company) under the Restricted Share Incentive Plans immediately after the Capitalization Issue:

Restricted Share Incentive Plans	Number of grantees	Date of grant	Number of outstanding restricted Shares immediately after the Capitalization Issue	Grant Price (per Share)	Approximate percentage of issued Shares immediately after completion of the [REDACTED][(1)]
2022 Restricted Share Incentive Plan	478	May 17, 2022	186,166	RMB8.39	[**REDACTED**]
2023 Restricted Share Incentive Plan	206	June 21, 2023	1,058,401	RMB56.43	[**REDACTED**]
2024 Restricted Share Incentive Plan	29	July 8, 2024	105,777	RMB103.05	[**REDACTED**]

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue.

2. Stock Ownership Plans

The following is a summary of the principal terms of the First Phase Stock Ownership Plan, the 2023 Stock Ownership Plan and the 2024 Stock Ownership Plan (collectively, the "**Stock Ownership Plans**"). The Stock Ownership Plans are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of new shares or options over new shares and are not funded by existing shares in the Company after our [**REDACTED**]. Save as otherwise disclosed, the terms of each of the Stock Ownership Plans are substantially similar and are summarized below.

(i) Participants

The participants of the Stock Ownership Plans include the directors, supervisors, senior management, core technical personnel and core business personnel of our Group as set out in each plan.

(ii) Source of shares and participants' interest

The A Shares held under the Stock Ownership Plans shall be the A Shares repurchased by the Company from the open market and transferred to the Company's securities account designated for the relevant Stock Ownership Plan by means of non-transactional transfer as permitted under applicable laws and regulations. The purchase of A Shares to be held for each Stock Ownership Plan shall be funded by the legal income of the employees, self-raised funds or other sources permitted by laws and regulations. Each participant of the Stock Ownership Plans holds a certain percentage of the interest in the Stock Ownership Plans.

(iii) Term

Each Stock Ownership Plan is valid for a period of 60 months commencing from the date of approval and the date of publication of announcement of our Company in respect of the transfer of the relevant A Shares from the repurchase securities account of our Company to the Stock Ownership Plans (the "**Announcement Date**").

(iv) Administration

The Stock Ownership Plans are subject to the approval of the Shareholders. Each plan is administered by a committee (the "**Scheme Management Committee**"), which consists of three members who are elected through resolutions of the participants. Resolutions may only be passed by the management committee when majority members voting in favor of such resolution, and each management committee member shall have one vote. Each Scheme Management Committee oversees the day-to-day management of the relevant Stock Ownership Plan, and exercise shareholders' rights in respect of the A Shares held under each plan on behalf of the individual participants.

Save for Mr. Quan Gang and Ms. Sun Jia (both members of the Scheme Management Committees of the First Phase Stock Ownership Plan and 2023 Stock Ownership Plan) and Ms. Hu Wenjia (a member of the Scheme Management Committee of the 2024 Stock Ownership Plan), none of the members of the Scheme Management Committees of the Stock Ownership Plans is a core connected person of our Company.

(v) Locking-up and vesting of the shares

Each participants' entitlement to the corresponding portion of A Shares held by the Stock Ownership Plans will be subject to a lock-up period of 12 months, 24 months, 36 months and 48 months commencing from the Announcement Date, respectively, and shall be vested in four tranches in the proportion of 25% each after the expiry of the foregoing lock-up period. The vesting of A Shares shall be subject to attainment of corporate performance targets of the Company and personal evaluation for each participant. The vested A Shares shall be sold by the Scheme Management Committee and the proceeds will be distributed to the participants proportionately.

(vi) Total number of Shares held by the plans

Immediately after the Capitalization Issue, the total number of A Shares held by the Stock Ownership Plans was 977,978, representing approximately [**REDACTED**] of the issued Shares immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue).

The table below sets forth the details of the A Shares held by the Stock Ownership Plans:

Stock Ownership Plans	Number of grantees	Number of A Shares held by the plan immediately after the Capitalization Issue	Approximate percentage of issued Shares immediately after the Capitalization Issue	Approximate percentage of issued Shares immediately after completion of the [REDACTED][(1)]
First Phase Stock Ownership Plan . .	39	159,972	0.06%	[**REDACTED**]
2023 Stock Ownership Plan	51	484,247	0.19%	[**REDACTED**]
2024 Stock Ownership Plan	36	333,759	0.13%	[**REDACTED**]

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**] other than the Capitalization Issue.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that currently no material liability for estate duty under PRC law is likely to fall upon our Company or any of our subsidiaries under the laws of Hong Kong and the PRC.

2. Litigation

As of the Latest Practicable Date, we are not aware of any litigation or arbitration proceedings of material importance pending or threatened against any member of our Group that could have a material adverse effect on our financial condition or results of operations.

3. Joint Sponsors

At least one of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules, see the section headed [**REDACTED**] for details. Each of the Joint Sponsors will receive a fee of US$500,000 to act as a sponsor to our Company in connection with the [**REDACTED**].

4. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

5. Promoters

The promoters of our Company comprised all of the 14 then Shareholders of our Company as at December 25, 2018 before our conversion into a joint stock limited liability company.

No.	Name
1.	Chang Jing (昌敬)
2.	Mao Guohua (毛國華)
3.	Wu Zhen (吳震)
4.	Zhang Zhichun (張志淳)
5.	Wan Yunpeng (萬雲鵬)
6.	Ding Di (丁迪)

No.	Name
7.	Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥))
8.	Lhasa Economic and Technological Development Zone Shunying Investment Co., Ltd. (拉薩經濟技術開發區順盈投資有限公司)
9.	Beijing Shitou Shidai Information Consulting Partnership (Limited Partnership) (北京石頭時代信息諮詢合夥企業(有限合夥))
10.	Wuxi Woda Venture Capital Partnership (Limited Partnership) (無錫沃達創業投資合夥企業(有限合夥))
11.	Banyan Consulting Limited
12.	QM27 Limited
13.	City-Scape Pte. Ltd.
14.	Shunwei Ventures III (Hong Kong) Limited

Within the two years immediately preceding the date of this document, no cash, securities or other benefits has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualification
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO

Name	Qualification
Commerce & Finance Law Offices	Legal adviser to our Company as to PRC laws
Ernst & Young	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
China Insights Industry Consultancy Limited	Independent industry consultant

7. Consents of Experts

Each of the persons named in "—6. Qualification of Experts" has given and has not withdrawn its respective written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion (as the case may be) and/or the references to its name included in this document in the form and context in which it is respectively included.

8. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the [**REDACTED**]. The rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the H Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix III to this document.

9. Binding Effect

This document shall have the effect, if an [**REDACTED**] 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. Restrictions on Share Repurchases

For details, see "Summary of Principal Legal and Regulatory Provisions" and "Summary of the Articles of Association" set out in Appendix IV and Appendix V respectively to this document.

11. Miscellaneous

(a) Within the two years immediately preceding the date of this document:

(i) save as disclosed in the sections headed "Share Capital" and [**REDACTED**] in this document and in this Appendix VI, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) save in connection with the [**REDACTED**], no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(iii) save in connection with the [**REDACTED**], no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share or debenture in our Company.

(b) Our Group has not issued any debentures nor does it have any outstanding debentures or any convertible debt securities.

(c) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(d) No founder or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued.

(e) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2024 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and

(ii) there is no arrangement under which future dividends are waived or agreed to be waived; and

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

(f) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

(g) Save for the A Shares of our Company that are listed on the SSE STAR Market as set out in the sections headed "History and Corporate Structure" and "Share Capital" in this document, no company within our Group is presently listed on any stock exchange or traded on any trading system.

(h) The English 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).

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 the material contract referred to in the section headed "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—7. Consents of Experts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.roborock.com** up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's 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 years ended December 31, 2022, 2023 and 2024;

(d) the report on the [**REDACTED**] received from Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the PRC legal opinions issued by Commerce & Finance Law Offices, our PRC legal adviser, in respect of certain aspects and property interests of our Group in the PRC;

(f) the industry report issued by CIC, the summary of which is set forth in the section headed "Industry Overview" in this document;

(g) the material contract referred to in the section headed "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix VI to this document;

(h) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—7. Consents of Experts" in Appendix VI to this document;

(i) the service contracts and appointment letters referred to in the section headed "Statutory and General Information—C. Further Information About Our Directors and Substantial Shareholders—2. Particulars of Service Contracts and Appointment Letters" in Appendix VI to this document; and

(j) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures issued by the CSRC together with unofficial English translations thereof.